

# ***CITY OF COVINA, CALIFORNIA***

## ***Comprehensive Annual Financial Report***

### ***For The Fiscal Year Ended June 30, 2020***



***Victor Linares, Mayor***

***Jorge A. Marquez  
Mayor Pro Tem***

***Walter Allen, III  
Council Member***



***Patricia Cortez  
Council Member***

***John C. King  
Council Member***

***Chris Marcarello, City Manager***

*Prepared by the City of Covina Administrative Services Department-Finance Division*

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Council Member

John C. King  
Council Member

Chris Marcarello  
City Manager

**CITY OF COVINA, CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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

**FOR THE YEAR ENDED  
JUNE 30, 2020**

**PREPARED BY:**  
**ADMINISTRATIVE SERVICES DEPARTMENT – FINANCE DIVISION**



**CITY OF COVINA**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2020**  
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## **INTRODUCTORY SECTION**

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CITY OF COVINA, CALIFORNIA  
Elected and Administrative Officials  
2019-2020

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<b><u>Elected Officials</u></b>	<b><u>Term Expires</u></b>
Mayor:	
Victor Linares	March 2022
Mayor Pro Tem:	
Jorge A. Marquez	March 2022
Council Members:	
Walter Allen, III	March 2024
Patricia Cortez	March 2024
John C. King	March 2022
City Clerk:	
Mary Lou Walczak	March 2022
City Treasurer:	
Geoffrey Cobbett	March 2022
 <b><u>Administrative Staff</u></b>	 <b><u>Date of Hire</u></b>
City Manager: *	
Chris Marcarello	January 2017
City Attorney: *	
Candice Lee	May 2015
Administrative Services Director:	
Anita Agramonte	July 2016
Police Chief:	
John Curley	January 1993
Fire Chief: **	
Daryl L. Osby	February 2011
Public Works Director (Interim):	
Andy Bullington	June 2018
Parks and Recreation Director:	
Lisa Evans	July 1989
Community Development Director:	
Brian Lee	June 2015
Chief Deputy City Clerk:	
Nicole Alvarez	May 2015

\* Appointed by City Council

\*\* Appointed by Los Angeles County Fire District



# CITY OF COVINA

125 East College Street ● Covina, California 91723-2199

February 8, 2021

Honorable Mayor and City Council  
City of Covina  
Covina, California

The Comprehensive Annual Financial Report for the City of Covina (City), California, as of June 30, 2020 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. CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2020. 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 legally required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, *Audits of State and Local Governments*, if total federal grant expenditures exceed \$750,000 in a single year. The City of Covina is a recipient of federal, state and county assistance, and for Fiscal Year 2019-20 it will not be subject to the requirements of a Single Audit as it did not have Federal expenditures greater than the \$750,000 threshold.

## **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 built out. The current population is 48,846 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 annually.

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 City 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 and sewer services.

The Council is required to adopt a final budget by June 30<sup>th</sup> 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 Successor Agency for the former Covina Redevelopment Agency (as of February 1, 2012), and the Covina Housing Authority in the financial report.

Several state and county agencies, as well as 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 as well as a voter-approved transaction and use tax measure which increased the sales tax rate from 9.5% to 10.25%. Fiscal year 2019-20 represents the first full year that this increase was effective. 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:

#### Program - Base Budget

##### *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
  - o *Capital needs*
  - o *Offset economic hard times*
  - o *Stabilize fluctuations in cash flow requirements*
  - o *Emergency Situations*
- General Fund
  - o *Minimum of 20% of operating expenses-reserve exclusive of risk management requirements*
  - o *Excess reserves will be assigned for nonrecurring activities or capital improvements*
  - o *Maintain general liability and worker's compensation reserves based on actuarial recommendations*
- Restricted Funds
  - o *Reserves can be used for only restricted purposes*
  - o *Excess reserves can be restricted for recurring and nonrecurring activities or capital improvements depending on the nature of the fund*

#### Program – Base Budget Will Link Resources with Results

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
    - o *Make budgetary and financial decisions on conservative estimates of revenues, expenditures and other financing sources and uses*
    - o *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.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Administrative Services Department Finance Division with special recognition of Theresa Franke, Bessie Zou and Alan Sands. 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,

**CITY OF COVINA**

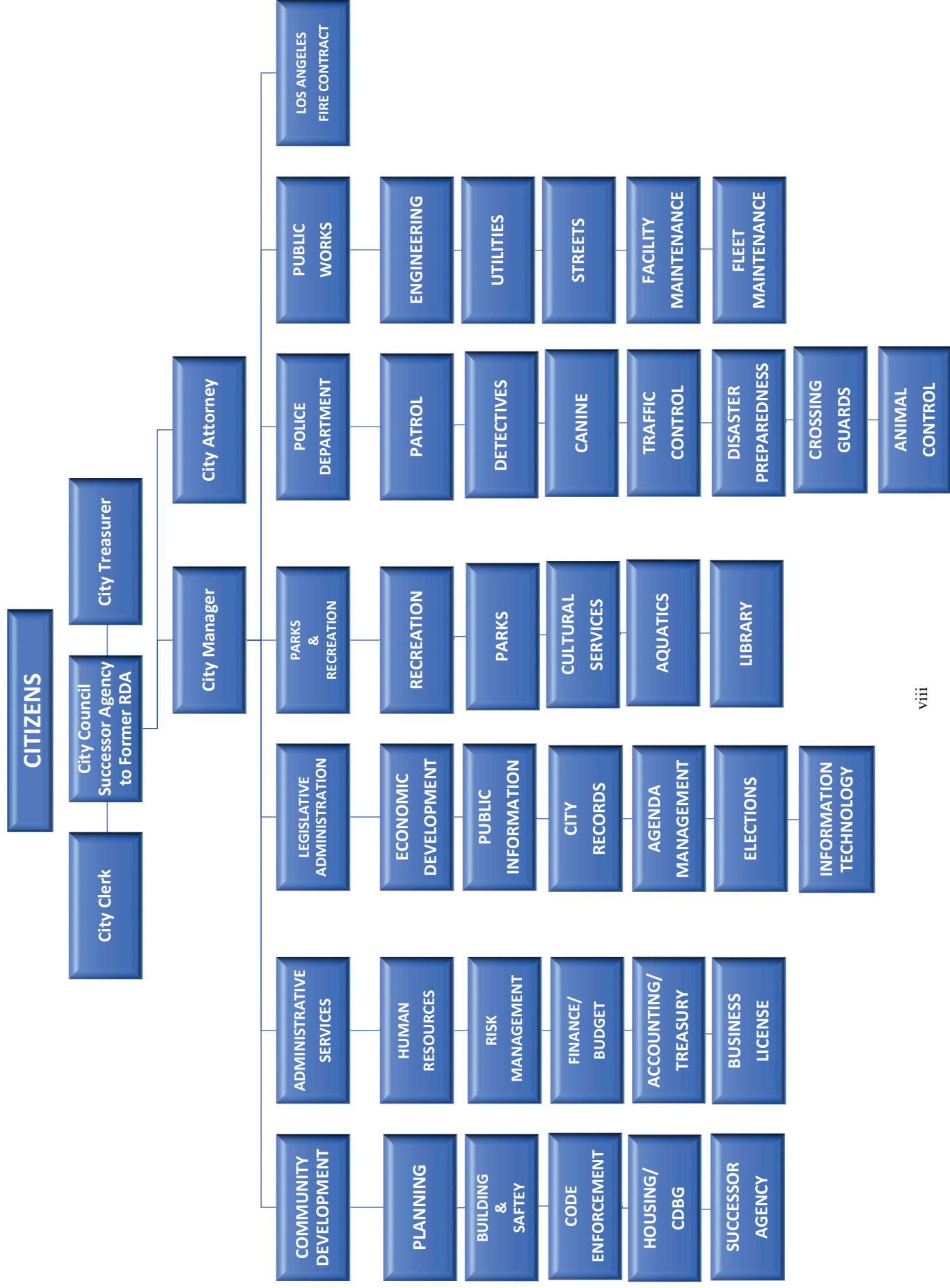


Christopher Marcarello  
City Manager



Anita Agramonte  
Administrative Services Director

CITY OF COVINA  
ORGANIZATIONAL CHART  
FISCAL YEAR 2019-2020



## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

The Honorable Mayor and  
Members of City Council  
of the City of Covina  
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 (the City) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

## **Opinions**

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

## **Emphasis of Matter**

As discussed in Note 23 to the financial statements, the City made a restatement to beginning net position. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the miscellaneous plan schedule of changes in the net pension liability and related ratios and the schedule of contributions, the safety plan schedule of proportionate share of the net pension liability and the schedule of contributions, the other post-employment benefit plan schedule of changes in the net OPEB liability and related ratios and the schedule of contributions - OPEB and the budgetary comparison schedules for the General Fund and Measure R Special Revenue Fund, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

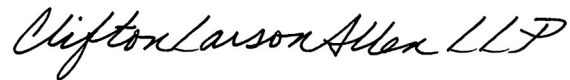
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, the combining and individual fund financial statements and schedules (supplementary information) and statistical section are presented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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Irvine, California  
February 8, 2021



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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, 2020. This report is prepared in conjunction with the accompanying transmittal letter and basic financial statements and notes.

### FINANCIAL HIGHLIGHTS

- \* The assets of the City exceeded its liabilities at the close of the fiscal year by \$98,658,676. The Governmental Activities have a deficit unrestricted net position of \$44,202,396. Business-type Activities have unrestricted net position of \$17,719,110.
- \* The City's net position for governmental and business-type activities decreased by \$1,422,902 or 1.42% from the previous fiscal year.
- \* The total cost of all City activities was \$69,681,558 for the current fiscal year. Net cost of all activities was \$39,484,425.
- \* During the current fiscal year, the City's governmental activities net expenditures exceeded net revenues by \$2,205,989.
- \* In the City's business-type activities, net revenues exceeded net expenditures by \$783,087.
- \* The total fund balance of the City's governmental funds was \$31,354,279 at the close of the fiscal year. This includes \$14,272,459 fund balance of the General Fund, \$3,167,653 of which is unassigned and is available for spending at the City's discretion (see note 14 of Notes to the Financial Statements).
- \* General Fund revenues and other financing sources (uses) exceeded expenditures by \$4,241,520 for the fiscal year.

### 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) 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, 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.

## Management's Discussion and Analysis (Continued)

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 twenty-four 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 Measure R funds 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 Information Technology, Central Equipment, Workers' Compensation, and Public Liability. These services predominately benefit governmental and have been allocated within the *governmental 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. Water and Sewer funds are considered to be major funds of the City. Conversely, all Central Equipment, Information Technology, Workers' Compensation, and Public 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.

## Management's Discussion and Analysis (Continued)

### ***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 others".

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**

### **Total Net Position**

Net position reflects the excess of assets over liabilities and may serve over time as a useful indicator of the City's financial position.

As detailed in the *Government-Wide Financial Statements-Statement of Net Position*, the City's total net position for governmental and business-type activities was \$98.7 million at the close of the fiscal year, which is a decrease of \$1.4 million or 1.42% from the previous fiscal year.

The largest portion of that net position, \$110.7 million, is in capital assets (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 and infrastructure and are unavailable for future spending. Resources needed to repay related debt outstanding must be provided from other sources before liquidating capital assets to satisfy these liabilities.

Additionally, \$14.5 million of the City's total net position represents resources that are subject to external restrictions such as public safety, transit, and capital projects. Those restrictions are designated by certain federal, state, and local statutes and may not be used by the City for ongoing obligations to citizens and creditors. This leaves the City with a deficit unrestricted net position of \$26.5 million.

### **Governmental Activities**

This analysis focuses on the net position and changes in net position of the City's governmental activities, as presented in the Statement of Net Position.

The net position of the governmental activities represents 55.28% of the City's total net position. As reflected in the following table, restricted governmental activities net position decreased by \$2.6 million (15.15%) from the previous fiscal year. This portion of net position is subject to external restrictions relating to public safety, public works, culture and recreation, transit and redevelopment and housing.

#### **Governmental Activities Net Position**

	2020	2019
Current and other assets	\$ 44,698,963	\$ 46,661,260
Capital assets	86,455,238	84,702,076
Deferred outflows	12,221,282	12,185,709
Total Assets and deferred outflows	<u>143,375,483</u>	<u>143,549,045</u>
Long-term liabilities outstanding	80,611,670	77,438,263
Other liabilities	4,239,811	6,685,672
Deferred inflows	3,983,279	3,995,798
Total Liabilities and deferred inflows	<u>88,834,760</u>	<u>88,119,733</u>
Net position:		
Net Investment in capital assets	84,273,491	84,857,338
Restricted	14,469,628	17,053,339
Unrestricted	(44,202,396)	(46,481,365)
Total net position	<u>\$ 54,540,723</u>	<u>\$ 55,429,312</u>

The following table compares fiscal year changes in revenues and expenses in governmental activities that comprise net position, as found in the Statement of Activities.

## Management's Discussion and Analysis (Continued)

### Governmental Activities Change in Net Position

Revenues	2020	2019
Program revenues:		
Charges for services	\$ 7,287,624	\$ 7,783,444
Operating grants and contributions	8,081,089	7,962,987
Capital grants and contributions	245,420	4,308,857
General revenues:		
Property taxes	13,812,070	13,123,606
General sales tax	9,296,400	9,315,358
Transaction and use tax	6,579,486	1,438,519
Utility users taxes	4,523,187	4,590,983
Other taxes	2,601,067	2,456,836
Investment earnings	620,835	883,542
Gain/(Loss) on sale of capital assets	54,268	15,129
Miscellaneous	49,645	12,562
Total Revenues	<u>53,151,091</u>	<u>51,891,823</u>
<b>Expenses</b>		
General government	3,356,218	2,082,578
Public safety	33,529,788	29,863,536
Public works	8,539,877	7,468,025
Culture and recreation	4,630,583	4,434,960
Community development	2,382,311	1,738,982
Transit	2,068,390	1,176,235
Redevelopment and housing	598,363	492,737
Interest on long term debt	251,550	287,459
Total expenses	<u>55,357,080</u>	<u>47,544,512</u>
Increase (Decrease) in net position before transfers		
Change in net position	(2,205,989)	4,347,311
Beginning net position	55,429,312	57,204,473
Restatements	1,317,400	(6,122,472)
Ending net position	<u>\$ 54,540,723</u>	<u>\$ 55,429,312</u>

As reflected above, the City's net expenditures exceeded net revenues of governmental activities by \$2.2 million. Compared to the previous year, 2020 revenues show an increase of \$1.3 million while expenses increased by \$7.8 million.

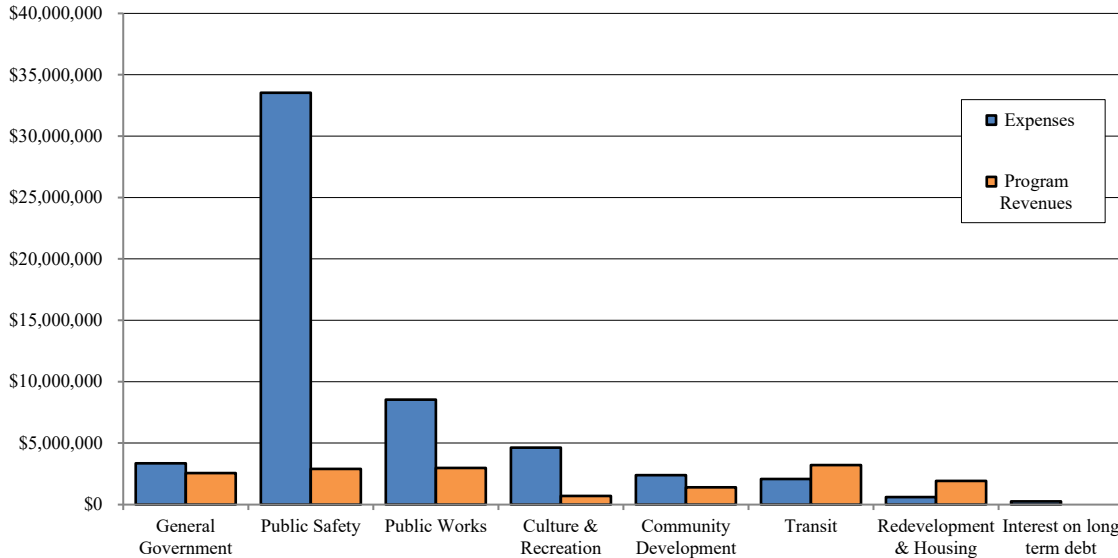
The majority of the revenue increase is due to an increase in transaction and use tax of \$5.1 million which results from the adoption of a voter approved transaction and use tax measure effective April 1<sup>st</sup>, 2019 as well as a recent court decision increasing the collection of sales tax related to online purchases. Property taxes increased by \$688,000 due in part to the disposal of redevelopment properties for which the City received 15%. The \$4.1 million decrease in Capital grants is comprised mostly of \$1.7 million in Culture and recreation and \$2.1 million in Transit received in 2019 for construction of the Senior Center, Bikeway and Grand Ave projects.

A large part of the general government cost increase is COVID-19 related costs, including salaries and supplies of \$796,000. The City has submitted claims for reimbursement from the State and Federal governments; associated funding received will be reflected in Fiscal Year 2020-2021. Increased public safety costs include an increase of \$1.2 million in fire protection services, \$1.6 million in pension costs, and \$430,000 increase in unfunded pension liabilities.

## Management's Discussion and Analysis (Continued)

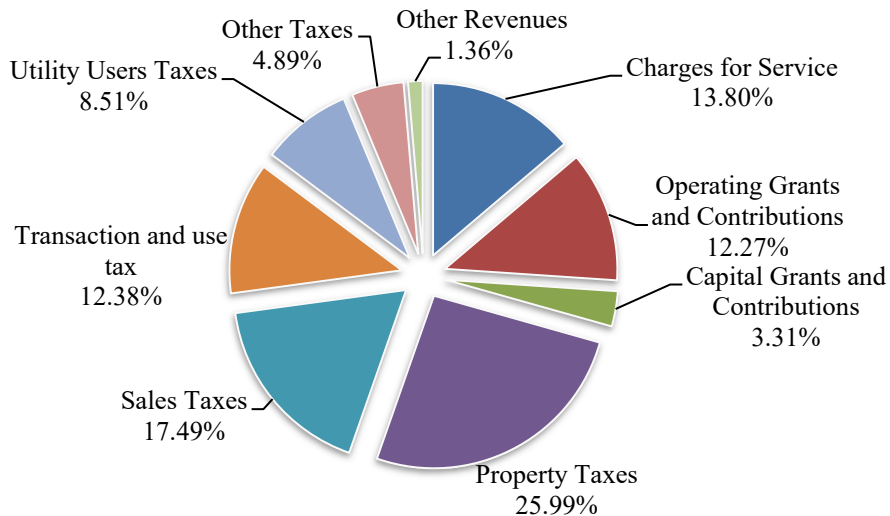
Net expenses are good indications of the extent to which the services provided by the City are financed from taxes paid by the citizens (general revenues) as opposed to recovering the cost of these services with user fees and other contributions (program revenues). Transit and Redevelopment and Housing program revenues are sufficient to cover related expenses. Due to increased salary and plan check fee service costs, Community Development required additional funding from General Revenues. COVID-19 related costs required that General government also be financed in part by general revenues. In addition, Public Safety, Public Works and Culture and Recreation expenses are financed primarily from general revenues. Expenses and associated program revenues for each governmental function are reflected on the following table.

### Expenses and Program Revenues-Governmental Activities



As reflected on the following graph, taxes, operating grants and contributions, and charges for services provide 95.3% of the overall revenue sources of the governmental activities. Taxes include property, sales, utility users and other taxes (transient occupancy, property transfer, business license and franchise). The City is committed to maximizing the use of both operating and capital grants.

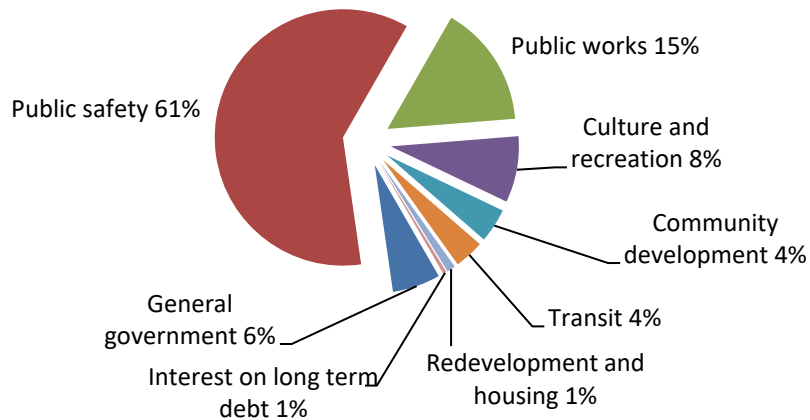
### Revenue Sources-Governmental Activities



## Management's Discussion and Analysis (Continued)

The next graph demonstrates governmental activity expenditures by function/program. Note that public safety and public works represent 76% of the governmental activities' expenditures; this is consistent with the City's highest priority of citizen safety and well-being. Culture and recreation represent 8% of governmental activities as the City is committed to providing valuable programs to the community.

### Functions/Program Expenditures-Governmental Activities



### 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. The following table summarizes the business-type net position for fiscal years 2019 and 2020. Current year detail can be found in the *Government-Wide Financial Statements, Statement of Net Position*.

### Business-Type Activities Net Position

	2020	2019
Current and other assets	\$ 31,212,623	\$ 42,269,856
Capital assets	47,943,365	36,879,191
Deferred outflows of resources	1,635,944	693,995
Total assets and deferred outflows	80,791,932	79,843,042
Long-term liabilities outstanding	34,211,883	33,382,251
Other liabilities	2,153,532	1,704,639
Deferred inflows of resources	308,564	103,886
Total liabilities	36,673,979	35,190,776
Net position		
Net Investment in capital assets	26,398,843	18,856,666
Restricted	-	7,122,938
Unrestricted	17,719,110	18,672,662
Total net position	\$ 44,117,953	\$ 44,652,266

## Management's Discussion and Analysis (Continued)

The net position of the business-type activities represents 44.72% of the City's total net position and decreased by \$534,000 from the previous year. The revenue and expense activity which generated the change in business type net position is reflected on the following table.

### Business-type Change in Net Position

	2020	2019
Revenues		
Program Revenues:		
Charges for services	\$ 14,583,000	\$ 13,699,879
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General revenues-investment earnings	524,565	1,048,380
Total Revenues	<u>15,107,565</u>	<u>14,748,259</u>
Expenses		
Water Utility	10,318,472	10,289,222
Environmental Protection	1,176,992	1,195,439
Sewer	2,829,014	2,444,970
Total Expenses	<u>14,324,478</u>	<u>13,929,631</u>
Change in net position before transfers	<u>783,087</u>	<u>818,628</u>
Transfers in (out)	-	-
Change in net position	<u>\$ 783,087</u>	<u>\$ 818,628</u>

As reflected above, the City's business-type program revenues (charges for services) exceeded program expenses by \$259,000. Total business-type program revenues increased by \$359,000 from the prior fiscal year. This reflects a \$1.1 million increase in water service charges as well as a reduction in environmental protection service charges of \$187,000. General revenues have decreased by \$524,000 due predominately to the reduced valuation of the City's investment in Covina Irrigating Company.

Water and Sewer charges for services were sufficient to cover both operating and interest expenses for the respective functions during the fiscal year. The revenue reduction in Environmental charges for services contributed to a \$173,000 deficit in environmental protection activities.

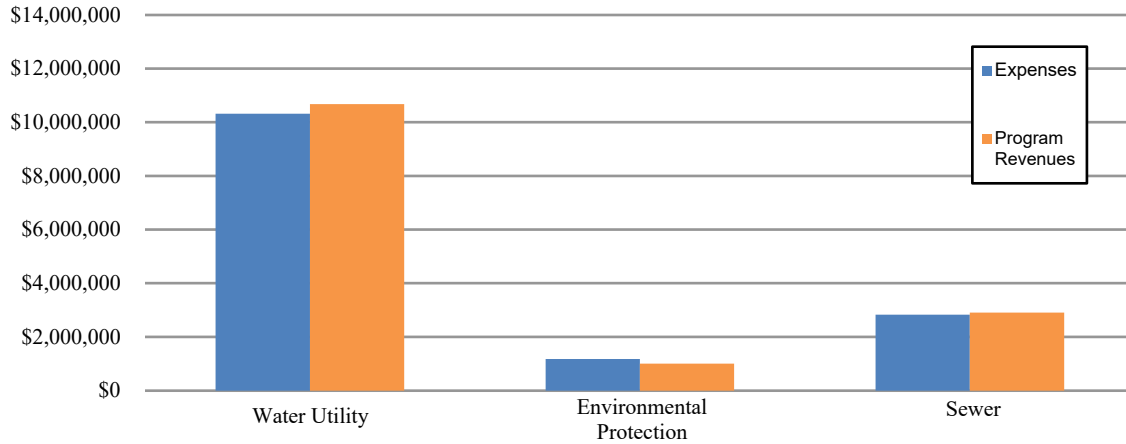
Total business-type expenses increased by \$395,000 from the previous fiscal year; a major factor is an increase of \$384,000 in sewer expenses which includes OPEB liability cost allocation of \$348,000 which previously had not been allocated to enterprise funds.



## Management's Discussion and Analysis (Continued)

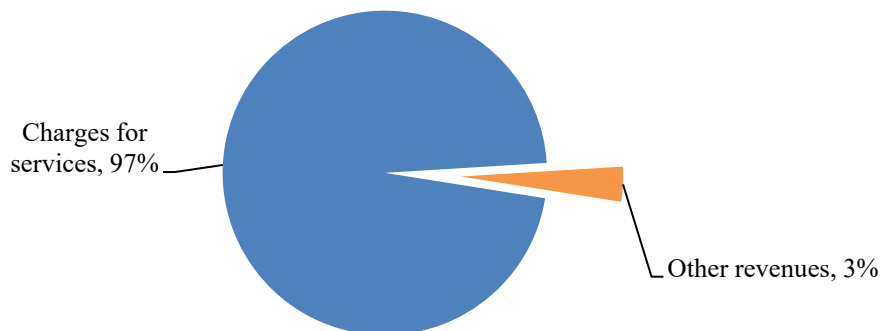
Expenses and associated program revenues for each business-type function are reflected on the following table.

**Expenses and Program Revenues-Business-type Activities**



As reflected on the following chart, charges for services are the major source providing revenue to be used for business-type activity operating and capital maintenance costs. Water Utility Charges for Services include water sales, service fees, connection fees and other miscellaneous charges. Environmental protection charges include fees for refuse and recycling services, compressed Natural Gas (CNG), and permit fees for storm water and industrial waste. Sewer charges for services include fees established to recover the cost of operating the sewer system throughout the City. Other revenues reflect investment earnings.

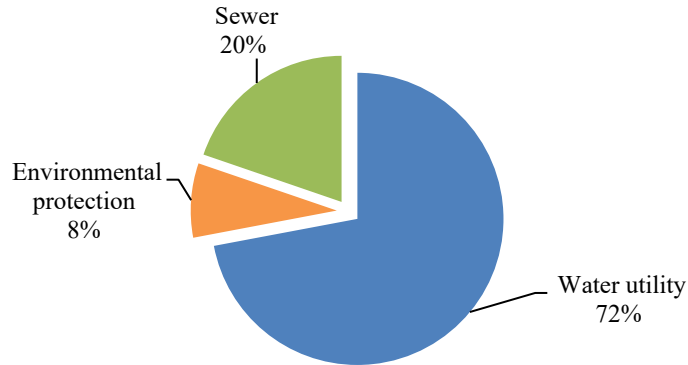
**Revenues by Source - Business-type Activities**



## Management's Discussion and Analysis (Continued)

The next chart demonstrates business-type activity expenditures by function/program. Water comprises the majority of expenditures, which includes water source and supply resale, administration, and depreciation.

**Expenses by Function/Program - Business-type Activities**



### FINANCIAL ANALYSIS OF THE CITY FUNDS

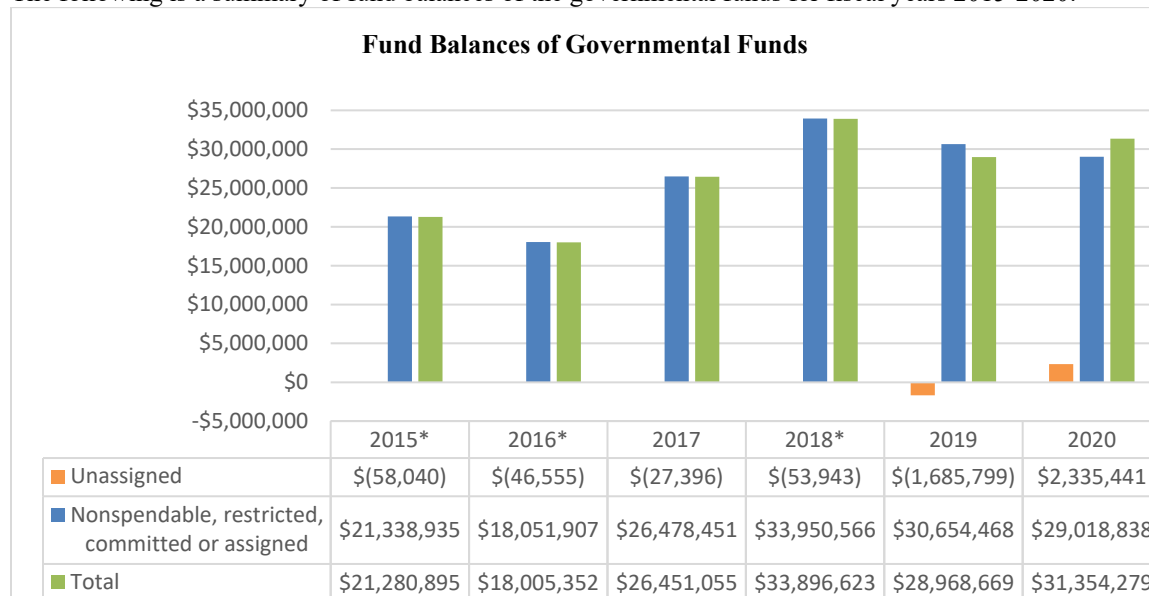
The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of City government, reporting City operations in more detail than government-wide statements.

#### 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, 2020, the City's governmental funds reported combined fund balances of \$31,354,279, an increase of \$2.4 million from the prior fiscal year. There is \$2,335,441 of *Unassigned fund balance* available for designation and/or future spending at the City's discretion. The remaining fund balance is nonspendable, restricted, committed or assigned and is not available for spending at the City's discretion, as detailed in Note 14 of *Notes to the Financial Statements*.

The following is a summary of fund balances of the governmental funds for fiscal years 2015-2020:



\*Certain balances have been restated due to prior period adjustments.

## Management's Discussion and Analysis (Continued)

The General Fund is the chief operating fund of the City. As displayed in the *Governmental Fund Financial Statements-Balance Sheet*, the fund balance of the General Fund at the end of Fiscal Year 2019-20 was \$14.3 million and is classified as follows: \$2.6 million non-spendable, \$8 million committed, \$428,000 restricted, \$26,000 assigned, and \$3.2 million unassigned. In keeping with the City Council's Reserve Policy, the \$8 million in committed fund balance represents the City's Emergency Contingency Reserve and represents 20% of General Fund expenditures. Additionally, the unassigned fund balance in the General Fund represents 7.9% of total General Fund expenditures.

The fund balance of the General Fund increased by \$4.2 million during the fiscal year which is primarily attributable to the voter approved Transaction and Use Sales Tax measure.

The Measure R fund is a major fund of the City. The total fund balance of this fund is \$41,000 which is restricted and not *available for spending* at the City's discretion. Compared to the previous year, the Measure R fund reflects a decrease of \$3.4 million due to Total Road Improvement Program ("TRIP") project expenses.

### Proprietary Funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide statements, but provide detail specific to the City's water utility, environmental and sewer enterprises.

Unrestricted net position of the Water Utility fund decreased to \$10.3 million in the fiscal year from \$14.8 million in the prior year. Environmental Protection fund unrestricted net position decreased to \$984,000 from \$1.3 million in the prior year. Although the Sewer enterprise fund balance remained relatively unchanged, unrestricted net position of the fund increased to \$4.5 million from \$4.2 million in the prior year. 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 \$652,000 which represents a 1.6% increase. The increases include appropriation carryovers from the prior fiscal year of \$154,000 and mid-year adjustments of \$259,000. Of those amounts, \$94,000 was carried over for Public Safety and \$203,000 was adjusted in mid-year for Community Development-Planning and Code enforcement.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2020, is \$134.4 million (net of accumulated depreciation). Capital assets include buildings and structures, improvements other than buildings, domain infrastructure, water system infrastructure, sanitary sewer infrastructure, machinery and equipment, and construction in progress. The following table is a summary of capital assets (net of accumulated depreciation) at June 30, 2020 and 2019.

## Management's Discussion and Analysis (Continued)

<b>Capital Assets (net of depreciation)</b>		
	2020	2019
<b>Governmental activities</b>		
Land	\$10,887,853	\$10,902,638
Buildings and structures	26,918,363	17,869,644
Improvements other than buildings	5,338,546	5,704,293
Public domain infrastructure	36,403,407	30,562,347
Sanitary sewer infrastructure	1,842,291	1,907,028
Machinery and equipment	3,277,073	3,699,641
Construction in progress	1,787,705	14,056,485
Total governmental activities	<u>86,455,238</u>	<u>84,702,076</u>
<b>Business-type activities</b>		
Land	377,408	377,408
Buildings and structures	9,005,735	9,188,109
Improvements other than buildings	536,742	192,831
Water system infrastructure	36,647,618	24,235,175
Machinery and equipment	1,288,804	1,126,355
Construction in progress	87,058	1,759,313
Total business-type activities	<u>47,943,365</u>	<u>36,879,191</u>
Total capital assets	<u>\$ 134,398,603</u>	<u>\$ 121,581,267</u>

Total capital assets, net of depreciation, increased from the prior year by \$12.8 million. This is due largely to water system infrastructure in business-type activities, net of \$12.4 million depreciation. Decreases in Construction in progress reflects projects completed in the course of the year which were reclassified to completed capital asset accounts. Note 8 of *Notes to the Financial Statements* provide additional capital asset information.

### Debt Administration

At the end of the fiscal year, the City had total long-term debt outstanding of \$114.8 million. 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, 2020 and 2019:

<b>Outstanding Debt (net of unamortized charges)</b>		
	2020	2019
<b>Governmental activities</b>		
Compensated absences	\$ 3,762,261	\$ 3,803,544
Claims and judgments	7,247,000	7,138,000
Certificates of participation payable (COP)	5,279,627	5,471,187
Capital lease payable	244,087	496,571
Section 108 loan	2,250,000	2,375,000
Postemployment benefit obligation	5,025,398	6,415,602
Net pension liability	56,803,297	51,738,359
Total governmental activities	<u>80,611,670</u>	<u>77,438,263</u>
<b>Business-type activities</b>		
Compensated absences	490,965	438,250
Capital lease payable	2,206,909	2,549,111
Revenue bonds payable	21,443,255	23,407,697
Postemployment benefit obligation	1,781,318	-
Net pension liability	8,289,436	6,987,193
Total business-type activities	<u>34,211,883</u>	<u>33,382,251</u>
Total outstanding debt	<u>\$ 114,823,553</u>	<u>\$ 110,820,514</u>

## **Management's Discussion and Analysis (Continued)**

The increase in long-term debt from 2019 to 2020 in governmental activities was \$3.2 million which reflects an increase in the net pension liability offset by a decrease in OPEB costs which were allocated to business-type activities in 2020. Business-type activities liabilities increased by \$830,000 primarily due to the increased net pension liabilities and the allocation of OPEB costs. These cost increases were offset by decreases in capital leases payable and revenue bonds payable.

The Covina Public Financing Authority maintains an "AA" rating from Standard and Poor's for the water and an "AA-" rating for the wastewater revenue bonds.

Additional information on the City's long-term debt and other long-term liabilities can be found in Note 13 of the *Notes to the Financial Statements*.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City applied sound budgeting practices and considered new residential and retail development in formulating a balanced budget for Fiscal Year 2020-21. Prudent, cost-saving budget practices will continue into future years.

The conservative budget policies put in place by Council direction, emphasized by the City Manager and supported by staff, as well as the voter approved transaction and use tax measure have enabled the City of Covina to remain fiscally solvent. As reflected on Note 14 of *Notes to the Financial Statements*, the City's emergency contingency reserve is \$8 million, or 20% of General Fund expenditures, which meets the Council's goal as set forth in the City's budget policy.

The City continues to be cautiously conservative in revenue and expenditure projections. With that in mind, the Fiscal Year 2020-21 budget projects an overall increase in revenues in comparison to Fiscal Year 2019-20. The bulk of the increase is in the Other Revenues category and is mainly attributed to the final payment of the loan between the City and the Former Redevelopment Agency in the amount of \$1.6 Million, as well as a couple of other one time funding sources projected to generate approximately \$650,000 in one time general fund revenues. This increase is partially offset by projected decreases in tax revenues of approximately \$1.4 million. Additional decreases are projected in the Intergovernmental, Charges for Services, and Fines and Forfeitures revenue categories.

Due to the Economic impacts of the COVID-19 Pandemic, the General Fund Expenditure budget figures represent an austerity budget, only including the funding necessary to maintain essential City services in the upcoming Fiscal Year. Department budgets reflect slight increases attributed to increases in PERS unfunded liability costs, and negotiated MOU adjustments, as well as the increase in the City's Fire Contract with Los Angeles County. To arrive at the recommended budget figures, each department has made reductions to supplies, contracted services and travel and training budgets. Additionally, a hiring freeze is recommended, requiring City Manager approval prior to filling any currently vacant positions.

The use of general fund reserves in the amount of \$579,262 is recommended to balance the Fiscal Year 2020-21 budget. Staff recommends continued monitoring of the economic impacts of COVID-19, and Quarterly budget updates to the City Council, including any recommended amendments to both revenue and expenditure projections. Additionally, staff is pursuing several strategies to address the use of General Fund reserves, including a retirement incentive program, the issuance of pension obligation bonds to normalize retirement cost increases, potential MOU adjustments, and potential modifications to the Fire Contract with Los Angeles County. It is hoped that these alternatives could help to reduce the use of General Fund reserves and will be discussed with the City Council in the coming months.

### **REQUESTS FOR INFORMATION**

This financial report is intended to provide a general overview of 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](http://www.covinaca.gov). Questions concerning any of the information provided in this report should be addressed to City of Covina Finance Division, 125 East College Street, Covina, California, 91723.

## CITY OF COVINA

## STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and investments	\$ 31,833,147	\$ 15,208,204	\$ 47,041,351
Cash and investments - restricted	-	4,594,016	4,594,016
Cash with fiscal agent	2,789,287	1,018,747	3,808,034
Receivables:			
Interest	85,659	-	85,659
Accounts	526,471	3,644,936	4,171,407
Due from other governments	4,047,105	36,270	4,083,375
Other	488,625	-	488,625
Loans and notes	280,955	-	280,955
Internal balances	1,564,413	(1,564,413)	-
Inventories	41,987	52,491	94,478
Prepays and deposits	934,007	3,961	937,968
Due from successor agency	2,107,307		2,107,307
Investment in Covina Irrigating Company:	-	8,218,411	8,218,411
Capital assets:			
Not being depreciated	12,675,558	464,466	13,140,024
Being depreciated, net	73,779,680	47,478,899	121,258,579
<b>TOTAL ASSETS</b>	<b>131,154,201</b>	<b>79,155,988</b>	<b>210,310,189</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred amount on refunding	-	110,625	110,625
OPEB related	1,252,089	446,562	1,698,651
Pension related	10,969,193	1,078,757	12,047,950
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>12,221,282</b>	<b>1,635,944</b>	<b>13,857,226</b>
<b>LIABILITIES:</b>			
Accounts payable	2,223,009	1,045,432	3,268,441
Deposits payable	675,278	754,724	1,430,002
Accrued liabilities	751,426	83,764	835,190
Interest payable	46,942	254,310	301,252
Due to other governments	280,468	-	280,468
Unearned revenue	262,688	15,302	277,990
Noncurrent liabilities			
Due within one year	1,632,288	1,699,067	3,331,355
Due in more than one year:	17,150,687	22,442,062	39,592,749
Long-term liabilities			
Net pension liability	56,803,297	8,289,436	65,092,733
Net other post-employment benefit liability	5,025,398	1,781,318	6,806,716
<b>TOTAL LIABILITIES</b>	<b>84,851,481</b>	<b>36,365,415</b>	<b>121,216,896</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred amount on refunding	-	42,475	42,475
OPEB related	497,206	178,985	676,191
Pension related	3,486,073	87,104	3,573,177
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,983,279</b>	<b>308,564</b>	<b>4,291,843</b>
<b>NET POSITION:</b>			
Net investment in capital assets	84,273,491	26,398,843	110,672,334
Restricted for:			
Public safety	399,619	-	399,619
Public works	4,276,386	-	4,276,386
Culture and recreation	431,782	-	431,782
Transit	5,086,668	-	5,086,668
Redevelopment and housing	4,275,173	-	4,275,173
Unrestricted (deficit)	(44,202,396)	17,719,110	(26,483,286)
<b>TOTAL NET POSITION</b>	<b>\$ 54,540,723</b>	<b>\$ 44,117,953</b>	<b>\$ 98,658,676</b>

See accompanying notes to financial statements.

## CITY OF COVINA

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2020

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General government	\$ 3,356,218	\$ 2,162,262	\$ 387,687	\$ -
Public safety	33,529,788	1,521,571	1,373,250	-
Public works	8,539,877	684,035	2,092,436	189,840
Culture and recreation	4,630,583	507,771	179,881	-
Community development	2,382,311	1,349,738	-	44,642
Transit	2,068,390	180,644	3,014,747	10,938
Redevelopment and housing	598,363	881,603	1,033,088	-
Interest on long term debt	251,550	-	-	-
Total governmental activities	55,357,080	7,287,624	8,081,089	245,420
<b>Business-type activities:</b>				
Water utility	10,318,472	10,673,985	-	-
Environmental protection	1,176,992	1,003,527	-	-
Sewer utility	2,829,014	2,905,488	-	-
Total business-type activities	14,324,478	14,583,000	-	-
Total	\$ 69,681,558	\$ 21,870,624	\$ 8,081,089	\$ 245,420

## General revenues:

## Taxes:

Property taxes (net of pass-through payments)

General sales tax

Transaction and use tax

Transient occupancy taxes

Property transfer taxes

Business license taxes

Utility users taxes

Franchise taxes

Investment earnings

Miscellaneous

Gain on sale of capital assets

Total general revenues

Change in net position

Net position - beginning of year, as restated

Net position - end of year

See accompanying notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (806,269)	\$ -	\$ (806,269)
(30,634,967)	-	(30,634,967)
(5,573,566)	-	(5,573,566)
(3,942,931)	-	(3,942,931)
(987,931)	-	(987,931)
1,137,939	-	1,137,939
1,316,328	-	1,316,328
(251,550)	-	(251,550)
(39,742,947)	-	(39,742,947)
-	355,513	355,513
-	(173,465)	(173,465)
-	76,474	76,474
-	258,522	258,522
(39,742,947)	258,522	(39,484,425)
13,812,070	-	13,812,070
9,296,400	-	9,296,400
6,579,486	-	6,579,486
130,831	-	130,831
212,485	-	212,485
347,110	-	347,110
4,523,187	-	4,523,187
1,910,641	-	1,910,641
620,835	524,565	1,145,400
49,645	-	49,645
54,268	-	54,268
37,536,958	524,565	38,061,523
(2,205,989)	783,087	(1,422,902)
56,746,712	43,334,866	100,081,578
<u>\$ 54,540,723</u>	<u>\$ 44,117,953</u>	<u>\$ 98,658,676</u>



CITY OF COVINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Measure R	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 6,458,972	\$ -	\$ 18,201,194	\$ 24,660,166
Cash and investments with fiscal agent	-	2,789,287	-	2,789,287
Receivables:				
Interest	85,659	-	-	85,659
Utility user tax	488,625	-	-	488,625
Accounts	360,489	-	84,976	445,465
Loans	-	-	280,955	280,955
Due from other governments	3,574,003	-	473,102	4,047,105
Due from other funds	2,946,560	-	-	2,946,560
Due from successor agency	1,692,088	-	415,219	2,107,307
Prepaid expenditures	929,466	-	1,159	930,625
<b>TOTAL ASSETS</b>	<b>\$ 16,535,862</b>	<b>\$ 2,789,287</b>	<b>\$ 19,456,605</b>	<b>\$ 38,781,754</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 993,759	\$ 88,346	\$ 1,090,225	\$ 2,172,330
Accrued liabilities	659,094	-	67,100	726,194
Deposits payable	231,044	-	443,739	674,783
Due to other funds	-	2,660,138	286,422	2,946,560
Due to other governments	-	-	280,468	280,468
Advances from other funds	100,570	-	-	100,570
Unearned revenue	262,086	-	602	262,688
<b>TOTAL LIABILITIES</b>	<b>2,246,553</b>	<b>2,748,484</b>	<b>2,168,556</b>	<b>7,163,593</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue	16,850	-	247,032	263,882
<b>FUND BALANCES (Note 14):</b>				
Nonspendable	2,621,554	-	1,159	2,622,713
Restricted	428,079	40,803	17,872,070	18,340,952
Committed	8,029,233	-	-	8,029,233
Assigned	25,940	-	-	25,940
Unassigned	3,167,653	-	(832,212)	2,335,441
<b>TOTAL FUND BALANCES</b>	<b>14,272,459</b>	<b>40,803</b>	<b>17,041,017</b>	<b>31,354,279</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 16,535,862</b>	<b>\$ 2,789,287</b>	<b>\$ 19,456,605</b>	<b>\$ 38,781,754</b>

See accompanying notes to financial statements.

## CITY OF COVINA

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

June 30, 2020

Fund balances for governmental funds		\$ 31,354,279
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore are not reported in the fund financial statements. This amount does not include \$1,261,255 of internal service funds net capital assets.		
Capital assets not being depreciated	\$ 12,675,558	
Capital assets being depreciated	186,391,961	
Accumulated depreciation	<u>(113,873,536)</u>	85,193,983
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 fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2020 are:		
Loan payable	(2,250,000)	
Bonds payable	(5,060,000)	
Bond premium	(219,627)	
Compensated absences	(3,522,464)	
Accrued interest	<u>(42,744)</u>	(11,094,835)
Pension and OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities.		
Deferred outflows of resources - pension related	10,623,542	
Deferred inflows of resources - pension related	(3,458,163)	
Net pension liability	(54,147,228)	
Deferred outflows of resources - OPEB related	1,109,777	
Deferred inflows of resources - OPEB related	(440,167)	
Net OPEB liability	<u>(4,457,718)</u>	(50,769,957)
Internal Service funds are used by management to charge the costs of certain activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in governmental in the Statement of Net Position.		(406,629)
Receivables that are measurable but not available are recorded as deferred inflows of resources under the modified accrual basis of accounting.		<u>263,882</u>
Net position of governmental activities		<u>\$ 54,540,723</u>

See accompanying notes to financial statements.

## CITY OF COVINA

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

For the year ended June 30, 2020

	General Fund	Measure R	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 13,652,273	\$ -	\$ 160,547	\$ 13,812,820
Sales tax, intergovernmental	15,875,886	-	-	15,875,886
Transient occupancy taxes	130,831	-	-	130,831
Property transfer taxes	212,485	-	-	212,485
Business license taxes	345,952	-	1,168	347,120
Utility user taxes	4,523,187	-	-	4,523,187
Franchise taxes	1,910,641	-	-	1,910,641
Licenses and permits	999,449	-	-	999,449
Intergovernmental	782,968	589,962	7,114,252	8,487,182
Charges for services	3,659,558	-	352,130	4,011,688
Fines and forfeits	907,080	-	-	907,080
Special assessments	-	-	1,414,617	1,414,617
Investment earnings	639,433	47,737	743,328	1,430,498
Other	710,713	-	27,975	738,688
TOTAL REVENUES	44,350,456	637,699	9,814,017	54,802,172
EXPENDITURES:				
Current:				
General government	2,593,801	-	-	2,593,801
Public safety	29,184,458	-	188,455	29,372,913
Public works	2,292,017	-	2,182,227	4,474,244
Culture and recreation	3,834,866	-	91,399	3,926,265
Community development	2,238,650	-	9,125	2,247,775
Transit	-	-	1,734,472	1,734,472
Redevelopment and housing	-	-	567,340	567,340
Capital outlay	-	3,656,792	3,328,661	6,985,453
Debt service:				
Principal retirement	-	180,000	125,000	305,000
Interest and fiscal charges	2,375	190,947	58,814	252,136
TOTAL EXPENDITURES	40,146,167	4,027,739	8,285,493	52,459,399
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,204,289	(3,390,040)	1,528,524	2,342,773
OTHER FINANCING SOURCES (USES):				
Transfers in	101,000	-	1,094,374	1,195,374
Transfers out	(106,606)	-	(1,088,768)	(1,195,374)
Sale of Property	42,837	-	-	42,837
TOTAL OTHER FINANCING SOURCES (USES)	37,231	-	5,606	42,837
NET CHANGE IN FUND BALANCE	4,241,520	(3,390,040)	1,534,130	2,385,610
FUND BALANCES - BEGINNING OF YEAR	10,030,939	3,430,843	15,506,887	28,968,669
FUND BALANCES - END OF YEAR	\$ 14,272,459	\$ 40,803	\$ 17,041,017	\$ 31,354,279

See accompanying notes to financial statements.

CITY OF COVINA

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

For the year ended June 30, 2020

Net change in fund balances - total governmental funds		\$	2,385,610
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures and do not include capital contributions. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense and capital contributions are recognized as revenue. This is the amount by which capital outlay exceeded depreciation expense in the current period and the amount of capital contributions received. This does not include internal service funds activity of \$118,872 in additions and \$316,564 in depreciation expense.			
Capital outlay	\$	6,958,351	
Deletions		(35,987)	
Depreciation expense		<u>(4,970,910)</u>	1,951,454
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.			
Principal payments		305,000	
Amortization premium on bonds		<u>11,560</u>	316,560
Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related changes in pension amounts for deferred outflows of resources and deferred inflows of resources.			
			(4,076,286)
Other postemployment benefit expense reported in the governmental funds includes payment of premiums for the current year. In the Statement of Activities, OPEB expense includes the change in the net other postemployment benefit liability and OPEB related deferred inflows of resources.			
			(491,334)
Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.			
Changes in interest payable for the current year			(6,776)
Internal service funds are used by management to charge costs of activities involved in rendering services to departments within the City. The changes in net position of the internal service funds are included in the Statement of Activities.			
			(621,248)
Compensated absences are not reported in the governmental funds until such amounts become due and payable.			
			29,950
Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements. This amount represents the change during the fiscal year.			
			<u>(1,693,919)</u>
Change in net position of governmental activities	\$	<u><u>(2,205,989)</u></u>	

See accompanying notes to financial statements.

## CITY OF COVINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2020

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer	Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
ASSETS:					
CURRENT ASSETS:					
Cash and investments	\$ 6,363,956	\$ 6,619,812	\$ 2,224,436	\$ 15,208,204	\$ 7,172,981
Cash and investments restricted	-	4,594,016	-	4,594,016	-
Cash and investments with fiscal agent	996,932	21,815	-	1,018,747	-
Accounts receivable, net	3,426,510	-	218,426	3,644,936	81,006
Due from other governments	-	33,009	3,261	36,270	-
Prepaid expenses	59	59	3,843	3,961	3,382
Inventories	52,491	-	-	52,491	41,987
TOTAL CURRENT ASSETS	10,839,948	11,268,711	2,449,966	24,558,625	7,299,356
NONCURRENT ASSETS:					
Investment in Covina Irrigating Company	8,218,411	-	-	8,218,411	-
Advance to General Fund	100,570	-	-	100,570	-
Capital assets:					
Capital assets, not depreciated	401,525	24,117	38,824	464,466	-
Capital assets, depreciated, net	39,334,289	7,249,449	895,161	47,478,899	1,261,255
TOTAL NONCURRENT ASSETS	48,054,795	7,273,566	933,985	56,262,346	1,261,255
TOTAL ASSETS	58,894,743	18,542,277	3,383,951	80,820,971	8,560,611
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred amount on refunding	-	110,625	-	110,625	-
Deferred amount on OPEB plans	323,020	69,791	53,751	446,562	142,313
Deferred amount on pension plans	714,139	229,144	135,474	1,078,757	345,651
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,037,159	409,560	189,225	1,635,944	487,964
LIABILITIES:					
CURRENT LIABILITIES:					
Accounts payable	782,081	216,263	47,088	1,045,432	50,679
Accrued liabilities	63,235	11,758	8,771	83,764	25,232
Deposits payable	498,019	-	256,705	754,724	495
Interest payable	201,625	52,685	-	254,310	4,198
Unearned revenue	15,302	-	-	15,302	-
Compensated absences	119,989	22,443	26,934	169,366	58,685
Capital lease payable	359,070	-	-	359,070	244,087
Revenue bonds payable	345,631	825,000	-	1,170,631	-
TOTAL CURRENT LIABILITIES	2,384,952	1,128,149	339,498	3,852,599	383,376
NONCURRENT LIABILITIES:					
Compensated absences	228,299	65,545	27,755	321,599	181,112
Capital lease payable	1,847,839	-	-	1,847,839	-
Revenue bonds payable	12,062,624	8,210,000	-	20,272,624	-
Claims payable	-	-	-	-	7,247,000
Net OPEB liability	1,288,511	278,395	214,412	1,781,318	567,680
Net pension liability	5,487,624	1,760,799	1,041,013	8,289,436	2,656,069
TOTAL NONCURRENT LIABILITIES	20,914,897	10,314,739	1,283,180	32,512,816	10,651,861
TOTAL LIABILITIES	23,299,849	11,442,888	1,622,678	36,365,415	11,035,237
DEFERRED INFLOWS OF RESOURCES:					
Deferred amounts on OPEB plans	129,468	27,973	21,544	178,985	57,040
Deferred amounts on pension plans	57,663	18,502	10,939	87,104	27,910
Deferred amount on refunding	42,475	-	-	42,475	-
TOTAL DEFERRED INFLOWS OF RESOURCES	229,606	46,475	32,483	308,564	84,950
NET POSITION:					
Net investment in capital assets	26,075,107	2,965,022	933,985	29,974,114	1,261,255
Unrestricted	10,327,340	4,497,452	984,030	15,808,822	(3,332,867)
TOTAL NET POSITION	\$ 36,402,447	\$ 7,462,474	\$ 1,918,015	45,782,936	\$ (2,071,612)
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				(1,664,983)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES				\$ 44,117,953	

See accompanying notes to financial statements.

## CITY OF COVINA

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

For the year ended June 30, 2020

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer	Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:					
Water sales	\$ 10,337,630	\$ -	\$ -	\$ 10,337,630	\$ -
Charges for services and motor pool charges	-	-	-	-	3,619,663
Environmental fees	-	-	1,003,527	1,003,527	402,564
Sewer fees	-	2,905,488	-	2,905,488	-
Fire line fees	336,355	-	-	336,355	-
<b>TOTAL OPERATING REVENUES</b>	<b>10,673,985</b>	<b>2,905,488</b>	<b>1,003,527</b>	<b>14,583,000</b>	<b>4,022,227</b>
OPERATING EXPENSES:					
General and administrative	1,539,142	2,367,418	532,627	4,439,187	3,315,793
Vehicle and equipment operation	-	-	-	-	1,006,920
Utility billing	368,364	-	-	368,364	-
Customer service	537,518	-	-	537,518	-
Sales promotion	414	-	-	414	-
Source and supply	3,067,435	-	-	3,067,435	-
Production and storage	1,093,228	-	-	1,093,228	-
Transmission and distribution	1,535,521	-	-	1,535,521	-
Street sweeping	-	-	5,964	5,964	-
Environmental services	-	-	217,490	217,490	-
Industrial waste	-	-	27,625	27,625	-
Waste management	-	-	371,081	371,081	-
Depreciation	1,276,414	179,627	22,205	1,478,246	316,564
<b>TOTAL OPERATING EXPENSES</b>	<b>9,418,036</b>	<b>2,547,045</b>	<b>1,176,992</b>	<b>13,142,073</b>	<b>4,639,277</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,255,949</b>	<b>358,443</b>	<b>(173,465)</b>	<b>1,440,927</b>	<b>(617,050)</b>
NONOPERATING REVENUES (EXPENSES):					
Investment income	215,158	261,476	47,931	524,565	-
Interest expense	(785,340)	(281,969)	-	(1,067,309)	(4,198)
Investment loss - CIC	(115,096)	-	-	(115,096)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(685,278)</b>	<b>(20,493)</b>	<b>47,931</b>	<b>(657,840)</b>	<b>(4,198)</b>
<b>CHANGE IN NET POSITION</b>	<b>570,671</b>	<b>337,950</b>	<b>(125,534)</b>	<b>783,087</b>	<b>(621,248)</b>
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	35,831,776	7,124,524	2,043,549		(1,450,364)
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 36,402,447</b>	<b>7,462,474</b>	<b>\$ 1,918,015</b>		<b>\$ (2,071,612)</b>
Some amounts reported for business-type activities in the statements of activities are different to reflect the consolidation of internal service fund activities related to enterprise funds				-	
				<u>\$ 783,087</u>	

See accompanying notes to financial statements.

## CITY OF COVINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2020

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer	Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from user departments	\$ 8,514,598	\$ 2,914,433	\$ 1,018,529	\$ 12,447,560	\$ 4,044,035
Cash payments to suppliers of goods and services	(4,688,374)	(354,055)	(376,388)	(5,418,817)	(2,449,429)
Cash payments to employees for services	(2,724,111)	(1,245,255)	(527,546)	(4,496,912)	(1,379,507)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,102,113	1,315,123	114,595	2,531,831	215,099
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash received from other funds	319,856	-	-	319,856	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	319,856	-	-	319,856	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(11,432,134)	(1,006,465)	(103,821)	(12,542,420)	(118,272)
Debt issued	-	9,930,000		9,930,000	-
Debt refunded		(10,740,000)		(10,740,000)	-
Principal paid	(672,202)	(895,000)	-	(1,567,202)	(252,484)
Interest and debt issuance costs	(802,282)	(397,203)	-	(1,199,485)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(12,906,618)	(3,108,668)	(103,821)	(16,119,107)	(370,756)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	215,158	297,535	47,931	560,624	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,269,491)	(1,496,010)	58,705	(12,706,796)	(155,657)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	18,630,379	12,731,653	2,165,731	33,527,763	7,328,638
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 7,360,888</u>	<u>\$ 11,235,643</u>	<u>\$ 2,224,436</u>	<u>\$ 20,820,967</u>	<u>\$ 7,172,981</u>
CASH AND CASH EQUIVALENTS:					
Current Assets:					
Cash and investments	\$ 6,363,956	\$ 6,619,812	\$ 2,224,436	\$ 15,208,204	\$ 7,172,981
Cash and investments restricted	-	4,594,016	-	4,594,016	-
Cash and investments with fiscal agent	996,932	21,815	-	1,018,747	-
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 7,360,888</u>	<u>\$ 11,235,643</u>	<u>\$ 2,224,436</u>	<u>\$ 20,820,967</u>	<u>\$ 7,172,981</u>

(Continued)

See accompanying notes to financial statements.

## CITY OF COVINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
(CONTINUED)

For the year ended June 30, 2020

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer	Nonmajor Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 1,255,949	\$ 358,443	\$ (173,465)	\$ 1,440,927	\$ (617,050)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,276,414	179,627	22,205	1,478,246	316,564
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
(Increase) decrease in accounts receivable	(2,159,387)	1,070	15,002	(2,143,315)	21,808
(Increase) decrease in due from other governments	-	7,875	(3,261)	4,614	-
(Increase) decrease in inventory of materials	22,088	-	-	22,088	-
(Increase) decrease in prepaid items	(59)	(59)	(3,843)	(3,961)	20,780
(Increase) decrease in deferred outflows of resources on OPEB plan	93,753	20,257	15,601	129,611	41,305
(Increase) decrease in deferred outflows of resources on pension plans	(212,140)	(120,682)	(51,940)	(384,762)	(124,485)
Increase (decrease) in accounts payable	238,580	140,793	8,778	388,151	(1,587)
Increase (decrease) in accrued liabilities	14,974	4,384	2,291	21,649	-
Increase (decrease) in deposits payable	32,119	-	81,754	113,873	495
Increase (decrease) in unearned revenue	15,303	-	-	15,303	-
(Increase) decrease in deferred inflows of resources of OPEB plan	(25,770)	(5,568)	(4,288)	(35,626)	(11,353)
(Increase) decrease in deferred inflows of resources pension plans	14,707	9,221	3,791	27,719	8,985
Increase (decrease) in compensated absences	28,088	34,965	(10,338)	52,715	(11,333)
Increase (decrease) in net OPEB liability	74,038	15,997	12,321	102,356	32,619
Increase (decrease) in net pension liability	433,456	668,800	199,987	1,302,243	429,351
Increase (decrease) in claims payable	-	-	-	-	109,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,102,113</u>	<u>\$ 1,315,123</u>	<u>\$ 114,595</u>	<u>\$ 2,531,831</u>	<u>\$ 215,099</u>

See accompanying notes to financial statements.



CITY OF COVINA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2020

	Private- Purpose Trust	Agency Funds
ASSETS:		
Cash and investments	\$ 3,594,507	\$ 625
Cash and investments - fiscal agent	2,919,253	-
Accounts receivable	29,457	1,090
Interest receivable	5,518	-
Prepaid expenses	19,068	-
Land held for resale	2,691,502	-
Capital assets, not being depreciated	148,881	-
	<u>9,408,186</u>	<u>\$ 1,715</u>
TOTAL ASSETS		
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	74,212	\$ -
	<u>74,212</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS		
LIABILITIES		
Accounts payable and accrued liabilities	285,717	-
Accrued liabilities	4,460	-
Due to association	-	1,715
Interest payable	44,659	-
Noncurrent liabilities (Note 21):		
Due within one year	2,615,870	-
Due in more than one year	11,121,454	-
	<u>14,072,160</u>	<u>\$ 1,715</u>
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES:		
Deferred amount on refunding	168,888	
	<u>168,888</u>	
TOTAL DEFERRED INFLOWS OF RESOURCES		
NET POSITION:		
Held for dissolution of community redevelopment agency	<u>\$ (4,758,650)</u>	

See accompanying notes to financial statements.

CITY OF COVINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the year ended June 30, 2020

	Private- Purpose Trust
ADDITIONS:	
Property tax revenue	\$ 4,766,653
Charges for services	164,375
Investment earnings	214,185
Sale of property	171,105
	<hr/>
TOTAL ADDITIONS	5,316,318
	<hr/>
DEDUCTIONS:	
General and administrative	306,932
Interest and fiscal charges	593,914
Program expenses	287,315
	<hr/>
TOTAL DEDUCTIONS	1,188,161
	<hr/>
CHANGE IN NET POSITION	4,128,157
NET POSITION - BEGINNING OF YEAR	(8,886,807)
	<hr/>
NET POSITION - END OF YEAR	\$ (4,758,650)
	<hr/>

See accompanying notes to 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 based on 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 therefore data from these units are combined with data of the City.

Since the City Council acts as the Board of Directors and can impose its will on the Covina Public Financing Authority and the Covina Housing Authority, the City is the primary government and the other two entities are component units. Additionally, since the governing boards of the City and the two other component units are the same, there is a potential for the component units to provide specific financial benefits to or impose specific financial burdens on the City. Therefore, 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 nonprofit 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 activity is reflected in the Housing Authority Special Revenue Fund.

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 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 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 function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

**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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. Net position (assets plus deferred outflows of resources less liabilities less deferred inflows of resources) are segregated into net investment 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, current liabilities and current deferred inflows of resources 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 fund balance. 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 available if they are collected within 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.

Property taxes, charges for services, grant revenues and investment earnings are 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 unearned revenues.

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

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

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.

Measure R Fund - This special revenue fund is established to account for monies received from Measure R allocation, which can be used for major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeway; pedestrian improvements; streetscapes; signal synchronizations; and transit operations.

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.

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

Nonmajor Funds - This enterprise fund accounts for the general and administrative, environmental services, industrial waste and waste management operations.

Additionally, the City reports the following fund types:

Special Revenue Funds - These funds are used to account for specific revenue sources that are legally restricted or otherwise assigned for specific purposes.

Capital Projects Funds - These funds are used to account for capital expenditures funded by various sources

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.

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

As a 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, sewer services and environmental services and indirect general government expenses to other functions and funds of the City. Elimination of the water utility, sewer service charges and environmental 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, Sewer and nonmajor (Environmental) 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.

D. New Accounting Pronouncements

**Current Year Standards**

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This statement provided temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and postponed the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Paragraph 4 of this statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

Paragraph 5 of this statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these paragraphs did not impact the City.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. New Accounting Pronouncements (Continued)

**Pending Accounting Standards**

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

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the financial statements.

This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, and early application is encouraged.

In June 2017, GASB issued Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, and early application is encouraged.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. This statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. New Accounting Pronouncements (Continued)

**Pending Accounting Standards (Continued)**

The requirements of this statement are effective for reporting periods beginning after December 15, 2019, early application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100% equity interest. Those provisions should be applied on a prospective basis.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Early application is encouraged. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this statement is implemented.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Paragraph 6 through 9 of this statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of paragraph 6 through 9 of this statement are effective for fiscal years beginning after June 15, 2021. Earlier application of these requirements is encouraged and permitted.

This statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The requirements of paragraph 3 of this statement are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted.

E. 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.

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**F. 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.

**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. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 under the purchases method. 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 utilizing the consumption method.

**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 and donated capital assets are recorded at acquisition 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.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

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**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:

<u>Type of Asset</u>	<u>Life in Years</u>
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 three to five 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:

<u>Lessee</u>	<u>Address Leased</u>	<u>Type of Property</u>	<u>Lease Term Beginning/Ending</u>	<u>Rent</u>
Verizon Wireless	3047 N. Roycove Dr.	Communications Site	7/1/00-7/1/20	\$ 1,576
Sprint/Nextel**	3047 N. Roycove Dr.	Communications Site	4/30/19-4/30/24	3,328
T-Mobile	3047 N. Roycove Dr.	Communications Site	11/14/19-11/14/24	2,496
The Mena co. dba Giovanni's	114 E. Italia	Commercial	6/15/18-6/15/21	1,509
Bank of America	212 E. Badillo St.	ATM Site	12/4/18-12/3/23	4,312
AT&T	559 N. Citrus	Communications Site	9/3/18-9/3/23	3,163
Verizon Wireless	701 N. Sunflower	Communications Site	8/23/18-8/23/23	3,105

\*\*Sprint/Nextel actually 1 company

**M. Capitalization of Leases**

Certain leases have been capitalized, where appropriate, in accordance with the GASB 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, 2020 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. CalPERS audited financial statements are publicly available reports that can be obtained on the CalPERS's website under Forms and Publications.

P. Other Postemployment Benefits (OPEB)

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

Q. Net Position

Net position in the statement of net position is 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 (including discounts and premiums) 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.

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding, net of accumulated amortization, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

R. Deferred Outflows/Inflows of Resources (Continued)

- Deferred outflows related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related and OPEB resulting from the net difference in projected and actual earnings on investments of the pension plans' and OPEB fiduciary net position. These amounts are amortized over five years.
- Deferred outflows from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions and retiree healthcare benefits through the plans.
- Deferred outflows from pensions from changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plan.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred gain on refunding, net of accumulated amortization, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows related and OPEB for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions for changes in assumptions and from changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred inflows related to pensions resulting from the net difference in projected and actual earnings on investments of the pension plans net position. These amounts are amortized over five years.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Excess of Charges over Appropriations**

For the fiscal year ended June 30, 2020, expenditures exceeded appropriations in the following programs:

	Budget	Actual	Variance with Final Budget
Measure R Special Revenue Fund	\$ 4,023,445	\$ 4,027,739	\$ (4,294)
Other Governmental Funds:			
Shoppers Lane Parking District Special Revenue Fund	7,400	7,717	(317)

Funds with deficit balances were as follows:

	Amount
Other Governmental Funds:	
Measure W Special Revenue Fund	\$ (244,323)
Park Development Capital Projects Fund	(535,664)

The deficit in these funds be will reduced by transfers from the general fund or from receipt of grant revenues.

**NOTE 3 - CASH AND INVESTMENTS**

The City is following the requirements associated with 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, 2020, are classified in the accompanying financial statements as follows:

	Governmental Activities	Business- Type Activities	Fiduciary Funds		Total
			Private- Purpose Trust Fund	Agency	
Statement of net position:					
Cash and investments	\$ 31,833,147	\$ 15,208,204	\$ 3,594,507	\$ 625	\$ 50,636,483
Cash and investments - restricted	-	4,594,016	-	-	4,594,016
Cash and investments with fiscal agent	2,789,287	1,018,747	2,919,253	-	6,727,287
Total cash and investments	\$ 34,622,434	\$ 20,820,967	\$ 6,513,760	\$ 625	\$ 61,957,786
Cash and investments as of June 30, 2020: consist of the following:					
Cash on hand					\$ 7,935
Deposits with financial institutions					8,378,777
Deposits with fiscal agent					6,727,287
Investments					46,843,787
Total cash and investments					\$ 61,957,786

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 3 - CASH AND INVESTMENTS**

**Authorized Investments**

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

	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, U.S. treasury securities 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 24 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, 2020.

	Fair Value	12 Months or Less	13 to 36 Months	25 to 60 Months	More than 60 Months
Investment type:					
State investment pool (LAIF)	\$ 26,435,829	\$ 26,435,829	\$ -	\$ -	\$ -
U.S. Agency securities	2,975,506	-	2,975,506	-	-
U.S. Treasury securities	17,331,303	3,346,879	13,984,424	-	-
Money market mutual funds	101,149	101,149	-	-	-
Held by bond trustee:					
Money market mutual funds	6,727,287	6,727,287	-	-	-
Total	<u>\$ 53,571,074</u>	<u>\$ 36,611,144</u>	<u>\$ 16,959,930</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 3 - 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 from Standard & Poor's as of fiscal year end for each investment type:

	Fair Value	Minimum Credit Rating	AAA	AA+	A+	Not Required to be Rated or Not Rated
Investment type:						
State investment pool (LAIF)	\$ 26,435,829	N/A	\$ -	\$ -	\$ -	\$ 26,435,829
U.S. Agency securities	2,975,506	N/A	-	2,975,506	-	-
U.S. Treasury securities	17,331,303	N/A	-	-	-	17,331,303
Money market mutual funds	101,149	A	101,149	-	-	-
Held by bond trustee:						
Money market mutual funds	6,727,287	A	6,727,287	-	-	-
Total	<u>\$ 53,571,074</u>	N/A	<u>\$ 6,828,436</u>	<u>\$ 2,975,506</u>	<u>\$ -</u>	<u>\$ 43,767,132</u>

**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, money market 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, 2020, all the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon its 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 and recorded on an amortized basis.

**Fair Value Measurements**

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets and Level 3 inputs are significant unobservable inputs.

The City pool investment has the following recurring fair value measurements as of June 30, 2020:

Investment by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities:				
U.S. Agency securities	\$ 2,975,506	\$ -	\$ 2,975,506	\$ -
U.S. Treasury securities	17,331,303	-	17,331,303	-
Total Investments Measured at Fair Value	20,306,809	\$ -	\$ 20,306,809	\$ -
Investments:				
State investment pool (LAIF)*	26,435,829			
Money market mutual funds*	6,828,436			
Total Pooled Investments	\$ 53,571,074			

\* Not subject to fair value measurement hierarchy.

**NOTE 4 - 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.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 4 - INTERFUND TRANSACTIONS (CONTINUED)**

**A. Interfund Balances (Continued)**

The following are due from and due to balances as of June 30, 2020:

Receivable Fund	Payable Fund	Amount
General	Measure R Special Revenue Fund	\$ 2,660,138
	Other Governmental Funds	286,422
		<u>\$ 2,946,560</u>

**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, 2020.

Transfers In Fund	Transfers Out Fund	Amount
General	Other Governmental Funds	\$ 101,000
Other Governmental Funds	General	106,606
Other Governmental Funds	Other Governmental Funds	987,768
Total		<u>\$ 1,195,374</u>

**B. Advances To/Advances from Other Funds**

Advances to/from other funds are noncurrent 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, 2020:

Receivable Fund	Payable Fund	Amount
Water Utility	General	<u>\$ 100,570</u>

**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 5 - 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.

***NOTE 5 - PROPERTY TAXES (CONTINUED)***

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

***NOTE 6 - 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. At June 30, 2020, the City has recorded an allowance for the balance of \$5,168,368 for principal of \$4,742,000 and accrued interest of \$426,368 as management is not certain if this amount will be collected. During the fiscal year, the City received accrued interest of \$420,665.

***NOTE 7 - LOANS RECEIVABLE***

The City's Community Development Block Grant (CDBG) program provides low-income housing and economic assistance to qualifying households and businesses. 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, 2020, of all loans was \$1,830,344. Due to the forgiveness feature of these loans the City has established an allowance for uncollectible loans in the amount of \$1,549,876.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 8 - CAPITAL ASSETS**

**Governmental Activities**

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

	Balance July 1, 2019 as restated	Additions	Deletions	Balance June 30, 2020
Governmental activities:				
Capital assets, not depreciated:				
Land	\$ 10,902,638	\$ -	\$ 14,785	\$ 10,887,853
Construction in progress	14,056,485	7,151,978	19,420,758	1,787,705
Total capital assets, not depreciated	24,959,123	7,151,978	19,435,543	12,675,558
Capital assets, depreciated:				
Buildings and structures	29,913,555	9,734,775		39,648,330
Improvements other than buildings	10,525,566	47,274	-	10,572,840
Public domain infrastructure	114,034,538	9,164,154	-	123,198,692
Sanitary sewer infrastructure	6,221,681		-	6,221,681
Machinery and equipment	11,691,963	399,200	576,147	11,515,016
Total capital assets, depreciated	172,387,303	19,345,403	576,147	191,156,559
Less accumulated depreciation for:				
Buildings and structures	12,043,911	686,056		12,729,967
Improvements other than buildings	4,821,273	413,021	-	5,234,294
Public domain infrastructure	83,472,191	3,323,094	-	86,795,285
Sanitary sewer infrastructure	4,314,653	64,737	-	4,379,390
Machinery and equipment	7,992,322	800,566	554,945	8,237,943
Total accumulated depreciation	112,644,350	5,287,474	554,945	117,376,879
Total capital assets, depreciated, net	59,742,953	14,057,929	21,202	73,779,680
Total capital assets, net	<u>\$ 84,702,076</u>	<u>\$ 21,209,907</u>	<u>\$ 19,456,745</u>	<u>\$ 86,455,238</u>

Depreciation expense was charged to the following categories:

Governmental activities:	
General government	\$ 284,866
Public safety	380,487
Public works	3,571,997
Culture and recreation	423,404
Transit	310,156
Internal service funds charged to programs	316,564
Total governmental activities	<u>\$ 5,287,474</u>

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 8 - CAPITAL ASSETS (CONTINUED)**

**Business-Type Activities**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Business-type activities:				
Capital assets, not depreciated:				
Land	\$ 377,408	\$ -	\$ -	\$ 377,408
Construction in progress	1,759,313	12,233,828	13,906,083	87,058
Total capital assets, not depreciated	2,136,721	12,233,828	13,906,083	464,466
Capital assets, depreciated:				
Buildings and structures	12,478,080	64,997	-	12,543,077
Improvements other than buildings	305,692	362,840	-	668,532
Water system infrastructure	36,127,376	13,478,243	-	49,605,619
Machinery and equipment	3,022,059	308,595	2,371	3,328,283
Total capital assets, depreciated	51,933,207	14,214,675	2,371	66,145,511
Less accumulated depreciation for:				
Buildings and structures	3,289,971	247,371	-	3,537,342
Improvements other than buildings	112,861	18,929	-	131,790
Water system infrastructure	11,892,201	1,065,800	-	12,958,001
Machinery and equipment	1,895,704	146,146	2,371	2,039,479
Total accumulated depreciation	17,190,737	1,478,246	2,371	18,666,612
Total capital assets, depreciated, net	34,742,470	12,736,429	-	47,478,899
Total capital assets, net	\$ 36,879,191	\$ 24,970,257	\$ 13,906,083	\$ 47,943,365

Depreciation expense was charged to the following categories.

Business-type activities:	
Water utility	\$ 1,276,414
Sewer	179,627
Nonmajor fund - Environmental protection	22,205
Total business-type activities	\$ 1,478,246

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

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**NOTE 9 - PENSION PLANS**

The following is a summary of pension related items for the year ended June 30, 2020:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 29,743,218	\$ 3,870,674	\$ (312,539)	\$ 4,705,709
CalPERS Safety	35,349,515	8,177,276	(3,260,638)	6,181,700
	<u>\$ 65,092,733</u>	<u>\$ 12,047,950</u>	<u>\$ (3,573,177)</u>	<u>\$ 10,887,409</u>

Pension liabilities are liquidated from the related employees home program, with the majority funded out of the General Fund.

**A. General Information about the Pension Plans**

**Plan Descriptions**

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

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least five years of service. PEPRM miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonduty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job related. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

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**NOTE 9 - PENSION PLANS (CONTINUED)**

A. General Information about the Pension Plans (Continued)

**Benefits Provided (Continued)**

The Plans' provisions and benefits in effect at the measurement date of June 30, 2019 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.5% <sup>@55</sup>	2.0% <sup>@62</sup>
Benefit vesting schedule	5 Years of service	5 Years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 62
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates:		
Normal cost rate	10.144%	6.750%
Payment of unfunded liability	\$ 1,651,966	\$ -

	Safety		
	Prior to December 31, 2010	On or after January 1, 2011 and prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	3.0% <sup>@50</sup>	3% <sup>@55</sup>	2.7% <sup>@57</sup>
Benefit vesting schedule	5 Years of service	5 Years of service	5 Years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% - 3%	2.0% - 2.7%
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates:			
Normal cost rate	22.346%	20.416%	12.965%
Payment of unfunded liability	\$ 1,062,088	\$ -	\$ -



**NOTE 9 - PENSION PLANS (CONTINUED)**

**A. General Information about the Pension Plans (Continued)**

**Employees Covered**

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

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	227
Inactive employees entitled to but not yet receiving benefits	296
Active employees	<u>100</u>
Total	<u>623</u>

**Contributions**

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

**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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

**NOTE 9 - PENSION PLANS (CONTINUED)**

**B. Net Pension Liability (Continued)**

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2018, actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	(1)	(1)
Mortality Rate Table	(2)	(2)
Post-Retirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

**Long-Term Expected Rate of Return**

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

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

**NOTE 9 - PENSION PLANS (CONTINUED)**

**B. Net Pension Liability (Continued)**

**Long-Term Expected Rate of Return (Continued)**

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

Asset Class (a)	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

- (a) In the CalPERS CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; and inflation assets are included in both global equity securities and global debt securities.
- (b) An expected inflation of 2.0% was used for this period.
- (c) An expected inflation of 2.92% was used for this period.

**Discount Rate**

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

**Subsequent Events**

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

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 9 - PENSION PLANS (CONTINUED)**

**C. Changes in the Net Pension Liability**

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balance at June 30, 2018</b> <b>(Measurement Date)</b>	<u>\$ 90,462,241</u>	<u>\$ 63,762,991</u>	<u>\$ 26,699,250</u>
<b>Changes in the Year:</b>			
Service cost	1,380,689	-	1,380,689
Interest on the total pension liability	6,507,596	-	6,507,596
Differences between expected and actual experience	2,271,369	-	2,271,369
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Plan to plan resource movement	-	-	-
Contribution - employer	-	2,386,884	(2,386,884)
Contribution - employee	-	656,805	(656,805)
Net investment income	-	4,117,352	(4,117,352)
Administrative expenses	-	(45,503)	45,503
Other miscellaneous expense	-	148	(148)
Benefit payments, including refunds of employee contributions	<u>(4,817,247)</u>	<u>(4,817,247)</u>	<u>-</u>
Net Changes	<u>5,342,407</u>	<u>2,298,439</u>	<u>3,043,968</u>
<b>Balance at June 30, 2019</b> <b>(Measurement Date)</b>	<u><u>\$ 95,804,648</u></u>	<u><u>\$ 66,061,430</u></u>	<u><u>\$ 29,743,218</u></u>

**Proportionate Share of Net Pension Liability**

As of June 30, 2020 (measurement date of June 30, 2019), the City reported \$35,349,515 for its proportionate share of the net pension liability for the Safety Plan.

**NOTE 9 - PENSION PLANS (CONTINUED)**

**C. Changes in the Net Pension Liability (Continued)**

**Proportionate Share of Net Pension Liability (Continued)**

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportionate share 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 Safety Plan as of the measurement dates ended June 30, 2018 and 2019 was as follows:

	<u>Safety</u>
Proportion - June 30, 2018	0.545820%
Proportion - June 30, 2019	0.566270%
Change - Increase (Decrease)	0.020450%

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

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 42,582,111	\$ 52,600,573
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 29,743,218	\$ 35,349,515
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 19,236,435	\$ 21,206,348

**Pension Plan Fiduciary Net Position**

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

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 9 - PENSION PLANS (CONTINUED)**

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

For the year ended June 30, 2020, the City recognized pension expense of \$4,705,709 and \$6,181,700 for the Miscellaneous and Safety Plans, respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,794,762	\$ -	\$ 2,758,911	\$ -
Differences between expected and actual experience	1,075,912	-	2,308,004	-
Change in assumptions	-	-	1,448,915	(282,754)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	1,661,446	(2,491,591)
Net differences between projected and actual earnings on plan investments	-	(312,539)	-	(486,293)
Total	<u>\$ 3,870,674</u>	<u>\$ (312,539)</u>	<u>\$ 8,177,276</u>	<u>\$ (3,260,638)</u>

\$2,794,762 and \$2,758,911 reported as deferred outflows of resources related to contributions subsequent to the measurement date, for the Miscellaneous and Safety Plans, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety
2021	\$ 1,343,512	\$ 2,001,790
2022	(552,326)	(229,797)
2023	(99,047)	291,117
2024	71,234	94,617
2025	-	-
Thereafter	-	-

**Payable to the Pension Plan**

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

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

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**NOTE 10 - COMPENSATED ABSENCES**

For governmental funds, accumulated vacation and sick leave benefits payable at June 30, 2020, was \$3,522,464. The short-term portion of \$1,007,956 and long-term portion of 2,514,508 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 \$239,797, of which \$58,685 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 \$490,965 of which \$169,366 represents the current portion. The total amount is recorded within the respective proprietary funds and business-type activities of the government-wide statements.

**NOTE 11 - 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 cash and investments of \$4,331,228 and \$945,034, respectively, which have been internally restricted for payment of outstanding workers' compensation and general liability claims.

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, 2020, total actual and estimated claims and judgments payable were as follows:

General liability	\$ 1,038,000
Workers' compensation	<u>6,209,000</u>
Total	<u>\$ 7,247,000</u>

The following are changes in the claims and judgments liability for fiscal years 2020 and 2019:

	Fiscal Year Ended June 30	
	2020	2019
Claims and judgements, beginning of fiscal year	\$ 7,138,000	\$ 7,682,193
Claims incurred (including IBNRs)	696,013	5,256,370
Claims paid	<u>(587,013)</u>	<u>(5,800,563)</u>
Claims and judgements, end of fiscal year	<u>\$ 7,247,000</u>	<u>\$ 7,138,000</u>

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

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**NOTE 12 - CAPITALIZED LEASE OBLIGATIONS**

**Water Equipment**

The City entered into a capital lease with Bank of America for water equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has 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 obligation and the net present value of these payments as of June 30, 2020, are as follows:

Fiscal Years Ending June 30	Amount
2021	\$ 462,228
2022	462,228
2022	462,228
2024	462,228
2025	462,228
2026	231,114
	<hr/>
Total minimum lease payments	2,542,254
Less: amount representing interest	(335,345)
	<hr/>
Present value of minimum lease payment	<u>\$ 2,206,909</u>

The value of the assets acquired by the capital lease was \$1,747,963 as of June 30, 2020, net of accumulated depreciation of \$3,019,208.

**Public Safety Radio**

The City entered into a capital lease with Motorola Solutions, LLC for radio equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has 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 obligation and the net present value of these payments as of June 30, 2020, are as follows:

Fiscal Years Ending June 30	Amount
2021	\$ 252,484
	<hr/>
Total minimum lease payments	252,484
Less: amount representing interest	(8,397)
	<hr/>
Present value of minimum lease payment	<u>\$ 244,087</u>



**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 13 - LONG-TERM LIABILITIES**

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Current Portion
Governmental activities:					
Other long-term liabilities					
Compensated absences	\$ 3,803,544	\$ 1,052,159	\$ 1,093,442	\$ 3,762,261	\$ 1,066,641
Claims and judgments	7,138,000	696,013	587,013	7,247,000	-
Other debt					
Certificates of participation payable (COP)	5,240,000	-	180,000	5,060,000	185,000
Unamortized premium on COP	231,187	-	11,560	219,627	11,560
Direct borrowings and placements					
Capital lease payable	496,571	-	252,484	244,087	244,087
Section 108 loan	2,375,000	-	125,000	2,250,000	125,000
Total long-term liabilities, net	<u>\$ 19,284,302</u>	<u>\$ 1,748,172</u>	<u>\$ 2,249,499</u>	<u>\$ 18,782,975</u>	<u>\$ 1,632,288</u>
	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Current Portion
Business-type activities:					
Other long-term liabilities					
Compensated absences	\$ 438,250	\$ 274,190	\$ 221,475	\$ 490,965	\$ 169,366
Direct borrowings and placements					
Capital lease payable	2,549,111	-	342,202	2,206,909	359,070
Other debt					
Revenue bonds payable	23,360,000	9,930,000	11,965,000	21,325,000	1,165,000
Unamortized premium on revenue bonds	123,886	-	5,631	118,255	5,631
Unamortized discount on revenue bonds	(76,189)	-	76,189	-	-
Total long-term liabilities, net	<u>\$ 26,395,058</u>	<u>\$ 10,204,190</u>	<u>\$ 12,610,497</u>	<u>\$ 24,141,129</u>	<u>\$ 1,699,067</u>

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, net pension liability and net OPEB liability for the governmental activities are generally liquidated by the General Fund and Internal Service Funds.

**Governmental Activities**

Transportation Revenue Certificates of Participation, Series 2017 A

In August 2017, \$5,625,000 of 2017 Series A certificates of participation bonds were issued to provide funding to repair, upgrade or re-construct residential streets that are in poor to fair condition. The bonds mature annually through 2039, in amounts ranging from \$175,000 to \$355,000. Interest rates vary from 2.0% to a maximum of 5.0% and are payable semiannually on December 1 and June 1. At June 30, 2020, the outstanding balance of these bonds was \$5,060,000.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 13 - LONG-TERM LIABILITIES (CONTINUED)**

**Governmental Activities (Continued)**

Transportation Revenue Certificates of Participation, Series 2017 A (Continued)

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

Fiscal Years Ending June 30	Principal	Interest	Total
2021	\$ 185,000	\$ 179,238	\$ 364,238
2022	195,000	169,988	364,988
2023	205,000	160,238	365,238
2024	215,000	149,988	364,988
2025	220,000	145,688	365,688
2026-2030	1,200,000	628,800	1,828,800
2031-2035	1,480,000	354,050	1,834,050
2036-2039	1,360,000	107,813	1,467,813
	<u>\$ 5,060,000</u>	<u>\$ 1,895,803</u>	<u>\$ 6,955,803</u>

Section 108 Loan Payable

The County of Los Angeles provided funds under an interim agreement to loan \$2,500,000 to the City to provide funds for Covina Senior and Community Center. The advance under the interim agreement was replaced by a Section 108 loan under the Community Development Block Grant Program of the Department of Housing and Urban Development. The City makes annual principal amount of \$125,000 commencing August 1, 2018 and annually thereafter and semiannual interest payments on August 1 and February 1 each Year. At June 30, 2020, the outstanding loan balance was \$2,250,000.

Fiscal Years Ending June 30	Principal	Interest	Total
2021	125,000	66,995	\$ 191,995
2022	125,000	63,795	188,795
2023	125,000	60,596	185,596
2024	125,000	57,369	182,369
2025	125,000	54,065	179,065
2026-2030	625,000	217,518	842,518
2031-2035	625,000	119,016	744,016
2036-2038	375,000	20,009	395,009
	<u>\$ 2,250,000</u>	<u>\$ 659,363</u>	<u>\$ 2,909,363</u>

**NOTE 13 - LONG-TERM LIABILITIES (CONTINUED)**

**Business-Type Activities**

Revenue Bonds Payable, Sewer Enterprise Fund

*Wastewater Sewer Revenue Bonds - 2009*

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 outstanding amount of \$10,740,000 2009 Bonds were redeemed on October 1, 2019 from proceeds from the 2019 Taxable Wastewater Revenue Refunding Bonds and reserve funds from the 2009 Bonds.

*Wastewater Sewer Revenue Bonds – 2019 Taxable Wastewater Revenue Refunding Bonds*

In August 2020, the City, issued \$9,930,000 2019 Taxable Wastewater Revenue Refunding Bonds (2019 Bonds) for the purpose of refunding the Sewer Revenue Bonds issued in 2009 and paying issuance costs related to the 2019 Bonds. Proceeds from the 2019 Bonds and reserve funds from the 2009 Bonds were deposited in a redemption fund to redeem the outstanding amount of \$10,740,000 2009 Bonds on October 1, 2019. As a result of the refunding, the City realized a net cash flow saving of \$2,875,389 and an economic gain (difference between present value of old debt and new debt) of \$2,536,558.

Interest on the 2019 Bonds is payable semi-annually on October 1 and April 1 of year at rates ranging from 1.966% to 2.686% with principal payable October 1 commencing October 1, 2019. The 2019 Bonds are not subject to optional redemption prior to their stated maturities. A reserve fund has not been established for the 2019 Bonds.

The bonds are secured by a pledge of the net revenues received by the City for the sewer fees. Net Revenues will be equal to 120% of the fiscal year debt service if there is a transfer from a rate stabilization fund. Net revenues without the inclusion of a transfer from the rate stabilization fund will be at least equal to 100% of the fiscal year debt service requirement. Total principal and interest remaining to be paid on the bonds is \$10,194,820. Principal and interest paid for the current fiscal year and total customer net revenues were \$1,025,239 and \$2,905,488.

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
2021	\$ 825,000	\$ 202,631	\$ 1,027,631
2022	840,000	186,054	1,026,054
2023	855,000	168,768	1,023,768
2024	870,000	150,861	1,020,861
2025	885,000	132,088	1,017,088
2026-2029	4,760,000	319,418	5,079,418
	<u>\$ 9,035,000</u>	<u>\$ 1,159,820</u>	<u>\$ 10,194,820</u>

**NOTE 13 - LONG-TERM LIABILITIES (CONTINUED)**

**Business-Type Activities (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 \$20,533,472. Principal and interest paid for the current year and total customer net revenues were \$988,713 and \$10,337,630, 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 began on October 1, 2011, and is due on October 1 each year until 2040. The outstanding balance as of June 30, 2020 was \$12,290,000.

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
2021	\$ 340,000	\$ 645,312	\$ 985,312
2022	355,000	631,412	986,412
2023	370,000	614,600	984,600
2024	390,000	594,650	984,650
2025	410,000	573,650	983,650
2026-2030	2,385,000	2,518,485	4,903,485
2031-2035	3,080,000	1,804,338	4,884,338
2036-2040	4,020,000	835,175	4,855,175
2040	940,000	25,850	965,850
	<u>\$ 12,290,000</u>	<u>\$ 8,243,472</u>	<u>\$ 20,533,472</u>

***NOTE 14 - 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, 2020, fund balances for governmental funds are made up of the following:

Nonspendable Fund Balance - 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, prepaid amounts and due from successor agency in the General Fund).

Restricted Fund Balance - 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 - 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 - 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 - 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.

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.

**CITY OF COVINA**  
**Notes to Financial Statements**  
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**NOTE 14 - FUND BALANCES (CONTINUED)**

**General Fund Nondepartmental Reserve Requirements**

Appropriation for contingencies is maintained at 20% 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	Measure R	Nonmajor Governmental	Total
Nonspendable				
Due from successor agency	\$ 1,692,088	\$ -	\$ -	\$ 1,692,088
Prepaid expenses	929,466	-	1,159	930,625
Total	2,621,554	-	1,159	2,622,713
Restricted				
Redevelopment and housing	-	-	4,275,145	4,275,145
Community development	-	-	2,062,256	2,062,256
Law enforcement	114,130	-	538,994	653,124
Street and transportation projects	-	40,803	8,359,730	8,400,533
Air quality projects	-	-	111,913	111,913
Assessment districts	-	-	1,295,090	1,295,090
Culture and recreation	313,949	-	677,403	991,352
Other capital projects	-	-	551,539	551,539
Total	428,079	40,803	17,872,070	18,340,952
Committed				
Emergency contingency	8,029,233	-	-	8,029,233
Assigned				
Other capital projects	25,940	-	-	25,940
Total	25,940	-	-	25,940
Unassigned	3,167,653	-	(832,212)	2,335,441
Total	\$ 14,272,459	\$ 40,803	\$ 17,041,017	\$ 31,354,279

**NOTE 15 - 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.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

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**NOTE 16 - JOINT VENTURE**

The Covina Irrigating Company (the Company) is a nonprofit 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%.

Complete financial statements for Covina Irrigating Company can be obtained from the Company. Summarized audited information for the fiscal year ended June 30, 2020, is as follows:

Operating revenues	\$ 12,401,793
Operating expenses	<u>(12,498,780)</u>
Operating income	(96,987)
Nonoperating income (loss)	<u>(175,818)</u>
Net income	<u>\$ (272,805)</u>
Total assets	<u>\$ 27,987,187</u>
Total liabilities	\$ 9,385,414
Total fund equity	<u>18,601,773</u>
Total liability and fund equity	<u>\$ 27,987,187</u>

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 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**A. General Information about the OPEB Plan**

**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's 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 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**A. General Information about the OPEB Plan (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 the following at the June 30, 2019, measurement date:

Active plan members	162
Inactive employees or beneficiaries currently receiving benefit payments	<u>137</u>
Total	<u>299</u>

**Contributions**

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 toward the cost of each retiree's overage.

**B. Net OPEB Liability**

The City's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Funding Method	Entry-age normal cost, level percent of pay
Discount Rate	3.17%
Investment Rate of Return	4.50% per year net of expenses
Inflation	3.00%
Aggregate Payroll Increases	2.75%
Mortality Rate	2014 CalPERS Mortality for Active Safety Employees 2014 CalPERS Mortality for Retired Safety Employees 2014 CalPERS Active Mortality for Miscellaneous
Healthcare Trend Rate	6.0% in 2018 trending to 5.0% for 2028 and later
Change in Assumptions:	
Discount Rate	4.50% - 3.65%
Inflation	2.75% - 3.00%
Healthcare Trend	4% for 1 year; 6% in 2018 to 5% in 2028 and later



**NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**B. Net OPEB Liability (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real rate of return plus inflation (rounded to the nearest 25 basis point where appropriate).

The table below reflects the long-term expected real rate of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. Equity	20%	4.40%
U.S. Fixed	75%	1.50%
Cash Equivalents	5%	0.10%
Total	100%	

**Discount Rate**

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. This has resulted in a blended discount rate of 3.17%, which takes into account the long-term expected rate of return of 4.5% and the Bond Buyer 20-Bond GO Index municipal bond rate of 3.13%.

**Change in Assumptions**

The discount rate was changed from 3.65% to 3.17% and the healthcare trend rate was changed to 5.9% in 2019 decreasing to 5% in 2028 for the June 30, 2019 measurement period.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**C. Change in the Net OPEB Liability**

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018 (Measurement Date)+A71	\$ 6,906,415	\$ 490,813	\$ 6,415,602
Changes Recognized for the Measurement Period:			
Service cost	271,591	-	271,591
Interest on the total OPEB liability	253,720	-	253,720
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	355,233	-	355,233
Contribution from the employer	-	457,669	(457,669)
Net investment income	-	34,489	(34,489)
Administrative expenses	-	(2,728)	2,728
Benefit payments	(457,669)	(457,669)	-
Net changes during July 1, 2018 to June 30, 2019	422,875	31,761	391,114
Balance at June 30, 2019 (Measurement Date)	\$ 7,329,290	\$ 522,574	\$ 6,806,716

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.17%) or one percentage point higher (4.17%) than the current discount rate:

Plan's Net OPEB Liability (Asset)		
Discount Rate	Current	Discount Rate
-1%	Discount Rate	+1%
\$ 7,644,121	\$ 6,806,716	\$ 6,096,291

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (4.90%) Decreasing to 4.0%	Current Trend (5.90%) Decreasing to 5.0%	1% Increase (6.90%) Decreasing to 6.0%
Net OPEB Liability	\$ 6,269,001	\$ 6,806,716	\$ 7,482,088

**Subsequent Events**

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

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

**NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the City recognized OPEB expense of \$604,620. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 510,755	\$ -
Differences between actual and expected experience	-	(676,191)
Change in assumptions	1,186,705	-
Net differences between projected and actual earnings	1,191	
Total	<u>\$ 1,698,651</u>	<u>\$ (676,191)</u>

The change in assumptions and differences between actual and expected experience are amortized over the expected average remaining service life. The expected average remaining service life for the 2019 measurement period is 4.6 years.

\$510,755 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2021	\$ 101,396
2022	101,396
2023	101,394
2024	98,419
2025	86,899
Thereafter	22,201

**E. Payable to the OPEB Plan**

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

**NOTE 18 - REBATABLE ARBITRAGE**

The Successor Agency of the former Covina Redevelopment Agency is obligated to calculate arbitrage rebates on all tax allocation bonds. There was no rebatable arbitrage liability.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

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**NOTE 19 - 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 \$2,716,861 to the Covina Irrigating Company for the services of pumping, treating and delivery of water.

**NOTE 20 - 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, 2020, total governmental fund encumbrance balances for the City are as follows:

General fund	\$ 40,078
Nonmajor governmental fund	<u>2,818,166</u>
Total governmental funds	<u>\$ 2,858,244</u>

**NOTE 21 - SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (SACRA)**

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the Covina Redevelopment Agency on February 1, 2012, as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosure related to capital assets and long-term liabilities are as follows:

**Long-Term Liabilities**

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

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Current Portion
Advances from City of Covina	\$ 2,173,371	\$ -	\$ 66,064	\$ 2,107,307	\$ -
Compensated absences	41,220	17,068	11,055	47,233	14,685
Tax allocation bonds	12,791,600	-	2,100,621	10,690,979	2,485,979
Accreted interest	373,140	33,615	384,379	22,376	-
Unamortized premium on tax allocation bonds	<u>984,635</u>	<u>-</u>	<u>115,206</u>	<u>869,429</u>	<u>115,206</u>
Total long-term liabilities, net	<u>\$ 16,363,966</u>	<u>\$ 50,683</u>	<u>\$ 2,677,325</u>	<u>\$ 13,737,324</u>	<u>\$ 2,615,870</u>

***NOTE 21 - SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (SACRA) (CONTINUED)***

**Long-Term Liabilities (Continued)**

Tax Allocation Revenue Bonds of 2004 Series B

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 began December 1, 2005, and they are due on December 1 each year until 2023. The outstanding principal balance as of June 30, 2020 was \$1,395,000.

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 was 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 was 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 was equal to 100% of the 1997 B and 101% of the accreted value of the 2002 E.

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, 2020, is \$8,860,979. The accreted interest amount outstanding on the Capital appreciation bonds is \$22,376.

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) 2014A Tax Allocation Revenue Refunding Bonds in the amount of \$6,985,000. The purpose of the issue was 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 was used to fund an escrow account which was used to redeem the 1997 A and 2004 A bonds on January 8, 2015. The redemption price was 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.

***NOTE 21 - SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (SACRA) (CONTINUED)***

**Long-Term Liabilities (Continued)**

Tax Allocation Revenue Refunding Bonds of 2014, Series E (Continued)

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, 2020, is \$435,000.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 2,485,979	\$ 499,091	\$ 2,985,070
2022	2,630,000	347,849	2,977,849
2023	2,765,000	211,679	2,976,679
2024	2,810,000	70,944	2,880,944
	<u>\$ 10,690,979</u>	<u>\$ 1,129,563</u>	<u>\$ 11,820,542</u>

***NOTE 22: CONTINGENCIES***

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus (the "COVID-19 outbreak") and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the City's financial condition, liquidity, operations and workforce. The City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the City's results of future operations and financial position in fiscal year 2021.

**CITY OF COVINA**  
**Notes to Financial Statements**  
**June 30, 2020**

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**NOTE 23: RESTATEMENT OF NET POSITIONS**

	Governmental Activities	Business-type Activities	Totals	
Net position at July 1, 2019, as originally reported	\$ 55,429,312	\$ 44,652,266	\$ 100,081,578	
To allocate the net OPEB liability and related deferred outflows and inflows of resources to the Enterprise Funds as of the beginning of the year	1,317,400	(1,317,400)	-	
Net position at July 1, 2019, as restated	<u>\$ 56,746,712</u>	<u>\$ 43,334,866</u>	<u>\$ 100,081,578</u>	
	Water Enterprise Fund	Sewer Enterprise Fund	Nonmajor Enterprise Fund	Internal Service Funds
Net position at July 1, 2019, as originally reported	\$ 36,784,714	\$ 7,330,415	\$ 2,202,120	\$ (1,030,528)
To allocate the net OPEB liability and related deferred outflows and inflows of resources to the Enterprise and Internal Service Funds as of the beginning of the year	(952,938)	(205,891)	(158,571)	(419,836)
Net position at July 1, 2019, as restated	<u>\$ 35,831,776</u>	<u>\$ 7,124,524</u>	<u>\$ 2,043,549</u>	<u>\$ (1,450,364)</u>

**NOTE 24: SUBSEQUENT EVENT**

On December 1, 2020, the City through a private placement financed debt in the amount of \$18,883,578 to provide \$5,000,000 in funds for capital projects related to the water enterprise, deposit \$13,284,326 in an escrow fund to refund in advance the 2010 Water Revenue Bonds with the remaining funds were used for costs of issuance. The interest rate on the debt is 1.97% with interest and principal payable April 1 and October 1 each year commencing April 1, 2021 through October 1, 2040.

## **REQUIRED SUPPLEMENTARY INFORMATION**



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## CITY OF COVINA

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years\*

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:						
Service cost	\$ 1,380,689	\$ 1,347,039	\$ 1,152,992	\$ 1,486,092	\$ 1,420,544	\$ 1,399,079
Interest on total pension liability	6,507,596	6,146,087	5,977,026	6,066,839	5,848,966	5,596,243
Differences between expected and actual experience	2,271,369	90,424	(3,886,390)	(362,755)	269,486	-
Changes in assumptions	-	(479,050)	5,024,331	-	(1,428,592)	-
Changes in benefits	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(4,817,247)	(4,633,255)	(4,314,593)	(4,154,693)	(4,028,300)	(3,984,640)
Net Change in Total Pension Liability	5,342,407	2,471,245	3,953,366	3,035,483	2,082,104	3,010,682
Total Pension Liability - Beginning of Year	90,462,241	87,990,996	84,037,630	81,002,147	78,920,043	75,909,361
Total Pension Liability - End of Year (a)	<u>\$ 95,804,648</u>	<u>\$ 90,462,241</u>	<u>\$ 87,990,996</u>	<u>\$ 84,037,630</u>	<u>\$ 81,002,147</u>	<u>\$ 78,920,043</u>
Plan Fiduciary Net Position:						
Contributions - employer	\$ 2,386,884	\$ 2,064,731	\$ 1,424,175	\$ 1,410,961	\$ 1,599,026	\$ 1,453,480
Contributions - employee	656,805	666,102	565,326	578,334	781,508	865,295
Plan to plan resource movement	-	(148)	24,693	-	9,481	-
Net investment income	4,117,352	5,103,206	6,234,088	296,745	1,328,803	8,890,960
Benefit payments	(4,817,247)	(4,633,255)	(4,314,593)	(4,154,693)	(4,028,300)	(3,984,640)
Administrative expense	(45,355)	(274,830)	(84,138)	(35,892)	(66,233)	-
Net Change in Plan Fiduciary Net Position	2,298,439	2,925,806	3,849,551	(1,904,545)	(375,715)	7,225,095
Plan Fiduciary Net Position - Beginning of Year	63,762,991	60,837,185	56,987,634	58,892,179	59,267,894	52,042,799
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 66,061,430</u>	<u>\$ 63,762,991</u>	<u>\$ 60,837,185</u>	<u>\$ 56,987,634</u>	<u>\$ 58,892,179</u>	<u>\$ 59,267,894</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 29,743,218</u>	<u>\$ 26,699,250</u>	<u>\$ 27,153,811</u>	<u>\$ 27,049,996</u>	<u>\$ 22,109,968</u>	<u>\$ 19,652,149</u>
Plan fiduciary net position as a percentage of the total pension liability	68.95%	70.49%	69.14%	67.81%	72.70%	75.10%
Covered payroll	7,646,268	6,130,981	\$ 8,782,015	\$ 8,497,600	\$ 7,967,419	\$ 7,967,419
Net pension liability as percentage of covered payroll	388.99%	435.48%	309.20%	318.33%	277.50%	246.66%

## Notes to Schedule:

## Benefit Changes:

There were no changes in benefits.

## Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

\* Fiscal year 2015 was the first year of implementation and therefore only six years are shown

CITY OF COVINA

SCHEDULE OF CONTRIBUTIONS – CALPERS

Last Ten Fiscal Years\*

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 2,794,762	\$ 2,386,725	\$ 1,424,175	\$ 1,430,571	\$ 1,599,026	\$ 1,453,480
Contributions in relation to the actuarially determined contributions	<u>(2,794,762)</u>	<u>(2,386,725)</u>	<u>(2,078,674)</u>	<u>(1,430,571)</u>	<u>(1,599,026)</u>	<u>(1,453,480)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (654,499)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,996,049	\$ 7,646,268	\$ 6,130,981	\$ 8,782,015	\$ 8,497,600	\$ 7,967,419
Contributions as a percentage of covered payroll	34.95%	31.21%	33.90%	16.29%	18.82%	18.24%

Notes to Schedule:

Valuation Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>						
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) The valuation for June 30, 2012, 2013, 2014 and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017 and 2018, respectively) included the same actuarial assumptions; 50 years (2%<sup>@</sup>55, 2.7%<sup>@</sup>55), 52 years (2%<sup>@</sup>62)
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\* Fiscal year 2015 was the first year of implementation and therefore only six years are shown

## CITY OF COVINA

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years\*

	Safety					
Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.56627%	0.54852%	0.56064%	0.56696%	0.46197%	0.41430%
Plan's proportionate share of the net pension liability	\$ 35,349,515	\$ 32,026,302	\$ 30,950,899	\$ 26,302,740	\$ 19,035,092	\$ 15,540,223
Plan's covered payroll	\$ 6,548,655	\$ 6,325,051	\$ 6,325,051	\$ 6,672,936	\$ 6,433,232	\$ 6,575,024
Plan's proportionate share of the net pension liability as a percentage of covered payroll	539.80%	506.34%	489.34%	394.17%	295.89%	236.35%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	85.14%	85.14%	79.48%	81.50%	84.45%

## Notes to Schedule:

## Benefit Changes:

There were no changes in benefits.

## Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

\* Fiscal year 2015 was the first year of implementation and therefore only six years are shown.

CITY OF COVINA  
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years\*

	Safety					
Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 2,758,911	\$ 2,360,587	\$ 1,969,480	\$ 1,730,321	\$ 1,549,717	\$ 1,241,075
Contributions in relation to the actuarially determined contributions	(2,758,911)	(2,360,587)	(1,969,480)	(1,730,321)	(1,549,717)	(1,241,075)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 6,490,821	\$ 6,548,655	\$ 6,325,051	\$ 6,325,051	\$ 6,672,936	\$ 6,433,232
Contributions as a percentage of covered payroll	42.50%	36.05%	31.14%	27.36%	23.22%	19.29%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>						
Actuarial cost method	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)	Entry age (1)
Amortization method						
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

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

(3) Net of pension plan investment expense, including inflation

(4) 3% at 50/55 and 2.7% at 57

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\* Fiscal year 2015 was the first year of implementation and therefore only six years are shown.

## CITY OF COVINA

OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years\*

Fiscal year end	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:			
Service cost	\$ 271,591	\$ 173,634	\$ 155,856
Interest on total OPEB liability	253,720	285,949	287,858
Difference between expected and actual experience	-	(963,933)	-
Change in assumptions and other inputs	355,233	1,264,415	-
Benefit payments, including refunds and the implied subsidy benefit payments	(457,669)	(411,596)	(413,635)
Net Change in Total OPEB Liability	422,875	348,469	30,079
Total OPEB Liability - Beginning of Year	6,906,415	6,557,946	6,527,867
Total OPEB Liability - End of Year (a)	7,329,290	6,906,415	6,557,946
Plan Fiduciary Net Position:			
Contributions - employer	457,669	411,596	413,635
Net investment income	34,489	9,519	18,600
Administrative expenses	(2,728)	(2,630)	(2,372)
Benefit payments, including refunds and the implied subsidy benefit payments	(457,669)	(411,596)	(413,635)
Net Change in Plan Fiduciary Net Position	31,761	6,889	16,228
Plan Fiduciary Net Position - Beginning of Year	490,813	483,924	467,696
Plan Fiduciary Net Position - End of Year (b)	522,574	490,813	483,924
Net OPEB Liability - Ending (a)-(b)	\$ 6,806,716	\$ 6,415,602	\$ 6,074,022
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.11%	7.38%
Covered - employee payroll	17,042,879	13,316,004	\$ 12,959,615
Net OPEB liability as percentage of covered - employee payroll	39.94%	48.18%	46.87%

## Notes to Schedule:

## Benefit Changes:

There were no changes in benefits.

## Changes in Assumptions:

The fiscal year ended June 30, 2018 is the first year of implementation. For fiscal year ended June 30, 2020, discount rate was changed to 3.17% from 3.65%, inflation rate remained 3.0% and health care trend was changed to 5.9% in 2019 decreasing to 5% in 2028.

\* Fiscal year 2018 was the first year of implementation and therefore only three years are shown.

## CITY OF COVINA

OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years\*

Fiscal year ended	6/30/2020	6/30/2019	6/30/2018
Actuarially determined contribution	\$ 511,353	\$ 497,668	\$ 409,995
Contributions in relation to the actuarially determined contributions	(511,353)	(497,668)	(409,995)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	18,127,870	17,042,879	\$ 13,316,004
Contributions as a percentage of covered employee payroll	2.82%	2.92%	3.08%
Notes to Schedule:			
Valuation Date	6/30/2018	6/30/2018	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:			
Actuarial cost method			
Amortization method			
Discount rate	3.17%	3.65%	4.50%
Inflation	3.00%	3.00%	2.75%
Mortality rate	(1)	(1)	(1)
Healthcare trend rate	(2)	(2)	(2)

(1) 2014 CalPERS Mortality Rate for Active Safety, Retired Safety and Active Miscellaneous

(2) 5.9% for 2019, trending to 5% by 2028 and later

\* Fiscal year 2018 was the first year of implementation and therefore only three years are shown.

## CITY OF COVINA

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
BUDGETARY FUND BALANCE, JULY 1	\$ 10,030,939	\$ 10,030,939	\$ 10,030,939	\$ -
Resources (inflows):				
Property taxes	12,653,000	13,003,000	13,652,273	649,273
Sales tax, intergovernmental	14,235,000	14,635,000	15,875,886	1,240,886
Transient occupancy taxes	240,000	240,000	130,831	(109,169)
Property transfer taxes	200,000	200,000	212,485	12,485
Business license taxes	342,000	342,000	345,952	3,952
Utility user taxes	4,600,000	4,500,000	4,523,187	23,187
Franchise taxes	1,520,000	1,920,000	1,910,641	(9,359)
Licenses and permits	1,190,800	1,190,800	999,449	(191,351)
Intergovernmental	700,960	712,174	782,968	70,794
Charges for services	4,211,654	4,256,954	3,659,558	(597,396)
Fines and forfeits	955,000	955,000	907,080	(47,920)
Investment earnings	156,000	156,000	639,433	483,433
Sale of property	-	-	42,837	42,837
Miscellaneous	961,230	626,111	710,713	84,602
Transfers in	104,131	119,131	101,000	(18,131)
Amounts available for appropriation	52,100,714	52,887,108	54,525,232	1,638,124
Charges to appropriations (outflows):				
Current:				
General government	1,586,122	1,651,122	2,593,801	(942,679)
Public safety	30,481,057	30,656,591	29,184,458	1,472,133
Public works	2,579,890	2,656,522	2,292,017	364,505
Culture and recreation	4,468,214	4,518,610	3,834,866	683,744
Community development	2,100,747	2,384,955	2,238,650	146,305
Debt service:				
Principal retirement	100,341	100,341	-	100,341
Interest and fiscal charges	458	458	2,375	(1,917)
Transfers out	104,312	104,312	106,606	(2,294)
Total charges to appropriation	41,421,141	42,072,911	40,252,773	1,820,138
BUDGETARY FUND BALANCE, JUNE 30	\$ 10,679,573	\$ 10,814,198	\$ 14,272,459	\$ 3,458,261

See accompanying note to required supplementary information.



## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 3,430,843	\$ 3,430,843	\$ -
Resources (inflows):			
Intergovernmental	616,562	589,962	(26,600)
Investment earnings	31,317	47,737	16,420
	<u>4,078,722</u>	<u>4,068,542</u>	<u>(10,180)</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Capital outlay	3,652,007	3,656,792	(4,785)
Debt service:			
Principal retirement	180,000	180,000	-
Interest and fiscal charges	191,438	190,947	491
	<u>4,023,445</u>	<u>4,027,739</u>	<u>(4,294)</u>
Total charges to appropriation			
BUDGETARY FUND BALANCE, JUNE 30	<u><u>\$ 55,277</u></u>	<u><u>\$ 40,803</u></u>	<u><u>\$ (14,474)</u></u>

See accompanying note to required supplementary information.

***NOTE 1 - 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 30 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. Appropriation 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 years' annual budget.
7. Under Article XIII B 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.

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## **SUPPLEMENTARY INFORMATION**

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## **Other Governmental Funds**

### **Non-Major Governmental Funds**

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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 Fund 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.

Proposition A Transit Fund accounts for the receipts of the City's share of the 1/2 cent sales tax levied in Los Angeles County for local transit uses.

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

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

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

Proposition C Local Return Fund accounts for financial activities for the City's share of Proposition C monies; designated for transportation related activities.

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

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

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

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

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

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

Measure M Fund accounts for monies received from Measure M allocation, which can be used to major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeway; pedestrian improvements; streetscapes; signal synchronizations; and transit operations.

TDA Grant Fund accounts for monies received from the California State Transit Development Act of 1971 on a per capita basis to California cities for transit and non-transit related purposes that comply with regional transition plans, which can be used for construction of pedestrian and bicycle facilities.

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

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**Other Governmental Funds**  
**Non-Major Governmental Funds**

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Road Maintenance and Rehabilitation Act Fund accounts for the deferred maintenance on the state highway system and the local street and road system.

PEG access Television Fund accounts for the fees received from the cable operators for administration and improvement to any public, educational, and government access television.

Measure W accounts for the tax collected to provide a safe, clean water program.

Housing Authority 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 from collections and interest on loans.

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 Fund accounts for major infrastructure and general improvements not accounted for in other governmental and proprietary funds.

Covina Revitalization Projects Fund accounts for the proceeds from the issuance of 2004 Taxable Tax Allocation Bonds used for the Covina Revitalization Project No. One project cost.

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

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

CITY OF COVINA  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2020

	Community Development Block Grant	Proposition A	Law Enforcement
<b>ASSETS</b>			
Cash and investments	\$ 2,607	\$ 2,592,342	\$ 229,075
Receivables:			
Accounts	-	6,461	-
Loans	280,468	-	-
Due from other governments	29,318	-	11,795
Due from successor agency	-	-	-
Prepaid expenditures	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 312,393</b>	<b>\$ 2,598,803</b>	<b>\$ 240,870</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 31,313	\$ 288,532	\$ 17,872
Accrued liabilities	612	3,705	669
Deposits payable	-	-	-
Due to other governments	280,468	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
<b>TOTAL LIABILITIES</b>	<b>312,393</b>	<b>292,237</b>	<b>18,541</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue	-	-	11,795
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable	-	-	-
Restricted for:			
Redevelopment and housing	-	-	-
Community development	-	-	-
Law enforcement	-	-	229,945
Transportation and street projects	-	2,306,566	-
Air quality projects	-	-	-
Assessment districts	-	-	-
Culture and recreation	-	-	-
Other capital projects	-	-	-
Unassigned	-	-	(19,411)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>-</b>	<b>2,306,566</b>	<b>210,534</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 312,393</b>	<b>\$ 2,598,803</b>	<b>\$ 240,870</b>

Narcotics Seizure	State Gas Tax	Proposition C	Air Quality Improvement	Municipal Parking District	Lighting Assessment District
\$ 189,089	\$ 799,443	\$ 1,729,815	\$ 96,616	\$ 763,268	\$ 41,597
-	-	-	15,297	2,228	-
-	-	-	-	-	-
-	-	-	-	2,194	1,304
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 189,089</u>	<u>\$ 799,443</u>	<u>\$ 1,729,815</u>	<u>\$ 111,913</u>	<u>\$ 767,690</u>	<u>\$ 42,901</u>
\$ 4	\$ 6,285	\$ 17,805	\$ -	\$ 5,488	\$ 16,070
-	-	44,473	-	201	-
-	-	-	-	-	9,625
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4</u>	<u>6,285</u>	<u>62,278</u>	<u>-</u>	<u>5,689</u>	<u>25,695</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
189,085	-	-	-	-	-
-	793,158	1,667,537	-	-	-
-	-	-	111,913	-	-
-	-	-	-	762,001	17,206
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>189,085</u>	<u>793,158</u>	<u>1,667,537</u>	<u>111,913</u>	<u>762,001</u>	<u>17,206</u>
<u>\$ 189,089</u>	<u>\$ 799,443</u>	<u>\$ 1,729,815</u>	<u>\$ 111,913</u>	<u>\$ 767,690</u>	<u>\$ 42,901</u>

## CITY OF COVINA

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2020

	Landscaping Assessment District	Community Facilities District	Shoppers Lane Parking District
<b>ASSETS</b>			
Cash and investments	\$ 336,818	\$ 176,255	\$ 18,301
Receivables:			
Accounts	-	-	405
Loans	-	-	-
Due from other governments	1,169	5,092	-
Due from successor agency	-	-	-
Prepaid expenditures	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 337,987</b>	<b>\$ 181,347</b>	<b>\$ 18,706</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 6,102	\$ -	\$ -
Accrued liabilities	2,328	-	-
Deposits payable	9,625	3,500	-
Due to other governments	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	602
<b>TOTAL LIABILITIES</b>	<b>18,055</b>	<b>3,500</b>	<b>602</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue	-	-	-
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable	-	-	-
Restricted for:			
Redevelopment and housing	-	-	-
Community development	-	-	-
Law enforcement	-	-	-
Transportation and street projects	-	-	-
Air quality projects	-	-	-
Assessment districts	319,932	177,847	18,104
Culture and recreation	-	-	-
Other capital projects	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>319,932</b>	<b>177,847</b>	<b>18,104</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 337,987</b>	<b>\$ 181,347</b>	<b>\$ 18,706</b>

Measure M	TDA Grant	Other Grants	Road Rehabilitation and Maintenance	PEG Access Television
\$ 1,120,301	\$ -	\$ -	\$ 1,669,090	\$ 397,048
-	6,128	35,415	-	19,042
-	-	-	-	-
-	-	102,961	129,269	-
-	-	-	-	-
-	-	1,131	-	-
<u>\$ 1,120,301</u>	<u>\$ 6,128</u>	<u>\$ 139,507</u>	<u>\$ 1,798,359</u>	<u>\$ 416,090</u>
\$ 42,337	\$ -	\$ 5,088	\$ -	\$ 2,412
6,202	-	2,524	-	-
-	-	-	-	-
-	-	-	-	-
-	6,128	54,570	-	-
-	-	-	-	-
<u>48,539</u>	<u>6,128</u>	<u>62,182</u>	<u>-</u>	<u>2,412</u>
-	-	45,237	-	-
-	-	1,131	-	-
-	-	-	-	-
-	-	63,771	-	-
-	-	-	-	-
1,071,762	-	-	1,798,359	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	413,678
-	-	-	-	-
-	-	(32,814)	-	-
<u>1,071,762</u>	<u>-</u>	<u>32,088</u>	<u>1,798,359</u>	<u>413,678</u>
<u>\$ 1,120,301</u>	<u>\$ 6,128</u>	<u>\$ 139,507</u>	<u>\$ 1,798,359</u>	<u>\$ 416,090</u>

## CITY OF COVINA

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
(CONTINUED)

June 30, 2020

	Housing Authority	Measure W	Total Special Revenue Funds
<b>ASSETS</b>			
Cash and investments	\$ 3,902,988	\$ -	\$ 14,064,653
Receivables:			
Accounts	-	-	84,976
Loans	487	-	280,955
Due from other governments	-	-	283,102
Due from successor agency	415,219	-	415,219
Prepaid expenditures	28	-	1,159
<b>TOTAL ASSETS</b>	<b>\$ 4,318,722</b>	<b>\$ -</b>	<b>\$ 15,130,064</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 27,776	\$ 18,599	\$ 485,683
Accrued liabilities	6,386	-	67,100
Deposits payable	9,387	-	32,137
Due to other governments	-	-	280,468
Due to other funds	-	225,724	286,422
Unearned revenue	-	-	602
<b>TOTAL LIABILITIES</b>	<b>43,549</b>	<b>244,323</b>	<b>1,152,412</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue	-	-	57,032
<b>FUND BALANCES (DEFICITS):</b>			
Nonspendable	28	-	1,159
Restricted for:			
Redevelopment and housing	4,275,145	-	4,275,145
Community development	-	-	63,771
Law enforcement	-	-	419,030
Transportation and street projects	-	-	7,637,382
Air quality projects	-	-	111,913
Assessment districts	-	-	1,295,090
Culture and recreation	-	-	413,678
Other capital projects	-	-	-
Unassigned	-	(244,323)	(296,548)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>4,275,173</b>	<b>(244,323)</b>	<b>13,920,620</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,318,722</b>	<b>\$ -</b>	<b>\$ 15,130,064</b>

General Capital	Covina Revitalization Projects	Park Development	Transportation	Total Capital Projects	Total Non-Major Governmental Funds
\$ 1,764,499	\$ 1,998,485	\$ 373,557	\$ -	\$ 4,136,541	\$ 18,201,194
-	-	-	-	-	84,976
-	-	-	-	-	280,955
-	-	190,000	-	190,000	473,102
-	-	-	-	-	415,219
-	-	-	-	-	1,159
<u>\$ 1,764,499</u>	<u>\$ 1,998,485</u>	<u>\$ 563,557</u>	<u>\$ -</u>	<u>\$ 4,326,541</u>	<u>\$ 19,456,605</u>
\$ 57,769	\$ -	\$ 546,773	\$ -	\$ 604,542	\$ 1,090,225
-	-	-	-	-	67,100
49,154	-	362,448	-	411,602	443,739
-	-	-	-	-	280,468
-	-	-	-	-	286,422
-	-	-	-	-	602
<u>106,923</u>	<u>-</u>	<u>909,221</u>	<u>-</u>	<u>1,016,144</u>	<u>2,168,556</u>
-	-	190,000	-	190,000	247,032
-	-	-	-	-	1,159
-	-	-	-	-	4,275,145
-	1,998,485	-	-	1,998,485	2,062,256
119,964	-	-	-	119,964	538,994
722,348	-	-	-	722,348	8,359,730
-	-	-	-	-	111,913
-	-	-	-	-	1,295,090
263,725	-	-	-	263,725	677,403
551,539	-	-	-	551,539	551,539
-	-	(535,664)	-	(535,664)	(832,212)
<u>1,657,576</u>	<u>1,998,485</u>	<u>(535,664)</u>	<u>-</u>	<u>3,120,397</u>	<u>17,041,017</u>
<u>\$ 1,764,499</u>	<u>\$ 1,998,485</u>	<u>\$ 563,557</u>	<u>\$ -</u>	<u>\$ 4,326,541</u>	<u>\$ 19,456,605</u>

## CITY OF COVINA

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

For the year ended June 30, 2020

	Community Development Block Grant	Proposition A	Law Enforcement
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Business license taxes	-	-	-
Intergovernmental	292,455	974,228	176,432
Charges for services	-	142,684	-
Special assessments	-	-	-
Investment earnings	-	60,187	4,628
Miscellaneous	-	10,377	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	292,455	1,187,476	181,060
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Current:			
Public safety	-	-	89,926
Public works	-	-	-
Culture and recreation	-	-	-
Community development	-	-	-
Transit	-	1,734,472	-
Redevelopment and housing	108,641	-	-
Capital outlay	-	-	-
Principal retirement	125,000	-	-
Interest	58,814	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	292,455	1,734,472	89,926
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(546,996)	91,134
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	-	(546,996)	91,134
	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	-	2,853,562	119,400
	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICITS) - END OF YEAR	\$ -	\$ 2,306,566	\$ 210,534
	<hr/>	<hr/>	<hr/>



Narcotics Seizure	State Gas Tax	Proposition C	Air Quality Improvement	Municipal Parking District	Lighting Assessment District
\$ -	\$ -	\$ -	\$ -	\$ 160,547	\$ -
-	-	-	-	-	-
17,426	1,108,300	787,743	104,560	-	-
-	-	37,960	-	82,102	-
-	-	-	-	-	130,427
4,244	18,341	37,307	1,924	620	-
-	-	-	-	-	-
21,670	1,126,641	863,010	106,484	243,269	130,427
14,897	-	-	-	-	-
-	1,428,508	-	100,270	217,758	235,910
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	515,585	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,897	1,428,508	515,585	100,270	217,758	235,910
6,773	(301,867)	347,425	6,214	25,511	(105,483)
-	-	-	-	-	100,000
-	-	-	-	-	-
-	-	-	-	-	100,000
6,773	(301,867)	347,425	6,214	25,511	(5,483)
182,312	1,095,025	1,320,112	105,699	736,490	22,689
\$ 189,085	\$ 793,158	\$ 1,667,537	\$ 111,913	\$ 762,001	\$ 17,206

## CITY OF COVINA

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

For the year ended June 30, 2020

	Landscaping Assessment District	Community Facilities District	Shoppers Lane Parking District
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Business license taxes	-	-	1,168
Intergovernmental	-	-	-
Charges for services	-	-	9,648
Special assessments	193,021	176,053	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
	<u>193,021</u>	<u>176,053</u>	<u>10,816</u>
TOTAL REVENUES			
EXPENDITURES:			
Current:			
Public safety	-	-	-
Public works	160,250	826	7,717
Culture and recreation	-	-	-
Community development	-	-	-
Transit	-	-	-
Redevelopment and housing	-	-	-
Capital outlay	-	-	-
Principal retirement	-	-	-
Interest	-	-	-
	<u>160,250</u>	<u>826</u>	<u>7,717</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>32,771</u>	<u>175,227</u>	<u>3,099</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(86,000)	-
	<u>-</u>	<u>(86,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	32,771	89,227	3,099
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>287,161</u>	<u>88,620</u>	<u>15,005</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 319,932</u>	<u>\$ 177,847</u>	<u>\$ 18,104</u>

Measure M	TDA Grant	Other Grants	Road Maintenance and Rehabilitation	PEG Access Television
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
663,774	6,128	314,794	846,526	-
-	-	-	-	79,736
-	-	-	-	-
22,685	-	-	30,606	-
-	-	1,040	-	-
686,459	6,128	315,834	877,132	79,736
-	-	83,632	-	-
-	-	30,104	884	-
-	-	73,739	-	17,660
-	-	9,125	-	-
-	-	-	-	-
-	-	-	-	-
465,583	10,388	16,690	-	-
-	-	-	-	-
-	-	-	-	-
465,583	10,388	213,290	884	17,660
220,876	(4,260)	102,544	876,248	62,076
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
220,876	(4,260)	102,544	876,248	62,076
850,886	4,260	(70,456)	922,111	351,602
\$ 1,071,762	\$ -	\$ 32,088	\$ 1,798,359	\$ 413,678

## CITY OF COVINA

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

For the year ended June 30, 2020

	Housing Authority	Measure W	Total Special Revenue Funds
REVENUES:			
Property taxes	\$ -	\$ -	\$ 160,547
Business license taxes	-	-	1,168
Intergovernmental	2,925	-	5,295,291
Charges for services	-	-	352,130
Special assessments	-	-	499,501
Investment earnings	502,816	-	683,358
Miscellaneous	-	-	11,417
TOTAL REVENUES	505,741	-	7,003,412
EXPENDITURES:			
Current:			
Public safety	-	-	188,455
Public works	-	-	2,182,227
Culture and recreation	-	-	91,399
Community development	-	-	9,125
Transit	-	-	1,734,472
Redevelopment and housing	458,699	-	567,340
Capital outlay	-	244,323	1,252,569
Principal retirement	-	-	125,000
Interest	-	-	58,814
TOTAL EXPENDITURES	458,699	244,323	6,209,401
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	47,042	(244,323)	794,011
OTHER FINANCING SOURCES (USES):			
Transfers in	6,606	-	106,606
Transfers out	(15,000)	-	(101,000)
TOTAL OTHER FINANCING SOURCES (USES)	(8,394)	-	5,606
NET CHANGE IN FUND BALANCES	38,648	(244,323)	799,617
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	4,236,525	-	13,121,003
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 4,275,173	\$ (244,323)	\$ 13,920,620

General Capital	Covina Revitalization Projects	Park Development	Transportation	Total Capital Projects	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,547
-	-	-	-	-	1,168
277,590	28,813	29,253	1,483,305	1,818,961	7,114,252
-	-	-	-	-	352,130
915,116	-	-	-	915,116	1,414,617
-	59,970	-	-	59,970	743,328
16,558	-	-	-	16,558	27,975
<u>1,209,264</u>	<u>88,783</u>	<u>29,253</u>	<u>1,483,305</u>	<u>2,810,605</u>	<u>9,814,017</u>
-	-	-	-	-	188,455
-	-	-	-	-	2,182,227
-	-	-	-	-	91,399
-	-	-	-	-	9,125
-	-	-	-	-	1,734,472
-	-	-	-	-	567,340
214,892	170,045	1,664,158	26,997	2,076,092	3,328,661
-	-	-	-	-	125,000
-	-	-	-	-	58,814
<u>214,892</u>	<u>170,045</u>	<u>1,664,158</u>	<u>26,997</u>	<u>2,076,092</u>	<u>8,285,493</u>
<u>994,372</u>	<u>(81,262)</u>	<u>(1,634,905)</u>	<u>1,456,308</u>	<u>734,513</u>	<u>1,528,524</u>
-	-	987,768	-	987,768	1,094,374
-	(987,768)	-	-	(987,768)	(1,088,768)
-	(987,768)	987,768	-	-	5,606
994,372	(1,069,030)	(647,137)	1,456,308	734,513	1,534,130
663,204	3,067,515	111,473	(1,456,308)	2,385,884	15,506,887
<u>\$ 1,657,576</u>	<u>\$ 1,998,485</u>	<u>\$ (535,664)</u>	<u>\$ -</u>	<u>\$ 3,120,397</u>	<u>\$ 17,041,017</u>

CITY OF COVINA  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ -	\$ -	\$ -
Resources (inflows):			
Intergovernmental	559,236	292,455	(266,781)
Amounts available for appropriation	559,236	292,455	(266,781)
Charges to appropriations (outflows):			
Redevelopment and housing	373,236	108,641	264,595
Debt service:			
Principal	82,935	125,000	(42,065)
Interest and fiscal charges	121,065	58,814	62,251
Total charges to appropriation	577,236	292,455	284,781
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ (18,000)</u>	<u>\$ -</u>	<u>\$ 18,000</u>

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 2,853,562	\$ 2,853,562	\$ -
Resources (inflows):			
Intergovernmental	990,983	974,228	(16,755)
Charges for services	276,199	142,684	(133,515)
Investment earnings	10,800	60,187	49,387
Miscellaneous	-	10,377	10,377
	<u>4,131,544</u>	<u>4,041,038</u>	<u>(90,506)</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Transit	<u>2,954,891</u>	<u>1,734,472</u>	<u>1,220,419</u>
	<u>2,954,891</u>	<u>1,734,472</u>	<u>1,220,419</u>
Total charges to appropriation			
	<u>2,954,891</u>	<u>1,734,472</u>	<u>1,220,419</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 1,176,653</u>	<u>\$ 2,306,566</u>	<u>\$ 1,129,913</u>

CITY OF COVINA  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
LAW ENFORCEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 119,400	\$ 119,400	\$ -
Resources (inflows):			
Intergovernmental	228,363	176,432	(51,931)
Investment earnings	-	4,628	4,628
	<u>347,763</u>	<u>300,460</u>	<u>(47,303)</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public Safety	201,585	89,926	111,659
	<u>201,585</u>	<u>89,926</u>	<u>111,659</u>
Total charges to appropriation			
	<u>201,585</u>	<u>89,926</u>	<u>111,659</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 146,178</u>	<u>\$ 210,534</u>	<u>\$ 64,356</u>



CITY OF COVINA  
 SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 NARCOTICS SEIZURE SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 182,312	\$ 182,312	\$ -
Resources (inflows):			
Intergovernmental	-	17,426	17,426
Investment earnings	-	4,244	4,244
Amounts available for appropriation	182,312	203,982	21,670
Charges to appropriations (outflows):			
Public safety	14,938	14,897	41
Total charges to appropriation	14,938	14,897	41
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 167,374</u>	<u>\$ 189,085</u>	<u>\$ 21,711</u>

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
STATE GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 1,095,025	\$ 1,095,025	\$ -
Resources (inflows):			
Intergovernmental	1,078,595	1,108,300	29,705
Investment earnings	10,714	18,341	7,627
Amounts available for appropriation	2,184,334	2,221,666	37,332
Charges to appropriations (outflows):			
Public works	2,230,605	1,428,508	802,097
Total charges to appropriation	2,230,605	1,428,508	802,097
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ (46,271)</u>	<u>\$ 793,158</u>	<u>\$ 839,429</u>

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
PROP C SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 1,320,112	\$ 1,320,112	\$ -
Resources (inflows):			
Intergovernmental	821,994	787,743	(34,251)
Charges for services	37,958	37,960	2
Investment earnings	12,308	37,307	24,999
Amounts available for appropriation	2,192,372	2,183,122	(9,250)
Charges to appropriations (outflows):			
Capital outlay	1,773,538	515,585	1,257,953
Total charges to appropriation	1,773,538	515,585	1,257,953
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 418,834</u>	<u>\$ 1,667,537</u>	<u>\$ 1,248,703</u>

CITY OF COVINA  
 SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 105,699	\$ 105,699	\$ -
Resources (inflows):			
Intergovernmental	125,800	104,560	(21,240)
Investment earnings	-	1,924	1,924
	<u>231,499</u>	<u>212,183</u>	<u>(19,316)</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public works	225,401	100,270	125,131
	<u>225,401</u>	<u>100,270</u>	<u>125,131</u>
Total charges to appropriation			
	<u>225,401</u>	<u>100,270</u>	<u>125,131</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 6,098</u>	<u>\$ 111,913</u>	<u>\$ 105,815</u>

CITY OF COVINA  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MUNICIPAL PARKING SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 736,490	\$ 736,490	\$ -
Resources (inflows):			
Property taxes	104,039	160,547	56,508
Charges for services	75,744	82,102	6,358
Investment earnings	217	620	403
	<u>916,490</u>	<u>979,759</u>	<u>63,269</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public works	296,857	217,758	79,099
	<u>296,857</u>	<u>217,758</u>	<u>79,099</u>
Total charges to appropriation			
	<u>296,857</u>	<u>217,758</u>	<u>79,099</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 619,633</u>	<u>\$ 762,001</u>	<u>\$ 142,368</u>

CITY OF COVINA  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
LIGHTING ASSESSMENT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE (DEFICIT), JULY 1	\$ 22,689	\$ 22,689	\$ -
Resources (inflows):			
Special assessments	130,423	130,427	4
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Amounts available for appropriation	<u>253,112</u>	<u>253,116</u>	<u>4</u>
Charges to appropriations (outflows):			
Public works	<u>238,376</u>	<u>235,910</u>	<u>2,466</u>
Total charges to appropriation	<u>238,376</u>	<u>235,910</u>	<u>2,466</u>
BUDGETARY FUND BALANCE (DEFICIT), JUNE 30	<u><u>\$ 14,736</u></u>	<u><u>\$ 17,206</u></u>	<u><u>\$ 2,470</u></u>

CITY OF COVINA  
 SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 LANDSCAPING ASSESSMENT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 287,161	\$ 287,161	\$ -
Resources (inflows):			
Special assessments	<u>190,727</u>	<u>193,021</u>	<u>2,294</u>
Amounts available for appropriation	<u>477,888</u>	<u>480,182</u>	<u>2,294</u>
Charges to appropriations (outflows):			
Public works	<u>173,276</u>	<u>160,250</u>	<u>13,026</u>
Total charges to appropriation	<u>173,276</u>	<u>160,250</u>	<u>13,026</u>
BUDGETARY FUND BALANCE, JUNE 30	<u><u>\$ 304,612</u></u>	<u><u>\$ 319,932</u></u>	<u><u>\$ 15,320</u></u>

CITY OF COVINA  
 SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE  
 COMMUNITY FACILITIES DISTRICT ASSESSMENT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 88,620	\$ 88,620	\$ -
Resources (inflows):			
Special assessments	88,274	176,053	87,779
Amounts available for appropriation	176,894	264,673	87,779
Charges to appropriations (outflows):			
Public works	2,800	826	2,800
Transfers out	85,474	86,000	(526)
Total charges to appropriation	88,274	86,826	2,274
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 88,620</u>	<u>\$ 177,847</u>	<u>\$ 90,053</u>



CITY OF COVINA  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
SHOPPERS LANE PARKING DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 15,005	\$ 15,005	\$ -
Resources (inflows):			
Business license taxes	2,000	1,168	(832)
Charges for services	8,339	9,648	1,309
	<u>25,344</u>	<u>25,821</u>	<u>477</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public works	7,400	7,717	(317)
	<u>7,400</u>	<u>7,717</u>	<u>(317)</u>
Total charges to appropriation			
	<u>7,400</u>	<u>7,717</u>	<u>(317)</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 17,944</u>	<u>\$ 18,104</u>	<u>\$ 160</u>

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 850,886	\$ 850,886	\$ -
Resources (inflows):			
Intergovernmental	698,695	663,774	(34,921)
Investment earnings	-	22,685	22,685
	<u>1,549,581</u>	<u>1,537,345</u>	<u>(12,236)</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Capital outlay	1,223,836	465,583	758,253
	<u>1,223,836</u>	<u>465,583</u>	<u>758,253</u>
Total charges to appropriation			
	<u>1,223,836</u>	<u>465,583</u>	<u>758,253</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 325,745</u>	<u>\$ 1,071,762</u>	<u>\$ 746,017</u>

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
TDA GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 4,260	\$ 4,260	\$ -
Resources (inflows):			
Intergovernmental	<u>35,350</u>	<u>6,128</u>	<u>(29,222)</u>
Amounts available for appropriation	<u>39,610</u>	<u>10,388</u>	<u>(29,222)</u>
Charges to appropriations (outflows):			
Capital outlay	<u>36,433</u>	<u>10,388</u>	<u>26,045</u>
Total charges to appropriation	<u>36,433</u>	<u>10,388</u>	<u>26,045</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 3,177</u>	<u>\$ -</u>	<u>\$ (3,177)</u>

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
OTHER GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ (70,456)	\$ (70,456)	\$ -
Resources (inflows):			
Intergovernmental	697,980	314,794	(383,186)
Miscellaneous	<u>3,500</u>	<u>1,040</u>	<u>(2,460)</u>
Amounts available for appropriation	<u>631,024</u>	<u>245,378</u>	<u>(385,646)</u>
Charges to appropriations (outflows):			
Public safety	179,081	83,632	95,449
Public works	42,249	30,104	12,145
Culture and recreation	80,960	73,739	7,221
Community development	350,000	9,125	340,875
Capital outlay	<u>86,889</u>	<u>16,690</u>	<u>70,199</u>
Total charges to appropriation	<u>739,179</u>	<u>213,290</u>	<u>525,889</u>
BUDGETARY FUND BALANCE (DEFICIT), JUNE 30	<u><u>\$ (108,155)</u></u>	<u><u>\$ 32,088</u></u>	<u><u>\$ 140,243</u></u>

CITY OF COVINA  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
ROAD MAINTENANCE AND REHABILITATION SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 922,111	\$ 922,111	\$ -
Resources (inflows):			
Intergovernmental	850,000	846,526	(3,474)
Investment earnings	-	30,606	30,606
	<u>1,772,111</u>	<u>1,799,243</u>	<u>27,132</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public works	2,325,358	884	2,324,474
	<u>2,325,358</u>	<u>884</u>	<u>2,324,474</u>
Total charges to appropriation			
	<u>2,325,358</u>	<u>884</u>	<u>2,324,474</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ (553,247)</u>	<u>\$ 1,798,359</u>	<u>\$ 2,351,606</u>

CITY OF COVINA  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
PEG ACCESS TELEVISION SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 351,602	\$ 351,602	\$ -
Resources (inflows):			
Charges for services	<u>50,000</u>	<u>79,736</u>	<u>29,736</u>
Amounts available for appropriation	<u>401,602</u>	<u>431,338</u>	<u>29,736</u>
Charges to appropriations (outflows):			
Culture and recreation	<u>28,241</u>	<u>17,660</u>	<u>10,581</u>
Total charges to appropriation	<u>28,241</u>	<u>17,660</u>	<u>10,581</u>
BUDGETARY FUND BALANCE, JUNE 30	<u><u>\$ 373,361</u></u>	<u><u>\$ 413,678</u></u>	<u><u>\$ 40,317</u></u>

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 4,236,525	\$ 4,236,525	\$ -
Resources (inflows):			
Intergovernmental	2,925	2,925	-
Investment earnings	-	502,816	502,816
Transfers in	46,245	6,606	(39,639)
	<u>4,285,695</u>	<u>4,748,872</u>	<u>463,177</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Current:			
Redevelopment and housing	2,489,669	458,699	2,030,970
Transfers out	15,000	15,000	-
	<u>2,504,669</u>	<u>473,699</u>	<u>2,030,970</u>
Total charges to appropriation			
	<u>1,781,026</u>	<u>4,275,173</u>	<u>2,494,147</u>
BUDGETARY FUND BALANCE, JUNE 30			

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MEASURE W PROJECTS FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ -	\$ -	\$ -
Resources (inflows):			
Intergovernmental	<u>750,000</u>	<u>-</u>	<u>(750,000)</u>
Amounts available for appropriation	<u>750,000</u>	<u>-</u>	<u>(750,000)</u>
Charges to appropriations (outflows):			
Capital outlay	<u>750,000</u>	<u>244,323</u>	<u>505,677</u>
Total charges to appropriation	<u>750,000</u>	<u>244,323</u>	<u>505,677</u>
BUDGETARY FUND BALANCE, JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ (244,323)</u></u>	<u><u>\$ (244,323)</u></u>



CITY OF COVINA  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL PROJECTS FUND CAPITAL PROJECTS FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 663,204	\$ 663,204	\$ -
Resources (inflows):			
Intergovernmental	77,626	277,590	199,964
Special assessments	-	915,116	915,116
Miscellaneous	-	16,558	16,558
	<u>740,830</u>	<u>1,872,468</u>	<u>1,131,638</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Capital outlay	438,198	214,892	223,306
	<u>438,198</u>	<u>214,892</u>	<u>223,306</u>
Total charges to appropriation			
	<u>438,198</u>	<u>214,892</u>	<u>223,306</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 302,632</u>	<u>\$ 1,657,576</u>	<u>\$ 1,354,944</u>

CITY OF COVINA  
SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
COVINA REVITALIZATION CAPITAL PROJECTS FUND

For the year ended June 30, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 3,067,515	\$ 3,067,515	\$ -
Resources (inflows):			
Investment earnings	-	59,970	59,970
Amounts available for appropriation	3,096,328	3,156,298	59,970
Charges to appropriations (outflows):			
Capital outlay	2,216,927	170,045	2,046,882
Transfers out	728,760	987,768	(259,008)
Total charges to appropriation	2,945,687	1,157,813	1,787,874
BUDGETARY FUND BALANCE, JUNE 30	\$ 150,641	\$ 1,998,485	\$ 1,847,844

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - MAJOR FUND  
 PARK DEVELOPMENT CAPITAL PROJECTS FUND

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Budget		
BUDGETARY FUND BALANCE, JULY 1	\$ 111,503	\$ 111,503	\$ 111,503	\$ -
Resources (inflows):				
Intergovernmental	1,190,000	1,190,000	29,253	(1,160,747)
Transfers in	728,760	728,760	987,768	259,008
Amounts available for appropriation	2,030,263	2,030,263	1,128,524	(901,739)
Charges to appropriations (outflows):				
Capital outlay	2,421,583	2,421,583	1,664,158	757,425
Total charges to appropriation	2,421,583	2,421,583	1,664,158	757,425
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ (391,320)</u>	<u>\$ (391,320)</u>	<u>\$ (535,634)</u>	<u>\$ (144,314)</u>

## CITY OF COVINA

SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - MAJOR FUND  
 TRANSPORTATION FUND CAPITAL PROJECTS FUND

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
BUDGETARY FUND BALANCE, JULY 1	\$ (1,456,308)	\$ (1,456,308)	\$ (1,456,308)	\$ -
Resources (inflows):				
Intergovernmental	2,733,597	3,730,348	1,483,305	(2,247,043)
Amounts available for appropriation	1,277,289	2,274,040	26,997	(2,247,043)
Charges to appropriations (outflows):				
Capital outlay	2,733,597	2,265,504	26,997	2,238,507
Total charges to appropriation	2,733,597	2,265,504	26,997	2,238,507
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ (1,456,308)</u>	<u>\$ 8,536</u>	<u>\$ -</u>	<u>\$ (8,536)</u>

## **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.

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

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

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

Workers' Compensation Fund accounts for worker's compensation to other departments.

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

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CITY OF COVINA  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

June 30, 2020

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
<b>ASSETS:</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 623,266	\$ 1,263,453	\$ 4,341,228	\$ 945,034	\$ 7,172,981
Accounts receivable	-	36,575	5,901	38,530	81,006
Prepaid expenses	3,060	138	-	184	3,382
Inventories	-	41,987	-	-	41,987
<b>TOTAL CURRENT ASSETS</b>	<b>626,326</b>	<b>1,342,153</b>	<b>4,347,129</b>	<b>983,748</b>	<b>7,299,356</b>
<b>NONCURRENT ASSETS:</b>					
Capital assets:					
Being depreciated, net	466,521	794,734	-	-	1,261,255
<b>TOTAL NONCURRENT ASSETS</b>	<b>466,521</b>	<b>794,734</b>	<b>-</b>	<b>-</b>	<b>1,261,255</b>
<b>TOTAL ASSETS</b>	<b>1,092,847</b>	<b>2,136,887</b>	<b>4,347,129</b>	<b>983,748</b>	<b>8,560,611</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
OPEB related	56,993	53,239	16,723	15,358	142,313
Pension related	139,731	121,926	32,127	51,867	345,651
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>196,724</b>	<b>175,165</b>	<b>48,850</b>	<b>67,225</b>	<b>487,964</b>
<b>LIABILITIES:</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable	8,595	32,943	1,338	7,803	50,679
Accrued liabilities	10,585	9,653	2,202	2,792	25,232
Interest payable	4,198	-	-	-	4,198
Deposits payable	-	-	-	495	495
Compensated absences payable	12,390	31,691	7,387	7,217	58,685
Capital lease payable	244,087	-	-	-	244,087
<b>TOTAL CURRENT LIABILITIES</b>	<b>279,855</b>	<b>74,287</b>	<b>10,927</b>	<b>18,307</b>	<b>383,376</b>
<b>NONCURRENT LIABILITIES:</b>					
Compensated absences payable	53,780	123,283	2,865	1,184	181,112
Claims and judgements	-	-	6,209,000	1,038,000	7,247,000
Net OPEB liability	227,344	212,370	66,706	61,260	567,680
Net pension liability	1,073,730	936,911	246,869	398,559	2,656,069
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>1,354,854</b>	<b>1,272,564</b>	<b>6,525,440</b>	<b>1,499,003</b>	<b>10,651,861</b>
<b>TOTAL LIABILITIES</b>	<b>1,634,709</b>	<b>1,346,851</b>	<b>6,536,367</b>	<b>1,517,310</b>	<b>11,035,237</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
OPEB related	22,843	21,339	6,703	6,155	57,040
Pension related	11,283	9,845	2,594	4,188	27,910
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>34,126</b>	<b>31,184</b>	<b>9,297</b>	<b>10,343</b>	<b>84,950</b>
<b>NET POSITION:</b>					
Net investment in capital assets	466,521	794,734	-	-	1,261,255
Unrestricted	(845,785)	139,283	(2,149,685)	(476,680)	(3,332,867)
<b>TOTAL NET POSITION</b>	<b>\$ (379,264)</b>	<b>\$ 934,017</b>	<b>\$ (2,149,685)</b>	<b>\$ (476,680)</b>	<b>\$ (2,071,612)</b>

## CITY OF COVINA

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

For the year ended June 30, 2020

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
OPERATING REVENUES:					
Charges for services	\$ 1,160,544	\$ 882,865	\$ 1,035,599	\$ 540,655	\$ 3,619,663
Motor pool charges	-	402,564	-	-	402,564
TOTAL OPERATING REVENUES	<u>1,160,544</u>	<u>1,285,429</u>	<u>1,035,599</u>	<u>540,655</u>	<u>4,022,227</u>
OPERATING EXPENSES:					
General and administrative	1,375,321	185,554	925,580	829,338	3,315,793
Vehicle and equipment operation	-	1,006,920	-	-	1,006,920
Depreciation	85,420	231,144	-	-	316,564
TOTAL OPERATING EXPENSES	<u>1,460,741</u>	<u>1,423,618</u>	<u>925,580</u>	<u>829,338</u>	<u>4,639,277</u>
OPERATING INCOME (LOSS)	(300,197)	(138,189)	110,019	(288,683)	(617,050)
NONOPERATING REVENUES (EXPENSES):					
Interest expense	(4,198)	-	-	-	(4,198)
NONOPERATING REVENUES (EXPENSES)	<u>(4,198)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,198)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(304,395)</u>	<u>(138,189)</u>	<u>110,019</u>	<u>(288,683)</u>	<u>(621,248)</u>
CHANGES IN NET POSITION	(304,395)	(138,189)	110,019	(288,683)	(621,248)
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>(74,869)</u>	<u>1,072,206</u>	<u>(2,259,704)</u>	<u>(187,997)</u>	<u>(1,450,364)</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ (379,264)</u>	<u>\$ 934,017</u>	<u>\$ (2,149,685)</u>	<u>\$ (476,680)</u>	<u>\$ (2,071,612)</u>



CITY OF COVINA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the year ended June 30, 2020

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from user departments	\$ 1,160,544	\$ 1,264,735	\$ 1,036,741	\$ 582,015	\$ 4,044,035
Payments to suppliers of goods or services	(626,840)	(569,181)	(689,736)	(563,672)	(2,449,429)
Payments to employees	(581,779)	(491,151)	(87,261)	(219,316)	(1,379,507)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(48,075)	204,403	259,744	(200,973)	215,099
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on capital lease	(252,484)	-	-	-	(252,484)
Acquisition of capital assets	(4,923)	(113,349)	-	-	(118,272)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(257,407)	(113,349)	-	-	(370,756)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(305,482)	91,054	259,744	(200,973)	(155,657)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	928,748	1,172,399	4,081,484	1,146,007	7,328,638
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 623,266</u>	<u>\$ 1,263,453</u>	<u>\$ 4,341,228</u>	<u>\$ 945,034</u>	<u>\$ 7,172,981</u>

(Continued)

CITY OF COVINA  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
(CONTINUED)

For the year ended June 30, 2020

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (300,197)	\$ (138,189)	\$ 110,019	\$ (288,683)	\$ (617,050)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	85,420	231,144	-	-	316,564
(Increase) decrease in operating assets and deferred outflows of resources:					
Accounts receivable	-	(20,694)	1,142	41,360	21,808
Prepays and deposits	(3,060)	17,905	6,119	(184)	20,780
Deferred outflows of resources - OPEB related	16,542	15,453	4,853	4,457	41,305
Deferred outflows of resources - pension related	(51,158)	(39,188)	(6,139)	(28,000)	(124,485)
Increase (decrease) in operating liabilities and deferred inflows of resources:					
Accounts payable and accrued liabilities	(3,867)	22,574	386	(20,680)	(1,587)
Deposits payable	-	-	-	495	495
Compensated absences payable	14,050	783	(12,722)	(13,444)	(11,333)
Net OPEB liability	13,063	12,203	3,833	3,520	32,619
Net pension liability	181,975	103,894	(14,784)	158,266	429,351
Claims payable	-	-	168,000	(59,000)	109,000
Deferred inflows of resources - OPEB related	(4,547)	(4,247)	(1,333)	(1,226)	(11,353)
Deferred inflows of resources - pension related	3,704	2,765	370	2,146	8,985
TOTAL ADJUSTMENTS	252,122	342,592	149,725	87,710	832,149
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (48,075)</u>	<u>\$ 204,403</u>	<u>\$ 259,744</u>	<u>\$ (200,973)</u>	<u>\$ 215,099</u>

## **Agency Funds**

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

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

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## CITY OF COVINA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

June 30, 2020

	Downtown District	Prospero Park District	Total Agency Funds
ASSETS:			
Cash and investments	\$ 500	\$ 125	\$ 625
Accounts receivable	990	100	1,090
TOTAL ASSETS	<u>\$ 1,490</u>	<u>\$ 225</u>	<u>\$ 1,715</u>
LIABILITIES:			
Due to association	\$ 1,490	\$ 225	\$ 1,715
TOTAL LIABILITIES	<u>\$ 1,490</u>	<u>\$ 225</u>	<u>\$ 1,715</u>

## CITY OF COVINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

For the year ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>DOWNTOWN DISTRICT</b>				
ASSETS:				
Cash and investments	\$ 1,000	\$ 8,933	\$ 9,433	\$ 500
Accounts receivable	1,152	-	162	990
<b>TOTAL ASSETS</b>	<b>\$ 2,152</b>	<b>\$ 8,933</b>	<b>\$ 9,595</b>	<b>\$ 1,490</b>
LIABILITIES:				
Due to association	\$ 2,152	\$ 8,933	\$ 9,595	\$ 1,490
<b>TOTAL LIABILITIES</b>	<b>\$ 2,152</b>	<b>\$ 8,933</b>	<b>\$ 9,595</b>	<b>\$ 1,490</b>
<b>PROSPERO PARK DISTRICT</b>				
ASSETS:				
Cash and investments	\$ 375	\$ 5,626	\$ 5,876	\$ 125
Receivables	236	-	136	100
<b>TOTAL ASSETS</b>	<b>\$ 611</b>	<b>\$ 5,626</b>	<b>\$ 6,012</b>	<b>\$ 225</b>
LIABILITIES:				
Due to association	\$ 611	\$ 5,626	\$ 6,012	\$ 225
<b>TOTAL LIABILITIES</b>	<b>\$ 611</b>	<b>\$ 5,626</b>	<b>\$ 6,012</b>	<b>\$ 225</b>
<b>TOTALS</b>				
ASSETS:				
Cash and investments	\$ 1,375	\$ 14,559	\$ 15,309	\$ 625
Accounts receivable	1,388	-	298	1,090
<b>TOTAL ASSETS</b>	<b>\$ 2,763</b>	<b>\$ 14,559</b>	<b>\$ 15,607</b>	<b>\$ 1,715</b>
LIABILITIES:				
Due to association	\$ 2,763	\$ 14,559	\$ 15,607	\$ 1,715
<b>TOTAL LIABILITIES</b>	<b>\$ 2,763</b>	<b>\$ 14,559</b>	<b>\$ 15,607</b>	<b>\$ 1,715</b>

## **STATISTICAL SECTION**

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## Statistical Section

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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.

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### REVENUE CAPACITY

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

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### 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.

147

### 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.

153

### OPERATING INFORMATION

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

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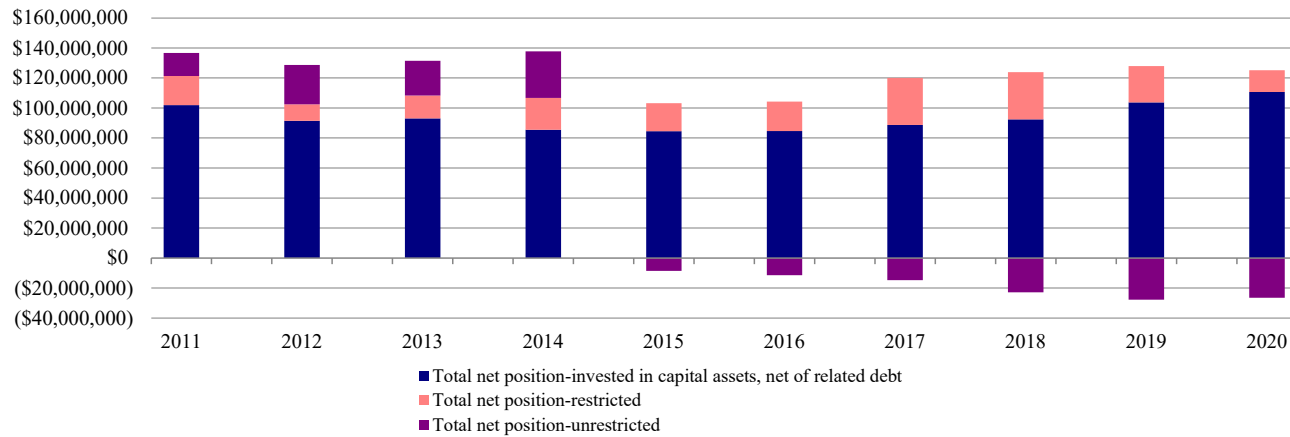
### DEBT CONTINUING DISCLOSURE

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

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

	2011	2012	2013	2014	Fiscal Year 2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets	\$ 87,695,682	\$ 78,351,025	\$ 74,270,261	\$ 72,284,235	\$ 70,723,029	\$ 70,757,663	\$ 74,371,948	\$ 74,766,840	\$ 84,857,338	\$ 84,273,491
Restricted	16,560,218	10,950,627	15,229,058	21,146,284	18,702,053	19,641,871	26,984,607	25,867,749	17,053,339	14,469,628
Unrestricted	9,671,194	11,892,631	11,385,702	8,634,314	(29,330,744)	(35,598,486)	(39,202,847)	(43,430,116)	(46,481,365)	(44,202,396)
Total governmental activities net position	<u>\$ 113,927,094</u>	<u>\$ 101,194,283</u>	<u>\$ 100,885,021</u>	<u>\$ 102,064,833</u>	<u>\$ 60,094,338</u>	<u>\$ 54,801,048</u>	<u>\$ 62,153,708</u>	<u>\$ 57,204,473</u>	<u>\$ 55,429,312</u>	<u>\$ 54,540,723</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 14,181,064	\$ 13,160,600	\$ 18,808,805	\$ 13,256,130	\$ 13,766,584	\$ 13,901,014	\$ 14,333,903	\$ 17,635,065	\$ 18,856,666	\$ 26,398,843
Restricted	2,901,716	-	-	-	-	-	4,353,289	5,613,256	7,122,938	-
Unrestricted	5,644,744	14,357,963	11,741,520	22,391,275	20,749,710	24,142,448	24,413,236	20,585,317	18,672,662	17,719,110
Total business-type activities net position	<u>\$ 22,727,524</u>	<u>\$ 27,518,563</u>	<u>\$ 30,550,325</u>	<u>\$ 35,647,405</u>	<u>\$ 34,516,294</u>	<u>\$ 38,043,462</u>	<u>\$ 43,100,428</u>	<u>\$ 43,833,638</u>	<u>\$ 44,652,266</u>	<u>\$ 44,117,953</u>
<b>Total net position</b>										
Net investment in capital assets	\$ 101,876,746	\$ 91,511,625	\$ 93,079,066	\$ 85,540,365	\$ 84,489,613	\$ 84,658,677	\$ 88,705,851	\$ 92,401,905	\$ 103,714,004	\$ 110,672,334
Restricted	19,461,934	10,950,627	15,229,058	21,146,284	18,702,053	19,641,871	31,337,896	31,481,005	24,176,277	14,469,628
Unrestricted	15,315,938	26,250,594	23,127,222	31,025,589	(8,581,034)	(11,456,038)	(14,789,611)	(22,844,799)	(27,808,703)	(26,483,286)
Total net position	<u>\$ 136,654,618</u>	<u>\$ 128,712,846</u>	<u>\$ 131,435,346</u>	<u>\$ 137,712,238</u>	<u>\$ 94,610,632</u>	<u>\$ 92,844,510</u>	<u>\$ 105,254,136</u>	<u>\$ 101,038,111</u>	<u>\$ 100,081,578</u>	<u>\$ 98,658,676</u>



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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government	\$ 3,262,195	\$ 1,154,723	\$ 1,923,009	\$ 879,859	\$ 1,188,341	\$ 4,618,977	\$ 5,786,202	\$ 1,370,482	\$ 2,082,578	\$ 3,356,218
Public safety	20,665,646	22,538,712	24,363,654	25,353,602	25,102,323	25,297,988	26,080,895	30,549,274	29,863,536	33,529,788
Public works	5,718,211	7,645,492	6,246,958	7,349,352	8,136,978	6,934,750	6,548,405	6,792,606	7,468,025	8,539,877
Culture and recreation	3,852,381	4,099,860	4,322,897	4,769,656	4,782,738	3,552,984	3,451,383	5,027,721	4,434,960	4,630,583
Community development	1,008,595	903,125	1,738,855	1,305,545	829,728	1,553,499	1,135,194	2,246,788	1,738,982	2,382,311
Transit	1,771,250	1,498,359	1,393,213	1,255,368	1,289,230	1,017,689	1,260,117	1,212,960	1,176,235	2,068,390
Redevelopment and housing	16,726,583	4,076,392	1,792,779	433,609	537,470	217,808	349,820	1,042,797	492,737	598,363
Interest on long-term debt	1,676,987	427,087	49,654	21,131	-	-	-	-	287,459	251,550
Total governmental activities expenses	54,681,848	42,343,750	41,831,019	41,368,122	41,866,808	43,193,695	44,612,016	48,242,628	47,544,512	55,357,080
Business-type activities:										
Water utility	8,366,225	8,156,273	9,276,555	9,757,890	8,776,576	8,369,874	8,056,727	12,815,344	10,289,222	10,318,472
Environmental protection	3,044,628	1,026,776	770,164	946,778	1,159,693	940,492	867,142	1,109,212	1,195,439	1,176,992
Sewer utility	1,246,067	916,194	1,272,822	1,564,254	1,729,052	1,575,182	1,429,207	1,757,186	2,444,970	2,829,014
Total business-type activities expenses	12,656,920	10,099,243	11,319,541	12,268,922	11,665,321	10,885,548	10,353,076	15,681,742	13,929,631	14,324,478
Total expenses	\$ 67,338,768	\$ 52,442,993	\$ 53,150,560	\$ 53,637,044	\$ 53,532,129	\$ 54,079,243	\$ 54,965,092	\$ 63,924,370	\$ 61,474,143	\$ 69,681,558
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 2,171,397	\$ 1,537,347	\$ 356,673	\$ 482,450	\$ 435,274	\$ 338,362	\$ 290,160	\$ 2,232,037	\$ 2,192,160	\$ 2,162,262
Public safety	630,938	1,552,076	1,957,506	2,506,468	1,712,553	1,490,083	1,443,134	1,769,892	1,727,746	1,521,571
Public works	488,132	764,276	556,466	579,193	1,510,331	623,693	796,475	733,029	802,080	684,035
Culture and recreation	1,084,791	776,590	798,562	1,184,544	807,829	794,192	793,114	785,814	834,854	507,771
Community development	669,205	820,232	1,167,001	1,245,885	495,395	1,138,415	1,266,266	1,968,358	1,771,843	1,349,738
Transit	239,177	287,568	328,136	316,429	297,094	315,887	242,912	214,650	226,255	180,644
Redevelopment and housing	979,816	389,969	28,710	973,329	60,961	320,620	302,665	263,574	228,506	881,603
Operating grants and contributions	3,922,703	4,827,008	5,597,878	5,131,366	8,232,955	5,216,063	10,563,152	7,540,661	7,962,987	8,081,089
Capital grants and contributions	846,430	1,154,676	611,661	1,483,056	1,595,869	2,428,605	8,209,341	2,579,102	4,308,857	245,420
Total governmental activities program revenues	11,032,589	12,109,742	11,402,593	13,902,720	15,148,261	12,665,920	23,907,219	18,087,117	20,055,288	15,614,133

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

(Continued)

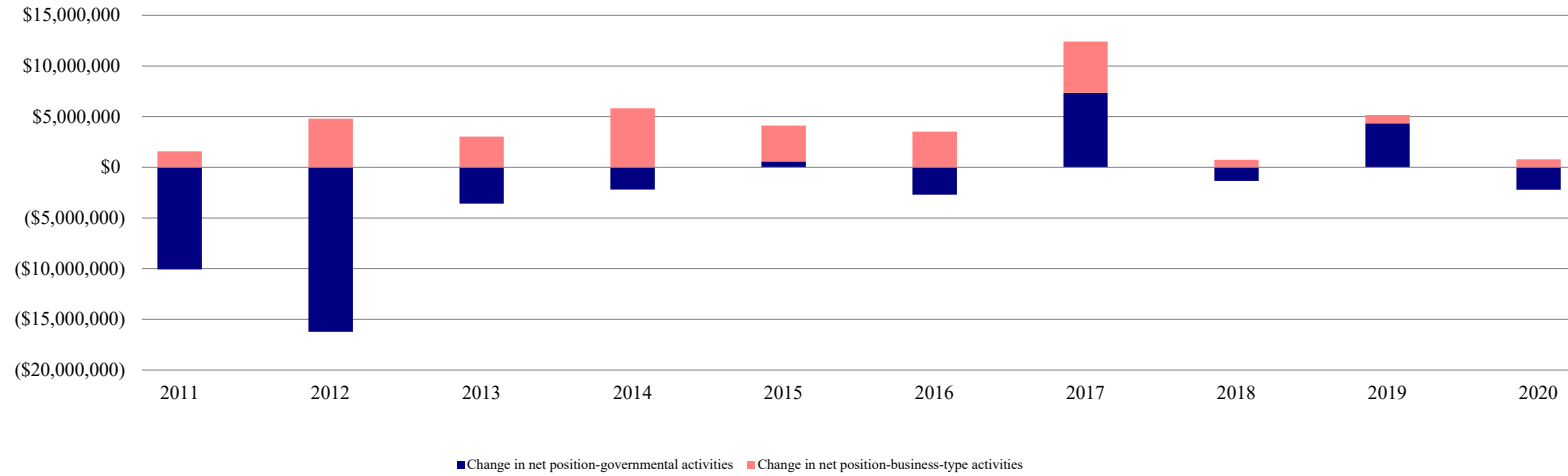
	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Business-type activities:</b>										
Charges for services:										
Water utility	8,872,848	10,515,236	10,902,689	13,337,157	11,349,263	10,436,434	11,011,015	11,138,975	9,586,220	10,673,985
Environmental protection	3,191,529	1,227,298	925,221	1,317,849	1,240,317	1,159,700	1,313,194	1,170,122	1,190,124	1,003,527
Sewer utility	1,464,430	1,750,240	2,263,321	2,213,642	2,596,319	2,683,503	2,760,749	2,833,092	2,923,535	2,905,488
Operating grants and contributions	-	-	-	1,554	-	-	-	-	-	-
Capital grants and contributions	-	-	-	366,180	-	-	-	-	-	-
Total business-type activities program revenues	<u>13,528,807</u>	<u>13,492,774</u>	<u>14,091,231</u>	<u>17,236,382</u>	<u>15,185,899</u>	<u>14,279,637</u>	<u>15,084,958</u>	<u>15,142,189</u>	<u>13,699,879</u>	<u>14,583,000</u>
Total program revenues	<u>\$ 24,561,396</u>	<u>\$ 25,602,516</u>	<u>\$ 25,493,824</u>	<u>\$ 31,139,102</u>	<u>\$ 30,334,160</u>	<u>\$ 26,945,557</u>	<u>\$ 38,992,177</u>	<u>\$ 33,229,306</u>	<u>\$ 33,755,167</u>	<u>\$ 30,197,133</u>
<b>Net (expense) revenue</b>										
Governmental activities	\$ (43,649,259)	\$ (30,234,008)	\$ (30,428,426)	\$ (27,465,402)	\$ (26,718,547)	\$ (30,527,775)	\$ (20,704,797)	\$ (30,155,511)	\$ (27,489,224)	\$ (39,742,947)
Business-type activities	871,887	3,393,531	2,771,690	4,967,460	3,520,578	3,394,089	4,731,882	(539,553)	(229,752)	258,522
Total net expense	<u>\$ (42,777,372)</u>	<u>\$ (26,840,477)</u>	<u>\$ (27,656,736)</u>	<u>\$ (22,497,942)</u>	<u>\$ (23,197,969)</u>	<u>\$ (27,133,686)</u>	<u>\$ (15,972,915)</u>	<u>\$ (30,695,064)</u>	<u>\$ (27,718,976)</u>	<u>\$ (39,484,425)</u>
<b>General revenues</b>										
Governmental activities:										
Property taxes	\$ 18,602,045	\$ 13,383,113	\$ 13,323,781	\$ 11,725,280	\$ 12,913,803	\$ 12,564,219	\$ 11,642,704	\$ 12,575,318	\$ 13,123,606	\$ 13,812,070
Sales taxes	4,978,892	5,323,574	5,835,052	5,643,574	6,569,382	7,929,069	9,164,440	8,950,753	9,315,358	9,296,400
Transaction and use tax	-	-	-	-	-	-	-	-	1,438,519	6,579,486
Transient occupancy taxes	317,594	316,609	395,589	349,310	99,716	482,727	327,570	388,491	240,946	130,831
Property transfer taxes	92,818	124,226	132,670	157,945	159,795	223,766	200,253	236,899	217,332	212,485
Business license taxes	337,613	373,299	259,692	415,362	326,818	328,716	337,626	348,793	372,756	347,110
Utility user taxes	4,722,506	4,553,173	5,065,228	5,055,632	5,033,846	4,632,448	4,689,894	4,573,428	4,590,983	4,523,187
Franchise taxes	3,238,200	1,314,343	1,465,788	1,480,237	1,549,731	1,447,780	1,449,399	1,594,522	1,625,802	1,910,641
Intergovernmental	227,618	24,598	-	-	-	-	-	-	-	-
Investment earnings	1,035,569	250,604	337,358	473,543	641,993	193,209	226,671	144,176	883,542	620,835
Transfers in/out	(24,383)	6,653	26,880	(33,927)	-	-	18,900	-	-	-
Gain on sale of land held for resale	55,176	-	-	-	-	-	-	-	-	-
Gain on sale of capital assets	-	10,105	6,614	-	-	32,551	-	-	15,129	54,268
Miscellaneous	-	-	-	-	-	-	-	-	12,562	49,645
Extraordinary loss	-	(11,674,077)	-	-	-	-	-	-	-	-
Total governmental activities	<u>33,583,648</u>	<u>14,006,220</u>	<u>26,848,652</u>	<u>25,266,956</u>	<u>27,295,084</u>	<u>27,834,485</u>	<u>28,057,457</u>	<u>28,812,380</u>	<u>31,836,535</u>	<u>37,536,958</u>
Business-type activities:										
Investment earnings	173,150	70,596	60,157	17,894	19,330	111,555	206,823	366,249	594,051	524,565
Investment earnings - CIC	506,864	1,333,565	226,795	809,727	2,109	21,524	137,161	906,514	454,329	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers in/out	24,383	(6,653)	(26,880)	33,927	-	-	(18,900)	-	-	-
Total general revenues	<u>\$ 34,288,045</u>	<u>\$ 15,403,728</u>	<u>\$ 27,108,724</u>	<u>\$ 26,128,504</u>	<u>\$ 27,316,523</u>	<u>\$ 27,967,564</u>	<u>\$ 28,382,541</u>	<u>\$ 30,085,143</u>	<u>\$ 32,884,915</u>	<u>\$ 38,061,523</u>

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

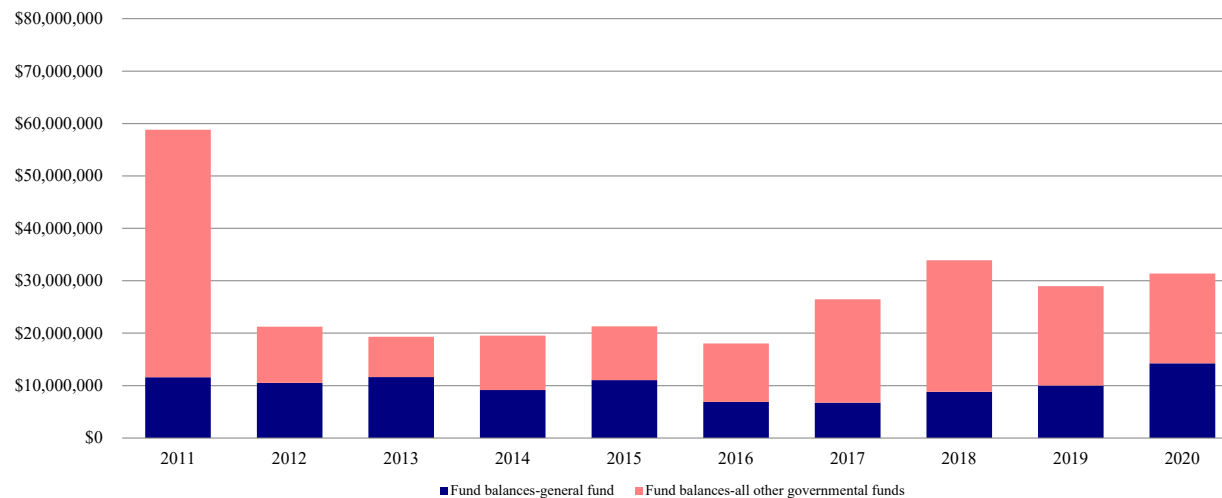
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	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Change in net position</b>										
Governmental activities	\$ (10,065,611)	\$ (16,227,788)	\$ (3,579,774)	\$ (2,198,446)	\$ 576,537	\$ (2,693,290)	\$ 7,352,660	\$ (1,343,131)	\$ 4,347,311	\$ (2,205,989)
Business-type activities	1,576,284	4,791,039	3,031,762	5,829,008	3,542,017	3,527,168	5,056,966	733,210	818,628	783,087
Total changes in net position	<u>\$ (8,489,327)</u>	<u>\$ (11,436,749)</u>	<u>\$ (548,012)</u>	<u>\$ 3,630,562</u>	<u>\$ 4,118,554</u>	<u>\$ 833,878</u>	<u>\$ 12,409,626</u>	<u>\$ (609,921)</u>	<u>\$ 5,165,939</u>	<u>\$ (1,422,902)</u>



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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General fund</b>										
Reserved										
Unreserved										
Nonspendable	\$ 648,802	\$ 621,981	\$ 28,941	\$ 28,094	\$ 3,354,570	\$ 753,534	\$ 3,247,152	\$ 3,116,097	\$ 2,620,620	\$ 2,621,554
Restricted	-	20,259	24,564	7,436,731	21,359	347,012	395,420	448,927	385,692	428,079
Committed	172,777	234,540	533,004	21,359	6,699,720	6,483,613	2,656,872	3,708,388	6,981,901	8,029,233
Assigned	501,835	473,342	478,106	1,680,892	979,197	-	442,472	1,561,848	42,726	25,940
Unassigned	10,284,466	9,187,601	10,580,310	-	-	(675,402)	-	-	-	3,167,653
Total general fund	<u>\$ 11,607,880</u>	<u>\$ 10,537,723</u>	<u>\$ 11,644,925</u>	<u>\$ 9,167,076</u>	<u>\$ 11,054,846</u>	<u>\$ 6,908,757</u>	<u>\$ 6,741,916</u>	<u>\$ 8,835,260</u>	<u>\$ 10,030,939</u>	<u>\$ 14,272,459</u>
<b>All other governmental funds</b>										
Reserved										
Unreserved, reported in:										
Special revenue funds										
Capital projects funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,631	\$ 1,159
Restricted	47,292,721	10,103,939	7,070,982	8,879,178	8,945,660	10,265,504	18,465,625	24,623,938	20,506,425	17,912,873
Assigned	1,886,710	856,857	953,958	1,497,633	1,338,429	877,646	1,270,910	491,368	111,473	-
Unassigned	(1,961,140)	(259,217)	(353,128)	(21,099)	(58,040)	(46,555)	(27,396)	(53,943)	(1,685,799)	(832,212)
Total all other governmental funds	<u>\$ 47,218,291</u>	<u>\$ 10,701,579</u>	<u>\$ 7,671,812</u>	<u>\$ 10,355,712</u>	<u>\$ 10,226,049</u>	<u>\$ 11,096,595</u>	<u>\$ 19,709,139</u>	<u>\$ 25,061,363</u>	<u>\$ 18,937,730</u>	<u>\$ 17,081,820</u>



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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>											
Taxes	\$ 26,517,007	\$ 32,305,233	\$ 25,706,551	\$ 26,934,344	\$ 24,578,908	\$ 26,901,523	\$ 27,608,725	\$ 27,811,886	\$ 28,668,204	\$ 30,925,091	\$ 36,812,970
Licenses and permits	408,891	538,623	609,209	878,549	756,173	965,527	888,120	1,128,331	1,698,138	1,307,877	999,449
Intergovernmental	5,494,624	4,996,751	6,006,293	5,178,331	7,338,277	6,062,377	7,850,431	12,122,236	7,968,101	9,388,149	8,487,182
Charges for services	3,358,721	3,696,406	3,181,384	2,658,584	2,748,519	2,850,307	2,746,174	2,484,969	4,713,987	5,000,622	4,011,688
Fines and forfeits	736,304	717,102	824,561	871,237	828,444	559,409	862,009	930,478	907,304	926,644	907,080
Special assessments	781,307	768,407	674,336	645,752	725,365	944,194	524,949	590,948	634,282	533,047	1,414,617
Investment earnings	1,184,170	1,006,602	243,762	3,304	186,627	206,047	193,209	226,671	380,716	1,281,892	1,430,498
Gain on land held for resale	-	55,176	-	-	-	-	-	-	-	-	-
Miscellaneous	449,220	426,682	714,743	296,007	1,369,723	3,766,447	240,998	550,247	723,058	570,700	738,688
Total revenues	<u>38,930,244</u>	<u>44,510,982</u>	<u>37,960,839</u>	<u>37,466,108</u>	<u>38,532,036</u>	<u>42,255,831</u>	<u>40,914,615</u>	<u>45,845,766</u>	<u>45,693,790</u>	<u>49,934,022</u>	<u>54,802,172</u>
<b>Expenditures</b>											
General government	3,785,471	3,562,834	1,819,595	274,806	503,430	232,379	3,928,177	3,476,163	2,235,447	1,790,386	2,593,801
Public safety	21,397,265	20,360,999	22,267,322	23,842,820	24,415,716	24,617,224	23,721,228	23,283,514	26,571,782	28,302,062	29,372,913
Public works	2,053,646	1,740,182	2,783,422	2,448,294	3,183,073	4,377,357	3,109,378	3,762,770	4,753,148	4,091,454	4,474,244
Culture and recreation	3,634,507	3,546,556	3,826,564	4,262,425	4,546,531	4,602,280	3,245,947	3,254,141	3,923,981	4,282,219	3,926,265
Community development	923,801	993,778	890,511	1,762,768	1,289,508	832,898	1,543,411	1,202,281	1,890,189	1,852,180	2,247,775
Transit	996,078	1,535,572	1,240,701	1,125,086	980,911	1,020,243	746,109	957,374	764,864	887,211	1,734,472
Redevelopment and housing	4,268,367	15,567,011	3,880,732	491,540	466,232	490,745	265,742	287,877	1,005,353	517,758	567,340
Capital outlay	3,213,996	572,305	2,744,828	890,079	2,823,296	3,419,189	5,030,166	1,175,943	2,617,687	15,518,582	6,985,453
Debt service:											
Principal	5,190,621	2,930,724	3,017,434	553,477	579,404	-	-	-	210,000	300,000	305,000
Interest and fiscal charges	1,840,054	1,644,364	685,036	48,115	23,501	-	-	-	155,078	233,481	252,136
Bond issuance costs	-	-	-	-	-	-	-	-	-	45,544	-
Payment to refunded bond account	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>47,303,806</u>	<u>52,454,325</u>	<u>43,156,145</u>	<u>35,699,410</u>	<u>38,811,602</u>	<u>39,592,315</u>	<u>41,590,158</u>	<u>37,400,063</u>	<u>44,127,529</u>	<u>57,820,877</u>	<u>52,459,399</u>
Excess of revenues over (under) expenditures	<u>(8,373,562)</u>	<u>(7,943,343)</u>	<u>(5,195,306)</u>	<u>1,766,698</u>	<u>(279,566)</u>	<u>2,663,516</u>	<u>(675,543)</u>	<u>8,445,703</u>	<u>1,566,261</u>	<u>(7,886,855)</u>	<u>2,342,773</u>

(Continued)

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

(Continued)

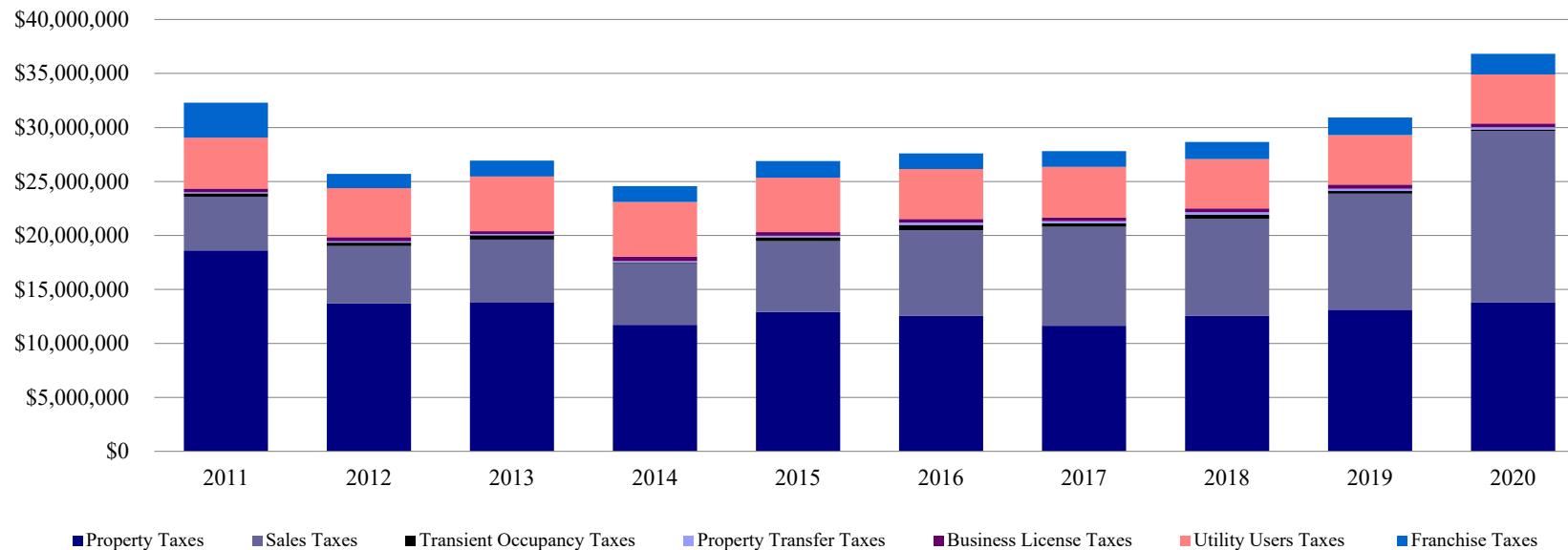
Other financing sources (uses)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transfers in	\$ 5,508,798	\$ 3,620,017	\$ 4,134,433	\$ 544,408	\$ 977,149	\$ 2,161,548	\$ 2,317,808	\$ 1,373,629	\$ 1,186,303	\$ 2,422,806	\$ 1,195,374
Transfers out	(10,332,955)	(3,885,400)	(3,949,780)	(517,528)	(1,202,753)	(2,415,967)	(2,317,808)	(1,373,629)	(1,186,303)	(3,861,325)	(1,195,374)
Capital leases	486,788	-	-	-	-	-	-	-	-	-	-
Loan Proceeds	2,310,000	-	-	-	-	-	-	-	-	-	-
Tax allocation bonds issued	-	-	-	-	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-	-	5,625,000	2,500,000	-
Premium on debt issuance	-	-	-	-	-	-	-	-	254,307	-	-
Payment to refunded bond account	-	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale and disposal of capital assets	-	-	-	-	720,376	-	-	-	-	-	42,837
Total other financing sources (uses)	(2,027,369)	(265,383)	184,653	26,880	494,772	(254,419)	-	-	5,879,307	1,061,481	42,837
Extraordinary loss from dissolution of Redevelopment Agency	-	-	(32,576,216)	-	-	-	-	-	-	-	-
Net changes in fund balances	<u>\$ (10,400,931)</u>	<u>\$ (8,208,726)</u>	<u>\$ (37,586,869)</u>	<u>\$ 1,793,578</u>	<u>\$ 215,206</u>	<u>\$ 2,409,097</u>	<u>\$ (675,543)</u>	<u>\$ 8,445,703</u>	<u>\$ 7,445,568</u>	<u>\$ (6,825,374)</u>	<u>\$ 2,385,610</u>
Debt service as a percentage of noncapital expenditures	15.9%	8.8%	9.2%	1.7%	1.7%	0.0%	0.0%	0.0%	0.9%	1.4%	1.2%





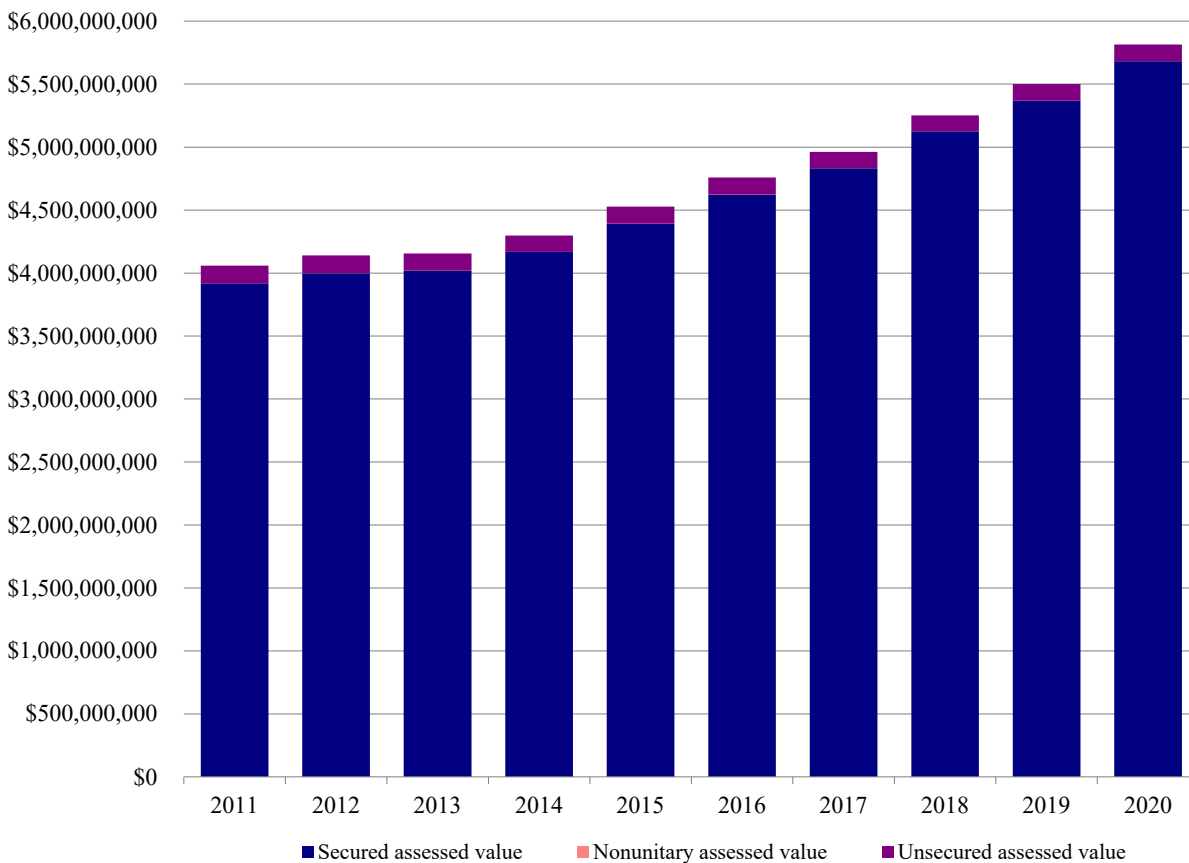
CITY OF COVINA, CALIFORNIA  
General Governmental Tax Revenues by Source  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

Fiscal Year	Property Taxes <sup>(1)</sup>	Sales Taxes	Transient Occupancy Taxes	Property Transfer Taxes	Business License Taxes	Utility Users Taxes	Franchise Taxes	Total
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
2016	12,564,219	7,929,069	482,727	223,766	328,716	4,632,448	1,447,780	27,608,725
2017	11,642,704	9,164,440	327,570	200,253	337,626	4,689,894	1,449,399	27,811,886
2018	12,575,318	8,950,753	388,491	236,899	348,793	4,573,428	1,594,522	28,668,204
2019	13,123,395	10,753,877	240,946	217,332	372,756	4,590,983	1,625,802	30,925,091
2020	13,812,820	15,875,886	130,831	212,485	347,120	4,523,187	1,910,641	36,812,970



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

Fiscal Year	Assessed Value <sup>(1)</sup>				Total Effective Rate (2)
	Secured	Nonunitary	Unsecured	Total	
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%
2016	4,622,530,801	401,800	136,586,370	4,759,518,971	1.4548%
2017	4,833,140,987	656,500	129,151,190	4,962,948,677	1.4552%
2018	5,126,757,001	656,500	125,505,161	5,252,918,662	1.4801%
2019	5,368,832,086	53,800	130,846,429	5,499,732,315	1.4645%
2020	5,681,534,627	53,800	132,250,317	5,813,838,744	1.4974%



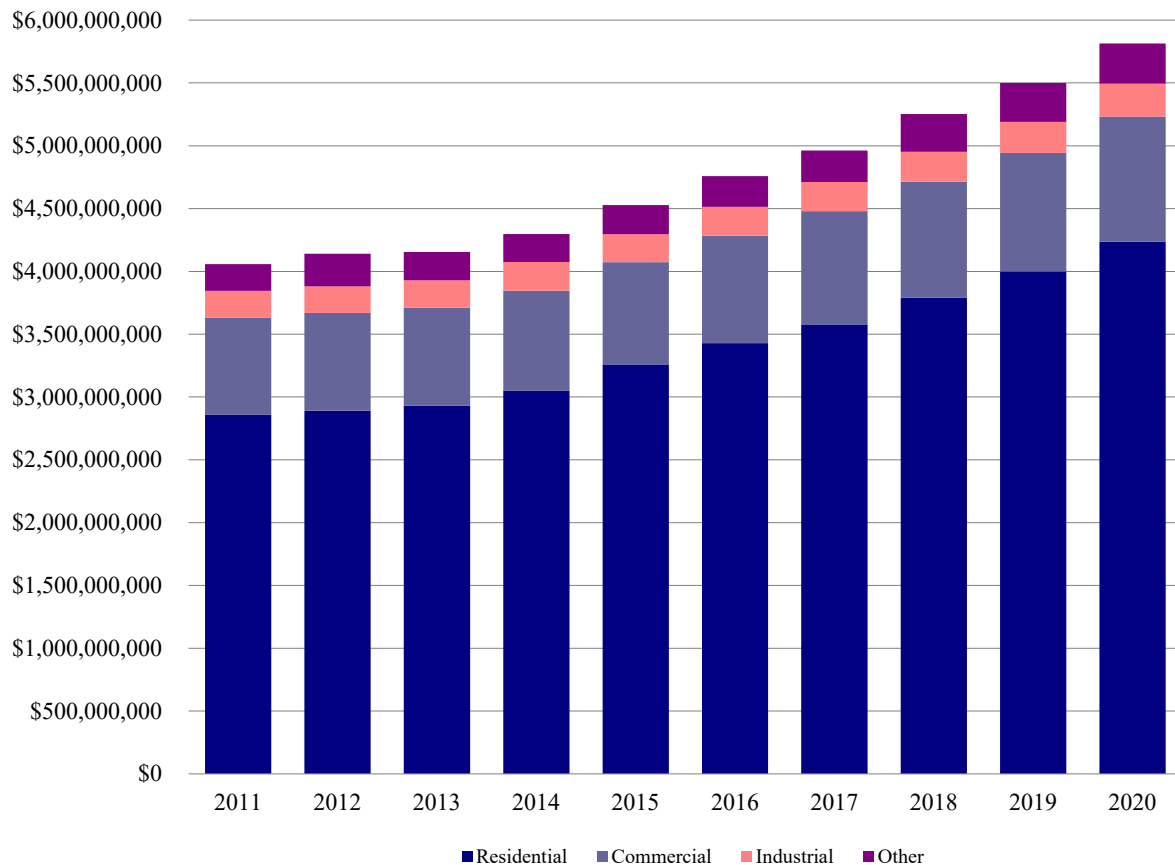
<sup>(1)</sup> Net of exemptions

<sup>(2)</sup> 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 <sup>(1)</sup>				Total	Total Effective Rate (2)
	Residential	Commercial	Industrial	Other		
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%
2016	3,429,044,663	855,846,637	228,745,403	245,882,268	4,759,518,971	1.4548%
2017	3,577,650,675	901,743,008	232,619,329	250,935,665	4,962,948,677	1.4552%
2018	3,790,868,304	923,889,405	237,982,559	300,178,394	5,252,918,662	1.4801%
2019	3,999,408,804	943,988,485	248,088,436	308,246,590	5,499,732,315	1.4645%
2020	4,236,209,336	996,423,215	261,497,564	319,708,629	5,813,838,744	1.4974%



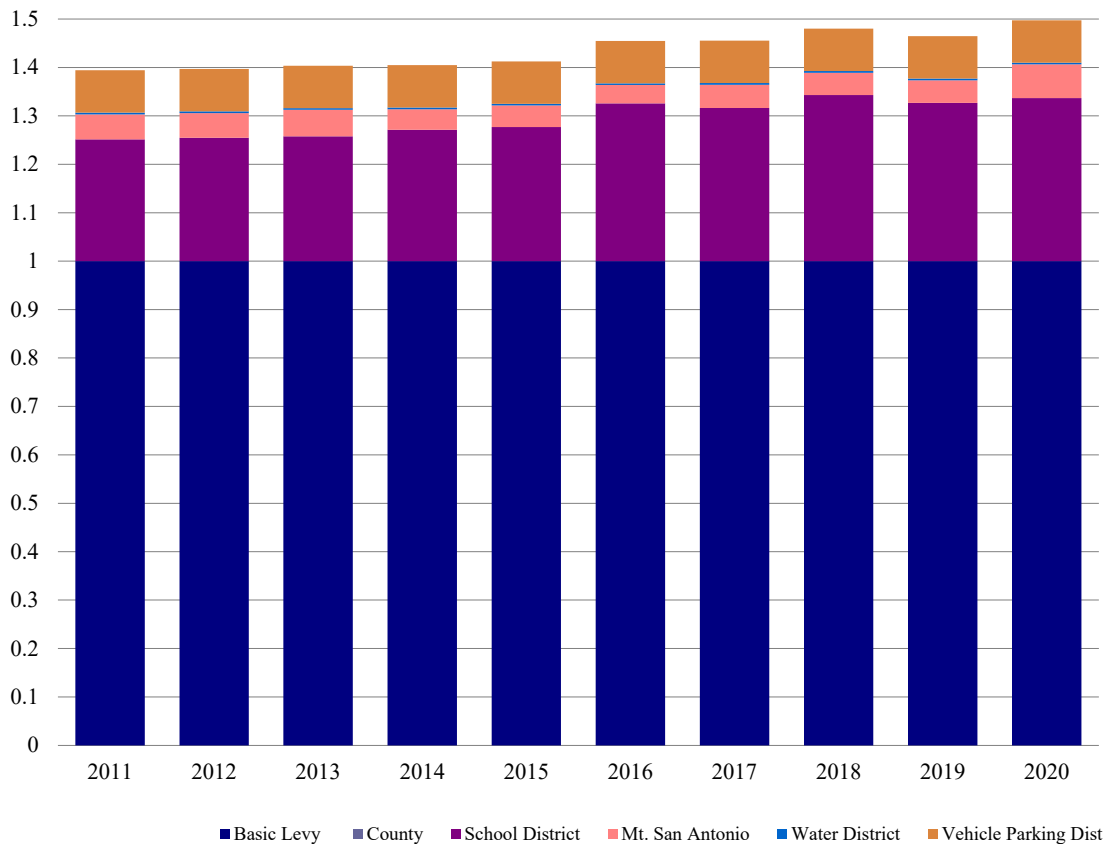
<sup>(1)</sup> Net of exemptions

<sup>(2)</sup> 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 <sup>(1)</sup>  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	Basic Levy <sup>(2)</sup>	County			School District <sup>(3)</sup>	Community College District <sup>(4)</sup>	Water District	Vehicle Parking District	Total Effective Rate <sup>(5)</sup>
		General	Flood Control	Total					
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
2016	1.0000	0.0000	0.0000	0.0000	0.3258	0.0380	0.0035	0.0875	1.4548
2017	1.0000	0.0000	0.0000	0.0000	0.3162	0.0481	0.0035	0.0875	1.4553
2018	1.0000	0.0000	0.0000	0.0000	0.3431	0.0460	0.0035	0.0875	1.4801
2019	1.0000	0.0000	0.0000	0.0000	0.3267	0.0467	0.0035	0.0875	1.4645
2020	1.0000	0.0000	0.0000	0.0000	0.3368	0.0695	0.0035	0.0875	1.4974



<sup>(1)</sup> Per \$100 of assessed value

<sup>(2)</sup> 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).

<sup>(3)</sup> Azusa Unified School District, Charter Oak Unified School District and Covina Valley Unified School District.

<sup>(4)</sup> Citrus Community College District and Mt. San Antonio Community College District.

<sup>(5)</sup> 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.

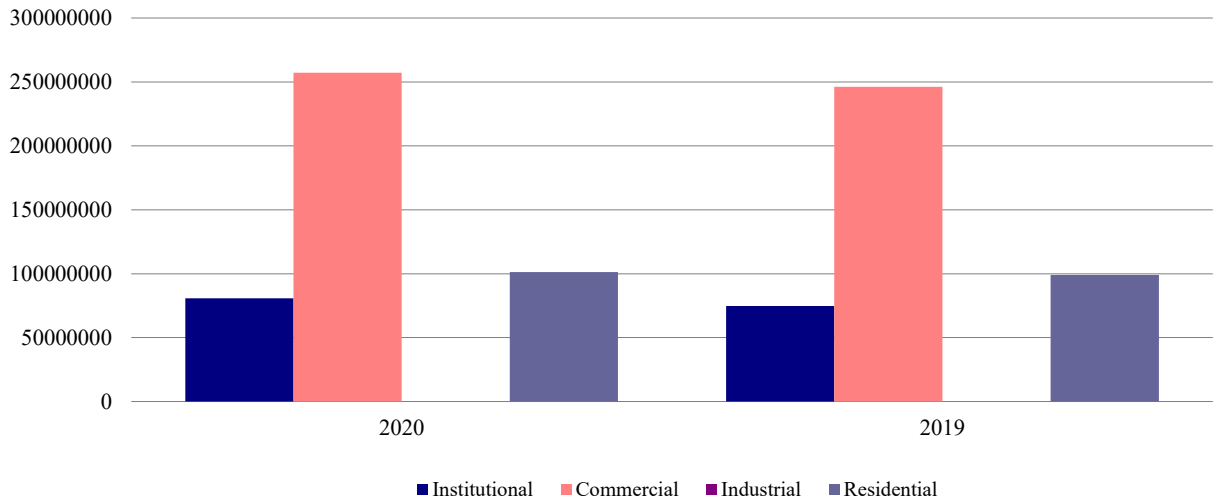
CITY OF COVINA, CALIFORNIA

Principal Property Owners

June 30, 2020

Taxpayer	Primary Use	2020			2019		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>(1)</sup>	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>(1)</sup>
Ikea Property Inc	Commercial	\$ 69,799,712	1	1.20%	\$ 68,726,528	1	1.18%
KIR Covina Limited Partnership	Commercial	55,325,137	2	0.95%	54,240,347	2	0.93%
Covina Grand Apartments LLC	Residential	53,266,717	3	0.92%	52,223,197	3	0.90%
Citrus Valley Health partners Inc	Institutional	52,157,600	4	0.90%	46,676,309	5	0.80%
Vista Pointe Grand Apartments LLC	Residential	48,108,114	5	0.83%	46,789,091	4	0.80%
UIMC Covina LLC	Commercial	37,501,832	6	0.65%	32,000,000	7	0.55%
FNL of Covina Partners LLC	Commercial	33,238,937	7	0.57%	32,587,200	6	0.56%
LVGEM Hotel Corporation	Commercial	32,439,795	8	0.56%	30,150,300	8	0.52%
Time Warner Inc	Commercial	28,869,844	9	0.50%	28,525,472	9	0.49%
CCP Covina 4003 LP	Institutional	28,628,685	10	0.49%	28,067,340	10	0.48%
				0.00%			
				0.00%			
				0.00%			
Total		<u>\$ 439,336,373</u>		<u>7.57%</u>	<u>\$ 419,985,784</u>		<u>7.21%</u>

Principal Property Owners

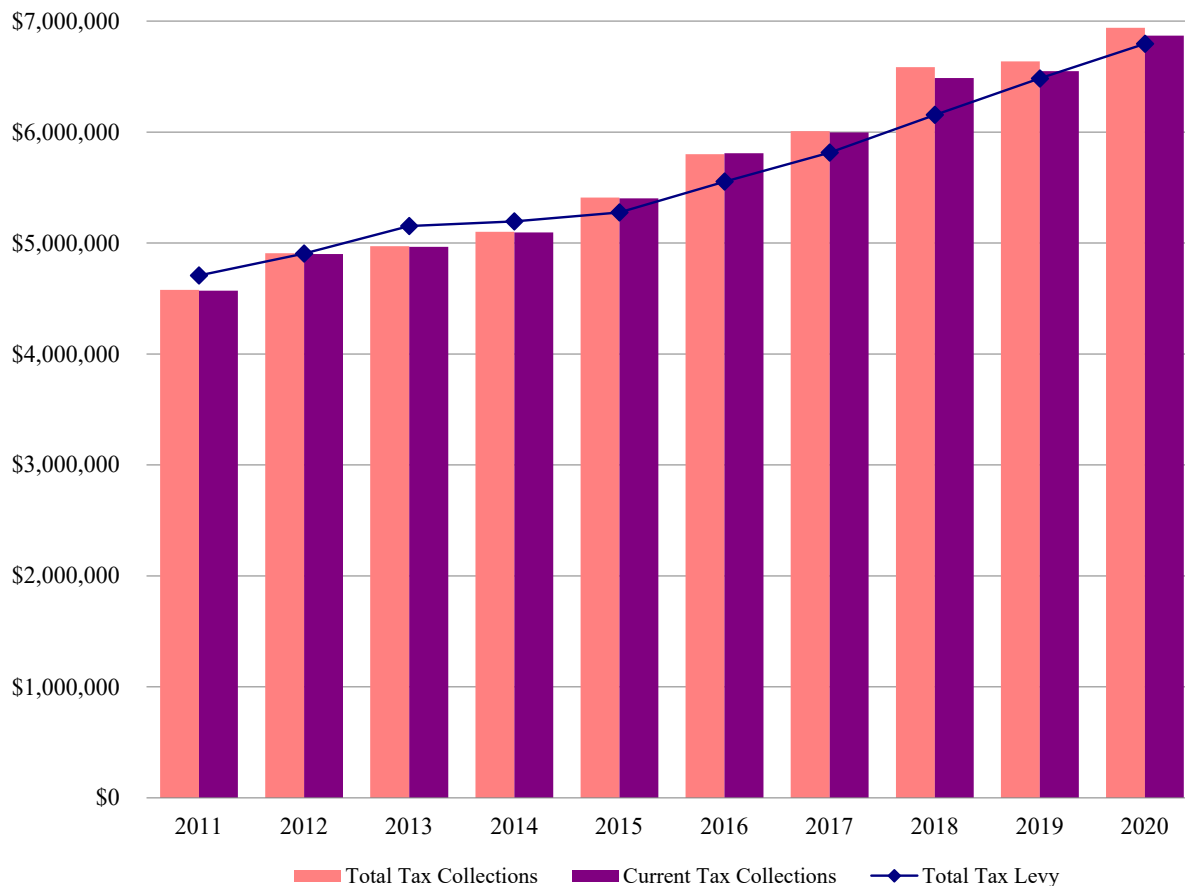


<sup>(1)</sup> Total assessed valuation of taxable property exclusive of exemptions.

Source: Los Angeles County/Hdl Companies

CITY OF COVINA, CALIFORNIA  
Property Tax Levies and Collections <sup>(1)</sup>  
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy <sup>(2)</sup>	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
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%
2016	5,553,269	5,809,940	104.6%	(9,333)	5,800,607	104.5%
2017	5,815,150	5,996,355	103.1%	11,769	6,008,124	103.3%
2018	6,154,437	6,485,903	105.4%	98,063	6,583,966	107.0%
2019	6,483,113	6,548,523	101.0%	87,221	6,635,744	102.4%
2020	6,795,929	6,868,907	101.1%	70,619	6,939,526	102.1%



<sup>(1)</sup> Includes only City general property taxes of the General Fund and Municipal Parking District Special Revenue Fund

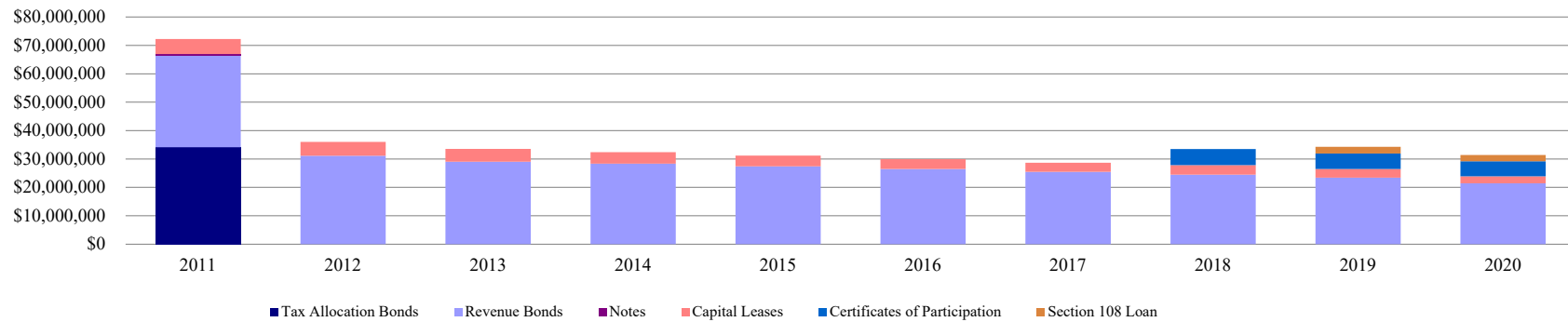
<sup>(2)</sup> Includes secured and unsecured property tax levies exclusive of homeowner exemption, supplemental roll and in-lieu motor vehicle licenses.

Source: Los Angeles County.

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

Fiscal Year	Governmental Activities						Business Activities			Total	Percentage of Personal Income <sup>(1)</sup>	Percentage of Debt Per Capita <sup>(1)</sup>
	Tax Allocation Bonds <sup>(2)</sup>	Certificates of Participation	Revenue Bonds	Notes	Capital Leases	Section 108 Loan	Certificates of Participation	Revenue Bonds	Capital Leases			
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%
2016	-	-	-	-	-	-	-	26,466,734	3,482,249	29,948,983	4.14%	0.16%
2017	-	-	-	-	-	-	-	25,483,722	3,186,043	28,669,765	4.38%	0.17%
2018	-	5,657,747	-	-	496,571	-	-	24,465,710	2,875,237	33,495,265	3.77%	0.15%
2019	-	5,471,187	-	-	496,571	2,375,000	-	23,407,697	2,549,111	34,299,566	3.88%	0.14%
2020	-	5,279,627	-	-	244,087	2,250,000	-	21,443,255	2,206,909	31,423,878	4.36%	0.16%

**Outstanding Debt by Type-Last Ten Fiscal Years**



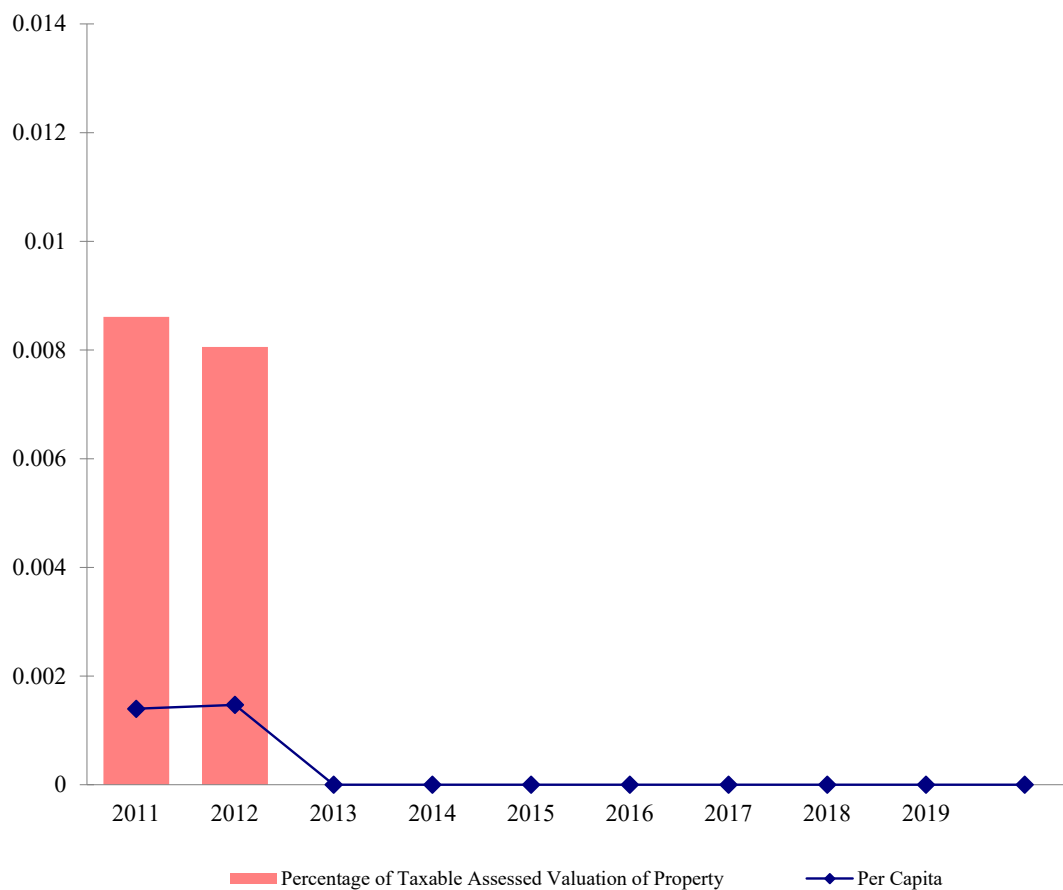
Note: Details regarding the City's outstanding debt can be found in the *notes to the financial statements*.

<sup>(1)</sup> See Demographic Statistics on page 153.

<sup>(2)</sup> 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 <sup>(1)</sup> of Property	Per Capita <sup>(2)</sup>
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%
2016	-	-	-	0.00%	0.00%
2017	-	-	-	0.00%	0.00%
2018	-	-	-	0.00%	0.00%
2019	-	-	-	0.00%	0.00%
2020	-	-	-	0.00%	0.00%



<sup>(1)</sup> See Assessed Value of Taxable Property-Last Ten Fiscal Years on page 142.

<sup>(2)</sup> See Demographic Statistics on page 153.

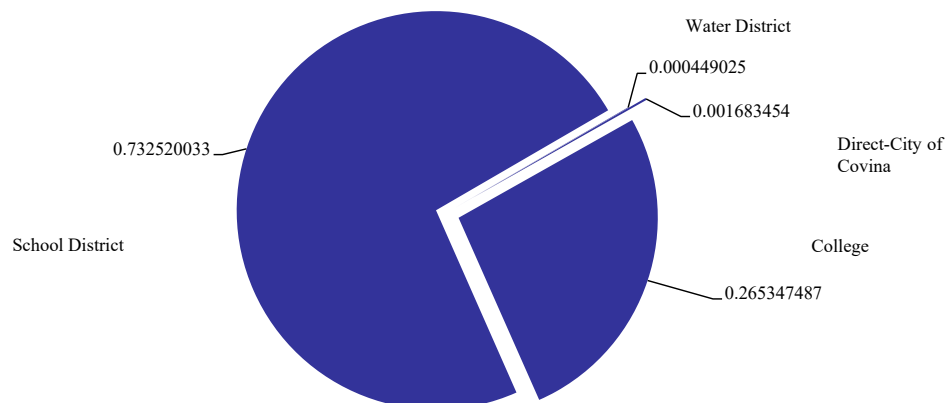
<sup>(3)</sup> Due to the dissolution of the Covina Redevelopment Agency, Tax Allocation Bonded Debt is no longer reported on this schedule.



CITY OF COVINA, CALIFORNIA  
Direct and Overlapping Governmental Activities Bonded Debt  
As of June 30, 2020

Jurisdiction	Net General Activities Bonded and Capital Lease Debt Outstanding	Percentage Applicable to City of Covina <sup>(2)</sup>	Amount Applicable to City of Covina
Direct-City of Covina <sup>(1)</sup>	\$ 244,087	100.000%	\$ 244,087
Overlapping:			
Water District:			
Metropolitan Water District	18,151,752	0.359%	65,105
College:			
Citrus CCD DS Refunding Bond Series 2013	13,130,302	0.340%	44,693
Citrus CCD DS 2004 Series 2014D	18,696,403	0.340%	63,639
Citrus CCD DS 2004, 2015 Series E	9,805,000	0.340%	33,374
Citrus CCD DS Ref Bonds 2015 Series A	45,435,000	0.340%	154,652
Mt. San Antonio CCD DS 2008 Series 13A	161,708,000	5.913%	9,561,270
Mt. San Antonio CCD DS 2008 Series 2013B	3,805,000	5.913%	224,977
Mt. San Antonio CCD DS 2013 Series A	23,500,000	5.913%	1,389,479
Mt. San Antonio CCD DS 2013 Series B	27,185,000	5.913%	1,607,361
Mt. San Antonio CCD DS 2008 Series 2015C	10,870,000	5.913%	642,708
Mt. San Antonio CCD DS 2015 Ref Bonds	17,365,000	5.913%	1,026,736
Mt. San Antonio CCD DS 2018 Series 2019A	401,245,000	5.913%	23,724,316
School District:			
Azusa Unified 2002 Series 2007	28,920,359	1.404%	405,971
Azusa Unified Refund Bond 2002 Series 2011	12,150,000	1.404%	170,556
Azusa Unified 2014 Series A	24,135,000	1.404%	338,796
Azusa Unified Refund Bond 2016	20,930,000	1.404%	293,806
Azusa Unified 2014 Series B	750,000	1.404%	10,528
Azusa Unified 2014 Series C	47,635,000	1.404%	668,679
Charter Oak Unified 2012 Series A	24,840,000	38.543%	9,574,085
Charter Oak Unified 2015 Ref Bonds	8,845,000	38.543%	3,409,130
Charter Oak Unified 2012 Series B	11,720,000	38.543%	4,517,241
Charter Oak Unified Ref 2017	10,000,000	38.543%	3,854,301
Covina Valley Unified 2001 Series B	9,447,069	41.952%	3,963,189
Covina Valley Unified 2001 Refund 2010 Ser A	1,935,000	41.952%	811,762
Covina Valley Unified 2012 Series A	4,815,000	41.952%	2,019,966
Covina Valley Unified 2013 Ref Bonds	11,865,000	41.952%	4,977,548
Covina Valley Unified 2012 Series B	36,145,000	41.952%	15,163,377
Covina Valley Unified 2012 Series C	31,490,000	41.952%	13,210,534
Covina Valley Unified 2012 Series C	29,380,000	41.952%	12,325,356
Covina Valley Unified 2016 Ref Bonds	14,000,000	41.952%	5,873,213
Covina Valley Unified 2012 Series D	58,690,000	41.952%	24,621,347
Subtotal overlapping debt			144,747,694
Total direct and overlapping debt			\$ 144,991,781

Amount Applicable to City of Covina



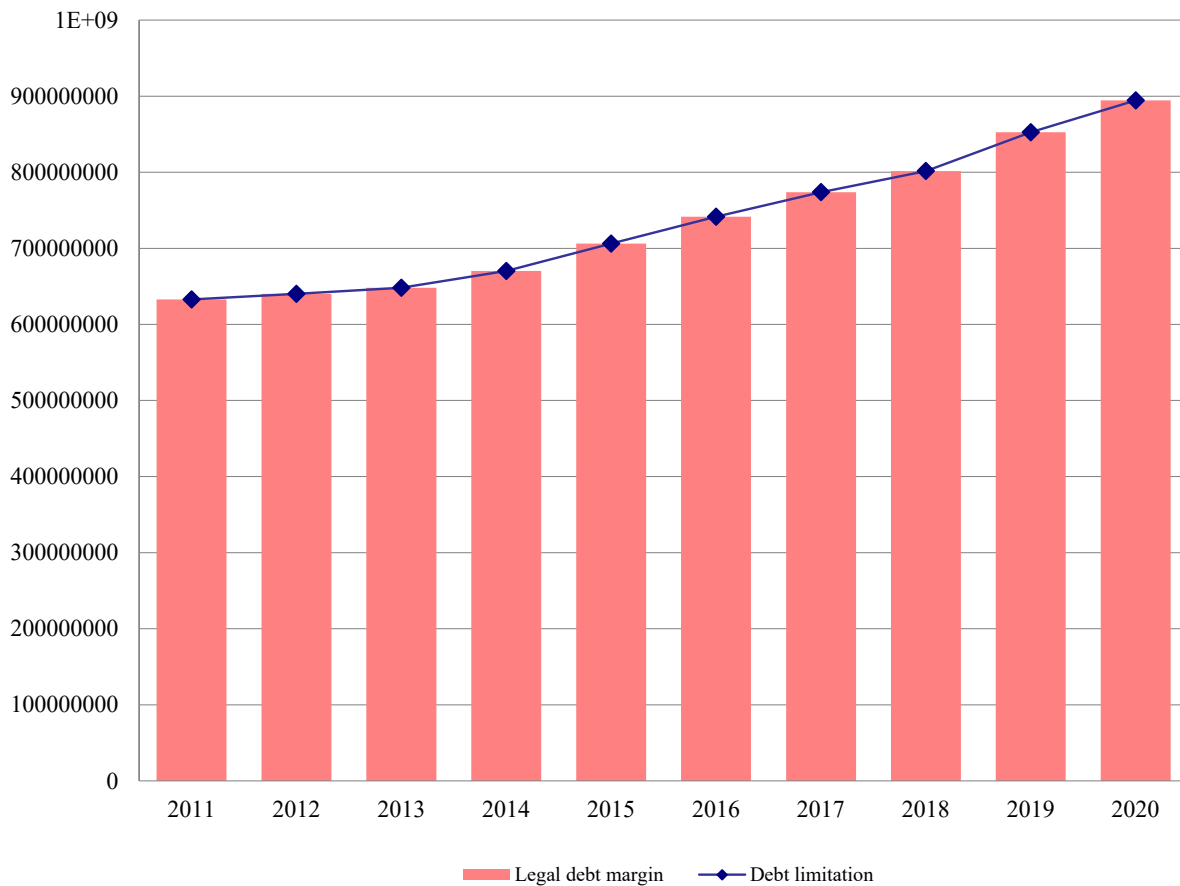
<sup>(1)</sup> Includes governmental activities debt reported in the Ratios of Outstanding Debt by Type on page 147.

<sup>(2)</sup> The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: Los Angeles County/Hdl Companies

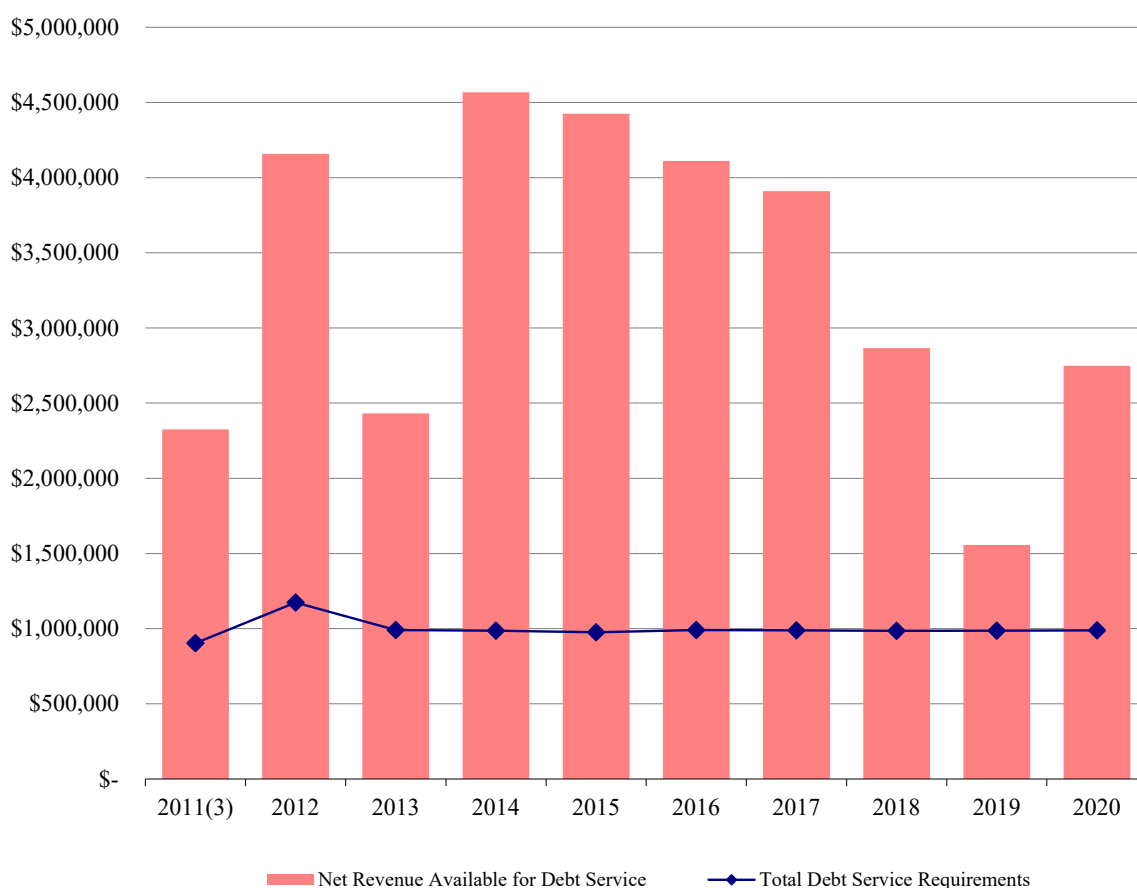
CITY OF COVINA, CALIFORNIA  
Legal Debt Margin Information  
Last Ten Fiscal Years

Fiscal Year	Assessed Valuations			Legal Debt Margin		
	Assessed Value	Add Exemptions	Total Assessed Value	Debt Limitation- 15% of Total Assessed Value	Total Debt Applicable to Limitation	Legal Debt Margin
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
2016	4,759,518,971	183,697,385	4,943,216,356	741,482,453	-	741,482,453
2017	4,962,948,677	196,055,673	5,159,004,350	773,850,653	-	773,850,653
2018	5,252,918,662	91,194,219	5,344,112,881	801,616,932	-	801,616,932
2019	5,499,732,315	184,378,433	5,684,110,748	852,616,612	-	852,616,612
2020	5,813,838,744	149,727,735	5,963,566,479	894,534,972	-	894,534,972



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 <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2011 <sup>(3)</sup>	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
2016	10,506,025	6,394,614	4,111,411	280,000	710,113	990,113	4.15
2017	11,148,725	7,238,966	3,909,759	290,000	698,713	988,713	3.95
2018	11,350,497	8,484,444	2,866,053	300,000	685,413	985,413	2.91
2019	9,876,708	8,319,258	1,557,450	315,000	671,613	986,613	1.58
2020	10,889,143	8,141,622	2,747,521	330,000	658,713	988,713	2.78



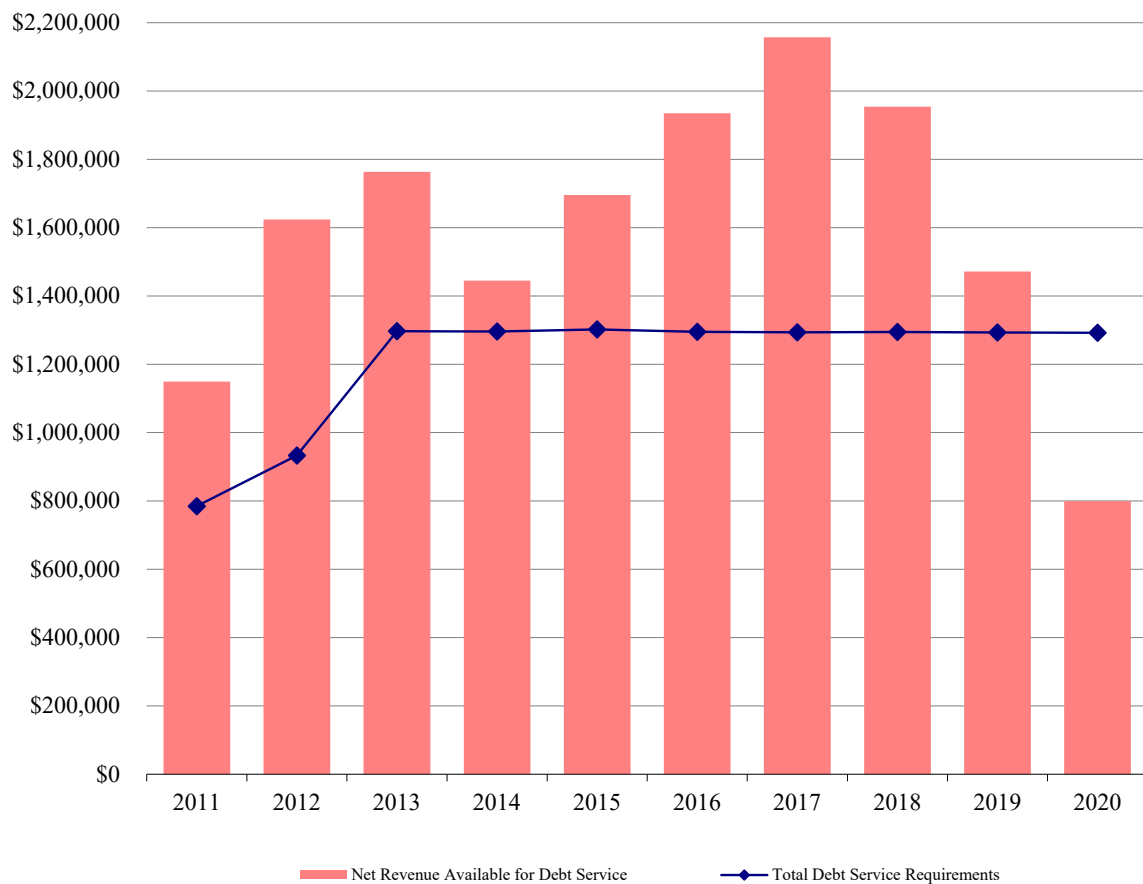
<sup>(1)</sup> Total revenues (including investment earnings) excluding joint venture investment income and gain on sale of capital assets.

<sup>(2)</sup> Total operating expenses exclusive of depreciation.

<sup>(3)</sup> 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 <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2016	2,720,240	785,109	1,935,131	675,000	619,781	1,294,781	1.49
2017	2,818,015	661,138	2,156,877	695,000	598,363	1,293,363	1.67
2018	2,967,675	1,013,663	1,954,012	720,000	574,469	1,294,469	1.51
2019	3,193,723	1,721,983	1,471,740	745,000	547,900	1,292,900	1.14
2020	3,166,964	2,367,418	799,546	895,000	397,205	1,292,205	0.62



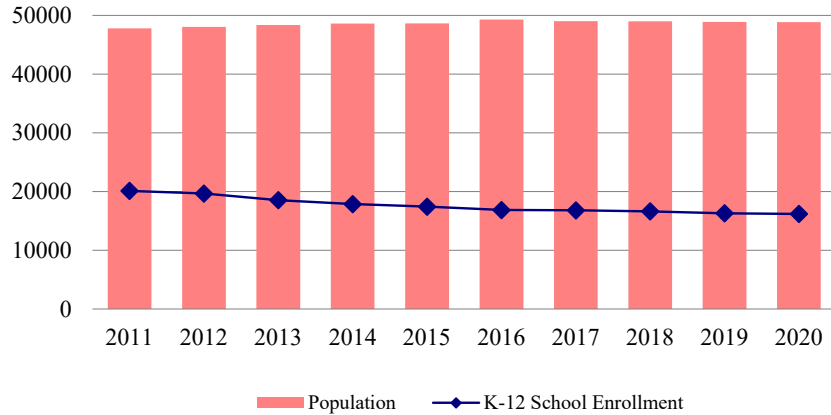
<sup>(1)</sup> Total revenues (including investment earnings) excluding gain on sale of capital assets.

<sup>(2)</sup> Total operating expenses exclusive of depreciation.

CITY OF COVINA, CALIFORNIA  
Demographic and Economic Statistics

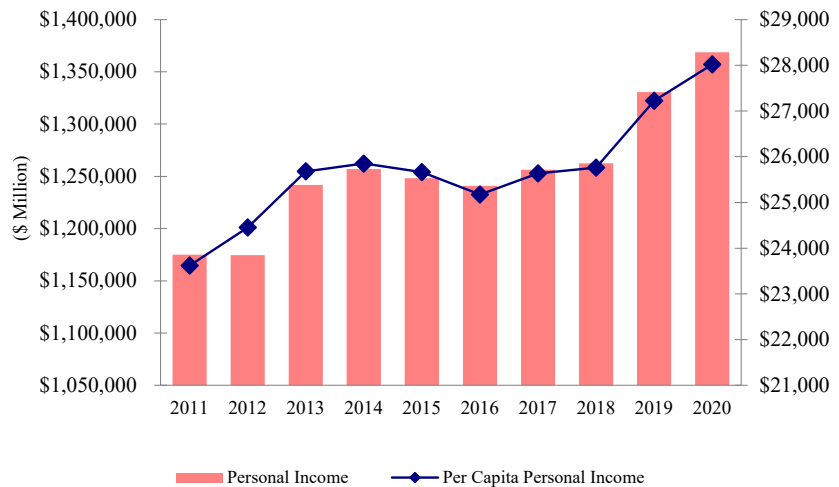
Last Ten Fiscal Years

Year	Population <sup>(1)</sup>	K-12 School Enrollment <sup>(2)</sup>
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
2016	49,291	16,860
2017	49,011	16,806
2018	49,006	16,627
2019	48,876	16,294
2020	48,846	16,200



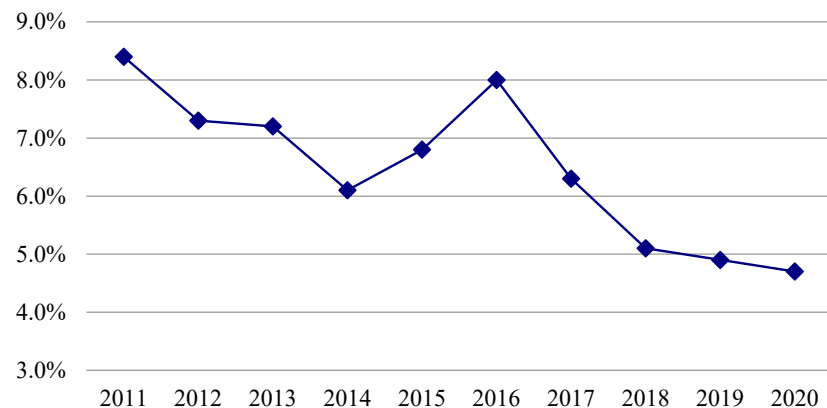
Last Ten Fiscal Years

Year	Personal Income <sup>(3)</sup> (\$ Thousand)	Per Capita Personal Income <sup>(3)</sup>
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
2016	1,240,869	25,174
2017	1,256,462	25,636
2018	1,262,424	25,760
2019	1,330,564	27,223
2020	1,368,680	28,020



Last Ten Fiscal Years

Year	Unemployment Rate <sup>(4)</sup>
2011	8.4%
2012	7.3%
2013	7.2%
2014	6.1%
2015	6.8%
2016	8.0%
2017	6.3%
2018	5.1%
2019	4.9%
2020	4.7%



<sup>(1)</sup> State Department of Finance.

<sup>(2)</sup> State Department of Education-Covina Valley and Charter Oak Unified School Districts.

<sup>(3)</sup> HdL, Coren & Cone.

<sup>(4)</sup> State Employment Development Department.

## CITY OF COVINA, CALIFORNIA

## Principal Employers

As of June 30, 2020

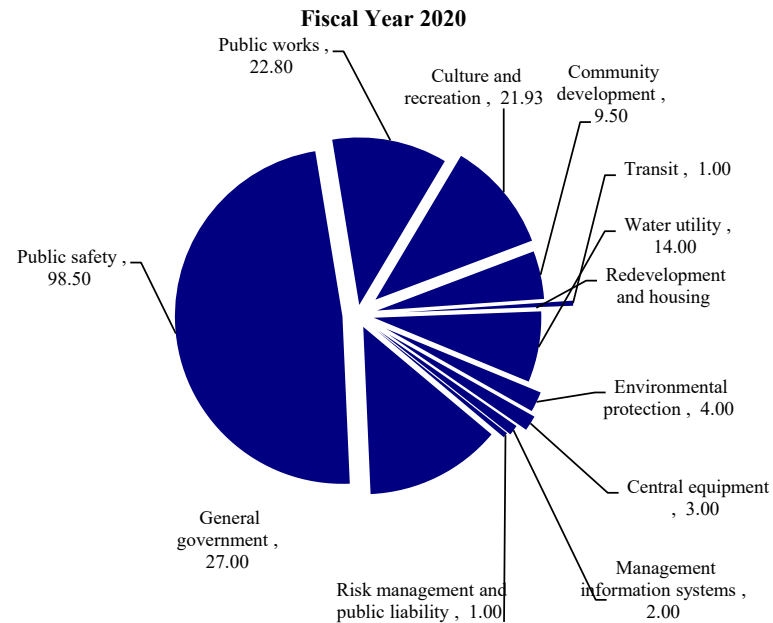
Employer	2020			2019		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Covina Valley Unified School District	1,530	1	9.57%	1,418	1	8.71%
Citrus Valley Health Partners-Intercommunity	1,002	2	6.26%	1,014	2	6.23%
Charter Oak Unified School District	578	3	3.61%	625	3	3.84%
Ikea U.S. West, Inc.	325	4	2.03%	283	5	1.74%
Lereta, LLC	251	5	1.57%	237	8	1.46%
City of Covina	239	6	1.49%	259	6	1.59%
Wal-Mart	238	7	1.49%	296	4	1.82%
Vitas Innovative Hospice Care	221	8	1.38%	230	9	1.41%
Charter Homehealth	353	9	2.21%			
The Home Depot	211	10	1.32%			
	<u>4,948</u>		<u>30.94%</u>	<u>4,362</u>		<u>26.80%</u>

Source: City of Covina Finance Department, Covina Valley and Charter Oak School Districts and Citrus Valley Medical Center.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
General government	26.00	27.00	30.00	29.50	23.56	20.56	28.00	25.50	26.50	27.00
Public safety	93.50	91.00	94.00	94.50	99.50	100.50	112.00	99.50	98.50	98.50
Public works	26.50	28.00	25.50	26.50	19.50	19.50	25.00	21.80	21.80	22.80
Culture and recreation	38.50	65.50	57.00	56.50	43.18	43.41	30.94	21.95	22.47	21.93
Community development	2.00	2.50	6.00	5.00	14.50	16.50	7.00	6.50	7.50	9.50
Transit	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Redevelopment and housing	5.50	3.50	-	-	-	-	-	-	-	-
Water utility	12.50	12.00	10.00	12.00	14.00	14.00	14.00	14.00	14.00	14.00
Environmental protection	3.00	3.50	2.50	3.50	3.75	3.75	4.00	3.50	4.00	4.00
Central equipment	4.50	4.50	4.00	4.50	5.50	5.50	3.00	3.00	3.00	3.00
Management information systems	4.50	4.50	5.00	5.50	6.00	6.00	1.00	-	2.00	2.00
Risk management and public liability	-	-	-	-	-	-	-	-	-	1.00
Total full-time equivalent positions	218.00	243.00	235.00	238.50	230.49	230.72	225.94	196.75	200.77	204.73

Source: Finance Department Budget



CITY OF COVINA, CALIFORNIA  
Operating Indicators by Function <sup>(1)</sup>  
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government</b>											
Finance:											
Payroll checks issued	4,174	4,175	4,291	6,961	7,038	7,694	7,569	7,369	7,566	7,811	7,557
Accounts payable checks issued	9,290	9,283	8,591	7,498	7,093	6,374	5,729	5,281	5,296	5,500	5,153
Purchase orders issued	7,259	7,054	2,715	921	707	506	538	453	440	461	465
Community Development Block Grant (CDBG):											
Businesses assisted	3	4	6	6	2	4	-	-	-	-	-
Jobs created	24	9	4	13	14	12	-	-	-	-	-
Houses rehabilitated	1	-	7	3	6	4	3	2	1	-	-
Housing:											
Transitional House-Number of people served	15	23	14	18	14	17	17	22	11	14	13
Covenants-Monitoring affordable units	483	483	487	504	460	460	460	460	460	460	449
<b>Public Safety</b>											
Police:											
Physical arrests	3,160	3,041	3,070	2,805	2,322	2,987	2,038	676	3,005	2,746	2,406
Parking violations	15,537	11,900	11,786	12,603	10,831	9,367	8,380	10,062	3,035	8,955	12,678
Traffic violations	6,976	5,874	5,772	5,449	4,475	3,314	1,711	5,426	12,063	1,598	1,355
Fire:											
Number of calls answered	3,919	3,856	3,996	4,306	4,283	4,643	4,751	4,681	4,641	10,679	11,083
Inspections	2,250	1,066	802	2,319	2,279	2,279	1,389	2,583	1,472	2,843	2,383
<b>Culture and Recreation</b>											
Parks and Recreation:											
Leaders-in-Training participants	61	67	73	67	54	75	57	66	51	36	12
Youth sports participants	2,890	2,594	2,240	1,863	1,945	1,312	916	1,199	1,130	934	746
Leisure lifestyle classes participants	7,900	7,350	6,398	6,555	6,694	5,920	6,457	5,041	4,520	4,028	2,593
Cultural excursion program participants	478	530	494	543	489	580	565	595	406	468	326
Summer evening event attendees	25,950	27,250	25,950	25,000	25,000	25,000	25,000	16,975	17,170	10,100	9,200
Senior service participants (fee based)							3,202	2,296	1,036	1,248	939
Senior nutrition program meals served	15,530	15,920	15,522	15,539	16,565	18,336	14,641	12,798	11,642	11,628	19,088
Special events	53,000	53,000	53,000	53,000	53,000	53,000	50,000	50,000	50,000	45,000	40,000
Aquatic participants	7,780	7,911	8,244	9,620	10,716	8,750	6,446	8,134	6,011	5,850	3,884
Day Camp Participants							745	842	682	580	402
Library:											
Circulation											
Books/Audiobooks/CD'S	151,051	144,535	134,775	126,668	127,254	111,236	102,019	100,913	99,434	97,548	67,451
DVD's	12,740	13,351	11,255	9,729	9,065	7,500	5,806	4,987	4,141	3,314	1,928
Toys							978	2,588	3,436	4,241	2,784
E-books									1,381	3,201	4,466
Total Circulation	163,791	157,886	146,030	134,993	136,319	118,736	108,803	108,488	108,392	108,303	76,629
Gate Count	279,949	234,562	240,350	230,478	222,129	206,514	194,182	189,432	189,021	187,098	120,381
Computer Services											
Number of hours	22,804	16,172	14,787	14,220	14,976	13,860	10,782	10,374	12,825	12,891	6,298
Number of users	24,194	20,941	19,860	18,156	20,772	18,751	13,946	13,190	19,848	19,581	10,323
Library Cards											
City Residents - Newly Issued	2,558	2,221	2,219	2,125	2,197	1,760	1,520	1,427	1,413	1,364	963
Non-City Residents - Newly Issued	2,327	2,202	2,580	2,682	2,713	2,118	1,679	1,594	1,257	1,198	865
Total Number of Current Library Cards	<sup>(2)</sup>	<sup>(2)</sup>	<sup>(2)</sup>	<sup>(2)</sup>	25,031	28,909	32,108	35,129	37,927	40,087	32,824
Library materials added											
Books	5,236	2,729	2,797	3,169	4,903	3,439	2,580	2,866	2,475	1,827	1,600
CDs	287	183	112	120	86	298	222	196	131	198	156
Audiobooks	185	131	97	115	159	128	88	83	129	87	54
DVD's	394	263	232	194	221	181	150	215	155	212	154
Toys							119	99	97	67	27
Total Materials Added	6,102	3,306	3,238	3,598	5,369	4,046	3,159	3,459	2,987	2,391	1,991
Library Programs/Services											
Storytime participants	1,297	1,911	4,318	2,339	2,060	1,397	1,756	1,649	1,542	1,662	1,317
Adult/Young Adult program participants	1,260	690	700	540	895	423	464	470	536	902	869
Children's program participants	1,693	1,486	1,602	1,582	3,222	3,014	4,264	5,351	7,343	7,264	5,171
Summer Reading Program participants	859	1,096	890	890	702	620	705	799	848	1,076	350
Joint Summer Reading program participants		671	951	1,006	1,079	1,079	811	1,153	1,468	1,818	1,806
Accelerated Reader (AR) Testing Program Participants										1,861	2,665
In-N-Out Cover-to-Cover Reading Program					181	202	240	252	274	244	366
Outreach (Class Visits on and off-site, number of participants)									546	1,227	591
Homework Help Tutors	<sup>(2)</sup>	21*	23*	16*	21*	12*	11	15	10	-	-
Homework Help Participants	<sup>(2)</sup>	677	1,132	1,410	1,120	738	997	529	418	-	-
Library volunteer hours <sup>(3)</sup>	8,640	10,826	11,454	12,065	11,766	13,535	14,251	13,754	8,693	5,877	2,224



CITY OF COVINA, CALIFORNIA  
Operating Indicators by Function <sup>(1)</sup>  
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Literacy</b>											
Number of tutors	(2)	(2)	37	36	29	27	23	23	22	20	16
Number of adults served	(2)	(2)	91	105	101	97	79	79	92	83	81
Number of children served	(2)	(2)	46	40	52	37	31	39	43	44	31
<b>Reference Questions</b>											
Adult/Circulation	17,985	11,354	9,808	12,055	20,907	20,436	21,418	22,561	20,281	20,778	15,607
Childrens	14,396	8,005	9,135	6,885	8,862	6,918	6,650	5,738	7,839	8,312	6,090
Total Reference Questions	32,381	19,359	18,943	18,940	29,769	27,354	28,068	28,299	28,120	29,090	21,697
<b>Planning</b>											
Planning reviews	336	320	465	254	281	610	1,733	1,820	1,911	283	156
Permits issued	443	400	422	1,911	2,204	2,253	1,344	1,411	1,482	71	-
Inspections	(2)	(2)	(2)	416	471	531	192	230	242	-	-
<b>Building</b>											
Building reviews	336	320	336	350	450	503	1,362	561	792	820	842
Permits issued	443	400	1,080	1,060	1,599	1,658	3,494	1,514	894	3,927	3,290
Inspections	3,682	3,400	5,441	5,375	6,078	6,029	4,464	3,038	5,137	4,265	4,506
<b>Transit</b>											
Average daily parking customers (station & structure paid)	765	742	886	823	821	845	747	(2)	(2)	666	40
Average monthly parking customers (structure paid)								1,296	688	608	433
Dial-A-Cab participants (monthly average)	1,432	1,515	1,639	1,981	1,920	1,918	1,158	1,454	1,584	1,722	1,468
Subsidized bus passes (monthly average)	75	77	60	44	53	53	28	52	48	50	30
<b>Code Enforcement</b>											
Total Inspections	7,991	10,034	13,919	5,591	4,601	4,434	1,840	1,902	2,956	834	2,113
Signs removed from public right of way	575	528	3,516	661	1,053	1,083	522	233	153	294	278
Industrial Waste Inspections	12	593	488	133	724	413	1	2	220	176	138
<b>Water Utility</b>											
Average daily consumption (gallons)	5,510,880	5,445,095	4,816,719	5,048,319	5,125,309	4,450,897	3,944,447	4,398,752	5,000,000	5,760,000	3,600,000
Meter reads	51,926	54,423	101,008	102,768	106,430	103,851	103,490	(2)	2,291	(2)	2,061
Meter replacements	849	168	73	14	74	6	88	(2)	32	77	28
Consumer responses	2,593	1,715	7,298	7,975	4,765	12,703	5,805	(2)	350	590	727
Service line repairs	99	87	99	83	111	62	48	(2)	59	43	33
Main line repairs	48	43	46	57	38	34	45	(2)	49	70	69
<b>Street Maintenance</b>											
Traffic sign remove/replace/install	787	244	565	1,392	234	92	185	153	118	102	201
Potholes repaired	1,782	1,928	1,502	2,415	2,738	4,058	3,629	4,645	3,802	5,390	6,379
Curb painted (lf)	42,446	27,653	51,424	22,884	10,117	15,436	17,860	37,370	16,960	75,262	26,788
Utility cuts repaired	104	81	24	5	15	-	(2)	(2)	20	73	87
Trees trimmed	375	703	352	305	474	799	2,163	231	255	129	158
<b>Equipment Maintenance</b>											
Preventative maintenance service	359	478	568	536	475	492	367	325	284	291	302
Safety inspections	372	474	626	564	516	563	425	371	320	319	327
New Tires	(2)	(2)	142	145	127	122	82	117	98	121	115
Tire repairs	327	243	253	248	282	315	177	183	164	167	122
Work orders completed	(2)	(2)	1,243	1,194	1,043	1,345	829	681	631	646	657
<b>Environmental Protection</b>											
Refuse collected (tons/month)	2,642	2,559	2,601	2,242	2,222	2,334	2,363	2,482	2,450	2,416	1,825
Recyclables collected (tons/month)	193	192	198	188	188	188	192	185	162	162	200
Green waste collected (tons/month)	546	542	536	525	483	469	463	462	457	469	366
Compressed natural gas sold (gallon equivalents)	25,462	22,704	19,093	13,865	59,351	28,080	33,845	30,999	30,182	29,045	14,427

<sup>(1)</sup> Information provided by various departments

<sup>(2)</sup> Information not available.

<sup>(3)</sup> Combination of Homework Help volunteer hours and Total volunteer hours.

\* Revised

CITY OF COVINA, CALIFORNIA  
Capital Asset Statistics by Function <sup>(1)</sup>  
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>General government</b>											
Buildings-civic center	1	1	1	1	1	1	1	1	1	1	1
<b>Public safety</b>											
Police:											
Stations	1	1	1	1	1	1	1	1	1	1	1
Patrol units	26	26	27	26	24	23	23	20	20	20	21
Fire stations	3	3	3	3	3	3	3	3	3	3	3
<b>Public works</b>											
Arterial streets (miles)	35	35	35	35	35	35	35	35	35	35	47
Residential streets (miles)	82	82	82	82	82	81	87	81	81	81	80
Curb and gutter (miles)	240	240	240	240	240	240	230	230	230	230	230
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	1,001,000	1,001,000
Traffic signals	60	60	60	60	60	60	65	65	65	65	70
Sanitary sewer (miles)	121	121	121	121	121	121	121	121	121	121	120
Storm water catch basins	71	71	71	82	82	82	82	71	112	112	112
Street trees	9,576	9,563	9,347	9,325	9,325	9,325	9,465	9,485	9,473	9,501	9,266
Parking structure (spaces)	125	125	125	125	125	125	110	110	110	110	110
<b>Culture and recreation</b>											
Parks and recreation:											
Park acreage	53	53	53	53	53	51	54	54	54	54	54
Parks	8	8	8	8	8	9	9	9	9	9	9
Horse-walking trails	1	1	1	1	1	1	1	1	1	1	1
Nature trails	1	1	1	1	1	1	1	1	1	1	1
Playground areas	8	8	8	8	8	8	9	9	9	9	9
Swimming pools	2	2	2	2	2	2	2	2	2	2	2
Softball fields	3	3	3	3	3	3	3	3	3	3	3
Baseball fields	3	3	3	3	3	3	3	3	3	3	3
Basketball courts	10	10	10	10	10	10	10	10	10	10	10
Roller hockey rinks	2	2	2	2	2	2	2	2	2	2	2
Tennis courts	3	3	3	3	3	3	3	3	3	3	3
Buildings and centers	12	12	12	12	12	12	13	13	13	13	13
Library buildings	1	1	1	1	1	1	1	1	1	1	1
<b>Transit</b>											
Parking structure (vehicle spaces)	655	655	655	655	655	655	665	665	665	665	663
Parking lot (secured bicycle spaces)	36	36	36	36	36	-	40	40	40	56	16
Transit vehicles	5	5	5	5	5	5	5	5	5	5	5
<b>Housing</b>											
Transitional housing	1	1	1	1	1	1	1	1	1	1	1
<b>Water utility</b>											
Water tanks	8	8	8	9	9	9	9	9	9	9	9
Pump stations	6	6	6	7	7	7	6	6	6	7	7
Water mains (miles)	102	102	102	102	102	102	102	102	102	102	102
Service meters	8,437	8,703	8,552	8,650	8,650	8,650	8,633	8,623	8,623	8,600	8,640
Fire hydrants	1,043	1,057	1,057	1,059	1,059	1,059	992	1,059	1,059	1,132	1,096

<sup>(1)</sup> Information provided by various departments for last nine fiscal years. There are no capital asset statistics available for community development and environmental protection.

<sup>(2)</sup> Information not available.

City of Covina, California  
Continuing Disclosure  
Water System

Summary of Operations										
	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Water Purchased (in acre-feet)										
Covina Irrigating Company (CIC)	5,303.01	6,059.89	5,868.75	4,686.30	4,429.00	4,166.26	4,756.72	5,068.03	5,035.22	5,106.32
Three Valley Muni Water Dist(MWD)	148.50	-	238.50	1,427.10	931.00	467.20	198.00	62.70	-	-
<b>Total Purchased</b>	<b>5,451.51</b>	<b>6,059.89</b>	<b>6,107.25</b>	<b>6,113.40</b>	<b>5,360.00</b>	<b>4,633.46</b>	<b>4,954.72</b>	<b>5,130.73</b>	<b>5,035.22</b>	<b>5,106.32</b>
Potable Water Sold (in acre-feet)	5,418.59	5,410.57	5,479.33	5,738.46	4,986.00	4,418.34	4,508.53	4,909.82	4,720.74	4,620.64
Change from previous year	-14.18%	-0.15%	1.27%	4.73%	-13.11%	-11.39%	2.04%	8.90%	-3.85%	-2.12%
Population	47,796	48,038	48,357	48,619	49,002	48,984	49,011	49,006	48,876	48,846
Cost of CIC Water \$/a-f	\$ 425.00	\$ 425.00	\$ 450.00	\$ 475.00	\$ 475.00	\$ 495.00	\$ 495.00	\$ 530.00	\$ 530.00	\$ 495.00
Cost of MWD Water \$/a-f	754.00	793.00	849.00	875.00	879.41	906.76	981.67	987.00	987.00	987.00
<b>Number of Water Accounts<sup>(1)</sup></b>	<b>8,532</b>	<b>8,606</b>	<b>8,583</b>	<b>8,635</b>	<b>8,550</b>	<b>8,638</b>	<b>8,642</b>	<b>8,656</b>	<b>8,701</b>	<b>8,506</b>

Water System Fund Revenues and Expenses <sup>(2)</sup>										
	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
<b>Operating Revenue</b>										
Charges for Services	8,872,848	10,515,236	10,902,689	13,337,157	10,896,780	10,436,434	11,011,015	11,138,975	9,586,220	10,673,985
<b>Operating Expenses</b>										
Source & supply	3,194,055	2,943,016	3,325,059	3,944,941	3,146,588	2,707,841	2,849,099	3,190,768	3,116,482	3,067,435
Production & storage	511,794	507,877	645,858	497,422	556,304	911,509	1,072,317	2,224,760	928,941	1,093,228
Transmission & distribution	1,207,591	1,423,143	1,531,620	1,394,900	1,732,307	613,017	1,604,822	1,790,159	1,096,437	1,535,521
Customer acct & collections	640,413	857,370	1,182,150	1,082,024	1,061,295	1,363,414	1,474,373	1,347,476	1,304,399	906,296
Administrative & general	1,026,874	655,696	835,384	904,636	638,819	798,833	238,355	(68,719)	1,872,999	1,539,142
Depreciation	1,056,167	783,715	779,081	867,235	957,051	953,511	964,403	1,006,332	1,131,906	1,276,414
<b>Total Operating Expenses</b>	<b>7,636,894</b>	<b>7,170,817</b>	<b>8,299,152</b>	<b>8,691,158</b>	<b>8,092,364</b>	<b>7,348,125</b>	<b>8,203,369</b>	<b>9,490,776</b>	<b>9,451,164</b>	<b>9,418,036</b>
<b>Net Revenues</b>	<b>1,235,954</b>	<b>3,344,419</b>	<b>2,603,537</b>	<b>4,645,999</b>	<b>2,804,416</b>	<b>3,088,309</b>	<b>2,807,646</b>	<b>1,648,199</b>	<b>135,056</b>	<b>1,255,949</b>
1999 Bond Installment Payments	218,555	-	-	-	-	-	-	-	-	-
2010 Bond Installment Payments	192,308	1,173,262	990,262	986,413	710,708	990,113	988,713	985,413	986,613	988,713
Coverage	3.01	2.85	2.63	4.71	3.95	3.12	2.84	1.67	0.14	1.27

Water Rates <sup>(1)</sup>										
	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021*	
<b>Minimum Charge:</b>										
5/8" & 3/4"	\$ 30.87	\$ 31.90	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	
1"	45.71	47.33	49.44	49.44	49.44	49.44	49.44	49.44	49.44	
1-1/2"	70.43	73.04	76.43	76.43	76.43	76.43	76.43	76.43	76.43	
2"	108.54	111.80	115.15	115.15	115.15	115.15	115.15	115.15	115.15	
3"	203.52	209.63	215.92	215.92	215.92	215.92	215.92	215.92	215.92	
4"	339.18	349.36	359.84	359.84	359.84	359.84	359.84	359.84	359.84	
6"	678.39	698.74	719.70	719.70	719.70	719.70	719.70	719.70	719.70	
8"										
<b>Charge per hundred cubic feet (hcf):</b>										
Single Family (0-16 ccf)	2.49	2.58	2.71	2.71	2.71	2.71	2.71	2.71	2.71	
Single Family (17+ ccf)	2.77	2.88	3.02	3.02	3.02	3.02	3.02	3.02	3.02	
Multi-Family (0-12 ccf)	2.49	2.58	2.71	2.71	2.71	2.71	2.71	2.71	2.71	
Multi-Family (13+ ccf)	2.71	2.82	2.96	2.96	2.96	2.96	2.96	2.96	2.96	
Commercial/Institutional	2.89	3.01	3.16	3.16	3.16	3.16	3.16	3.16	3.16	
Industrial/Manufacturing	2.51	2.61	2.74	2.74	2.74	2.74	2.74	2.74	2.74	
Irrigation/Landscaping	2.89	3.01	3.16	3.16	3.16	3.16	3.16	3.16	3.16	
City/Miscellaneous	2.52	2.62	2.75	2.75	2.75	2.75	2.75	2.75	2.75	
<b>Capital Improvements Projects Fee:</b>										
5/8" & 3/4"	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	
1"	6.36	6.36	6.36	6.36	6.36	6.36	6.36	6.36	6.36	
1-1/2"	12.72	12.72	12.72	12.72	12.72	12.72	12.72	12.72	12.72	
2"	32.55	32.55	32.55	32.55	32.55	32.55	32.55	32.55	32.55	
3"	61.03	61.03	61.03	61.03	61.03	61.03	61.03	61.03	61.03	
4"	101.71	101.71	101.71	101.71	101.71	101.71	101.71	101.71	101.71	
6"	203.43	203.43	203.43	203.43	203.43	203.43	203.43	203.43	203.43	
8"										
<b>Private Fire Standby Service:</b>										
4"	20.08	20.88	21.71	21.71	21.71	21.71	21.71	21.71	21.71	
6"	58.33	60.66	63.09	63.09	63.09	63.09	63.09	63.09	63.09	
8"	124.32	129.29	134.46	134.46	134.46	134.46	134.46	134.46	134.46	
10"	223.56	232.50	241.80	241.80	241.80	241.80	241.80	241.80	241.80	

\* Information presented is current as of 12/22/20

Largest Water Accounts <sup>(1)</sup>					
Customer	Type of Business	Consumption (in acre-feet)	% of total consumption	Revenue	% of total water sales
Covina School District	Governmental	112.71	2.44%	\$185,328.42	2.21%
Inter-Comm Health SVC	Commercial	79.68	1.72%	\$116,580.73	1.39%
Charter Oak Unified School Dist	Governmental	58.82	1.27%	\$85,114.08	1.02%
Covina 023-Woods 206 LP	Multiple Family	58.70	1.27%	\$85,196.66	1.02%
City of Covina	Governmental	38.54	0.83%	\$1,714.62	0.02%
Miracle Mile Properties LP	Multiple Family	31.95	0.69%	\$43,358.22	0.52%
Lvgem Hotel Corporation	Commercial	28.39	0.61%	\$45,576.04	0.54%
Spruell, Rosario O.	Multiple Family	27.69	0.60%	\$37,462.55	0.45%
Olive Tree Apts	Multiple Family	24.11	0.52%	\$10,693.13	0.13%
Rayne Soft Water Svc	Commercial	19.18	0.42%	\$23,459.12	0.28%
<b>TOTALS</b>		<b>479.77</b>	<b>10.38%</b>	<b>\$ 634,484</b>	<b>7.57%</b>
<b>GRAND TOTAL CONSUMPTION</b>		<b>4,620.64</b>		<b>GRAND TOTAL SALES \$ 8,383,891</b>	

(1) Information obtained from Water information system

(2) Information obtained from Covina Comprehensive Annual Financial Report

City of Covina, California  
Continuing Disclosure  
Wastewater System

<b>Sewer Fund Revenues and Expenses</b>										
	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
<u>Operating Revenue</u>										
Special Assessments	1,464,430	1,750,240	2,263,321	2,213,642	2,596,318	2,683,503	2,760,749	2,833,092	2,923,535	2,905,488
<u>Operating Expenses</u>										
General & Administrative	435,948	164,835	522,657	784,732	919,254	785,109	661,138	1,013,663	1,721,983	2,367,418
Depreciation	25,461	28,319	42,314	110,795	167,735	167,735	167,735	167,735	168,680	179,627
Total Operating Expenses	461,409	193,154	564,971	895,527	1,086,989	952,844	828,873	1,181,398	1,890,663	2,547,045
Net Revenues	1,003,021	1,557,086	1,698,350	1,318,115	1,509,329	1,730,659	1,931,876	1,651,694	1,032,872	358,443
2009 Bond Installment Payments	685,931	932,806	1,296,869	1,296,056	1,298,981	1,294,781	1,293,363	1,294,469	1,292,900	266,966
2019 Ref Bond Installment Payments										1,025,239
Coverage	1.46	1.67	1.31	1.02	1.16	1.34	1.49	1.28	0.80	1.34
<b>Sewer Rates <sup>(1)</sup></b>										
	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020		
	8.62	8.62	10.36	10.57	10.88	11.21	11.45	11.45		

<sup>(1)</sup> Monthly Rates