

CITY OF COVINA, CALIFORNIA



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

CITY OF COVINA, CALIFORNIA

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2018

Walter Allen III
Mayor

Peggy A. Delach
Mayor Pro Tem

Jorge A. Marquez
Council Member

John C. King
Council Member



Victor Linares
Council Member

Brian Saeki
City Manager

CITY OF COVINA, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
TABLE OF CONTENTS

	<u>Page No.</u>
 INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	8
List of Principal Officials	9
 FINANCIAL SECTION	
Independent Auditor's Report.....	11
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Position	28
Statement of Activities	29
Fund Financial Statements:	
Balance Sheet – Governmental Funds	31
Reconciliation of Balance Sheet - Governmental Funds to the Statement of Net Position	32
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	33
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Statement of Net Position – Proprietary Funds	36
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	37
Statement of Cash Flows – Proprietary Funds	38
Statement of Fiduciary Net Position	40
Statement of Changes in Fiduciary Net Position.....	41
Notes to the Financial Statements	43
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	88
Budgetary Comparison Schedule – Housing Authority Special Revenue Fund	89
Budgetary Comparison Schedule – Measure R Special Revenue Fund	90
Note to Required Supplementary Information	91

CITY OF COVINA, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
TABLE OF CONTENTS

	<u>Page No.</u>
Schedule of Changes in the NPL and Related Ratios – Miscellaneous Plan	92
Schedule of Pension Contributions – Miscellaneous Plan	93
Schedule of Plan’s Proportionate Share of the NPL and Related Ratios – Safety Plan	94
Schedule of Pension Contributions – Safety Plan	95
Schedule of Changes in Net OPEB and Related Ratios	96
Schedule of Contributions - OPEB	97
Supplementary Information:	
Combining Balance Sheet – Non-Major Governmental Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	104
Budgetary Comparison Schedule – Non-Major Governmental Funds:	
Special Revenue Funds:	
Community Development Block Grant Fund	107
Prop A Fund	108
Law Enforcement Fund	109
Narcotics Seizure Fund	110
State Gas Tax Fund	111
Prop C Fund	112
Air Quality Fund	113
Municipal Parking District Fund	114
Lighting Assessment District Fund	115
Landscaping Assessment District Fund	116
Community Facilities District Fund	117
Shoppers Lane Parking District Fund	118
Measure M Fund	119
TDA Grant Fund	120
Other Grants Fund	121
Road Maintenance and Rehabilitation Act Fund	122
PEG Access Television Fund	123
Capital Projects Funds:	
General Projects Fund	124
Park Development Fund	125
Covina Revitalization Projects Fund	126
Transportation Fund	127
Combining Statement of Net Position – Internal Service Funds	130
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	131
Combining Statement of Cash Flows – Internal Service Funds	132
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds	134
Combining Statement of Change in Fiduciary Assets and Liabilities – Agency Funds	135

CITY OF COVINA, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
TABLE OF CONTENTS

	<u>Page No.</u>
STATISTICAL SECTION	
Net Position by Component – Last Ten Fiscal Years	138
Changes in Net Position – Last Ten Fiscal Years	139
Fund Balances of Governmental Funds – Last Ten Fiscal Years	142
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years.....	143
General Governmental Tax Revenues by Source – Last Ten Fiscal Years.....	145
Assessed Value of Taxable Property – Last Ten Fiscal Years	146
Assessed Value of Taxable Property by Use – Last Ten Fiscal Years	147
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	148
Principal Property Owners – Last Ten Fiscal Years.....	149
Property Tax Levies and Collections – Last Ten Fiscal Years	150
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	151
Ratios of Net General Bonded Debt Outstanding – Last Ten Fiscal Years	152
Direct and Overlapping Governmental Activities Bonded Debt.....	153
Legal Debt Margin Information– Last Ten Fiscal Years	154
Pledged-Revenue Bond Coverage – Water Utility Fund Certificates of Participation and Revenue Bonds – Last Ten Fiscal Years	155
Pledged-Revenue Bond Coverage – Sewer Fund Revenue Bonds – Last Ten Fiscal Years	156
Demographic and Economic Statistics	157
Principal Employers – This Year and Nine Years Ago	158
Full-time Equivalent City Government Employees by Function	159
Operating Indicators by Function	160
Capital Asset Statistics by Function	162
Continuing Disclosure – Water System	163
Continuing Disclosure – Wastewater System	164



CITY OF COVINA

125 East College Street • Covina, California 91723-2199

January 22, 2019

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, 2018 and for the year then ended, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

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

Independent Audit. City policy requires that its financial statements be audited by a certified public accountant. Moss Levy & Hartzheim LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2018. 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 2017-18 it will be subject to the requirements of a Single Audit as it did 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 49,006 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 30th of each fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, program (e.g., public safety), and activity (e.g., police patrol). Department heads may transfer resources within each activity as needed. The City Manager may transfer resources between activities within a fund. Transfers between funds require approval from the City Council.

In accordance with the reporting entity definition of the Governmental Accounting Standards Board, the City has included the Covina Public Financing Authority, the 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. 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
 - o *Encumbrances and contractual commitments*
 - o *Grant, restricted donation and capital project appropriations are considered life-cycle appropriations*
 - o *All other appropriations shall lapse at year-end unless carried forward by City Council action*

2. Estimated Revenues

- Estimated revenues will be identified by fund, program and activity
- Fund types include general, special revenue, debt service, capital projects, enterprise and internal service
- Identify recurring vs. nonrecurring revenues
- Identify general revenues vs. restricted revenues

3. Fund Balances/Working Capital

- Program-base budget will calculate available fund balances and/or working capital available in the various funds
- Program-base budget will establish adequate reserves

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

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**
 - *Make budgetary and financial decisions on conservative estimates of revenues, expenditures and other financing sources and uses*
 - *The greater the uncertainty and/or volatility of the budgetary and financial estimates, the more conservative the estimates*

Program Base Budget-Change in Service

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

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

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

Infrastructure Maintenance

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

Exceptions

1. City Council/Agency Board authorization required for

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

Implementation

- 1. The City Manager shall be responsible for the preparation and submission of the program-based budget.*
- 2. The City Manager shall be authorized to make the appropriate changes to adhere to the budget policy.*
- 3. Staff shall report to the City Council 30 days after the end of each fiscal quarter with an update on actual revenues and expenditures as shown in the adopted budget.*

A majority of the policy guidelines have been implemented to date.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire staff of the Finance Department with special recognition of Theresa Franke, 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



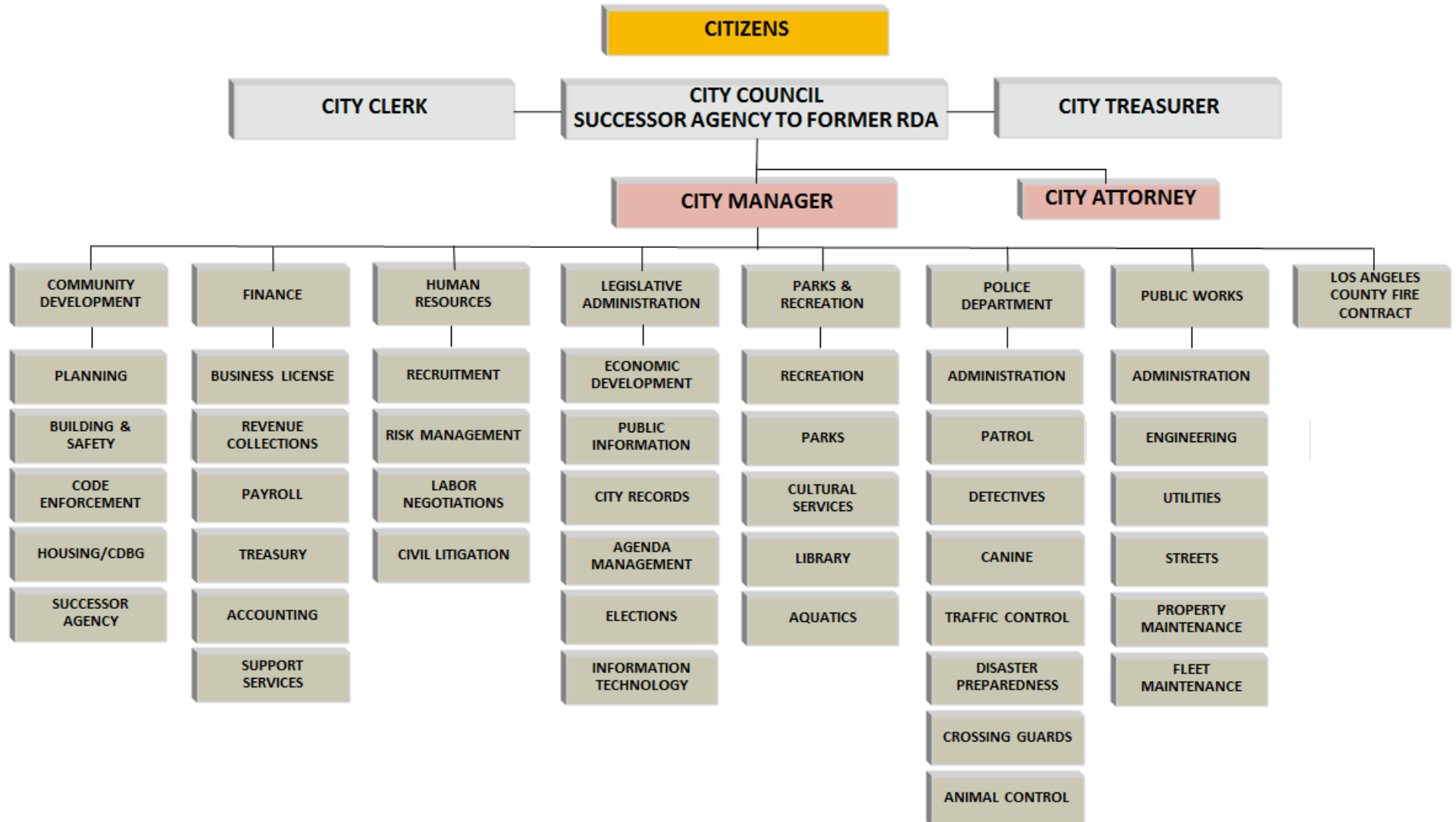
Brian Sacki
City Manager



Anita Agramonte
Finance Director

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF COVINA
ORGANIZATIONAL CHART
FISCAL YEAR 2017-2018



CITY OF COVINA, CALIFORNIA
List of Principal Officials
2017-2018

<u>Elected Officials</u>	<u>Term Expires</u>
Mayor: Walter Allen III	March 2020
Mayor Pro Tem: Peggy A. Delach	March 2020
Council Members: John C. King	March 2022
Jorge A. Marquez	March 2022
Victor Linares	March 2022
City Clerk: * Mary Lou Walczak	March 2022
City Treasurer: Geoffrey Cobbett	March 2022
 <u>Administrative Staff</u>	 <u>Date of Hire</u>
City Manager: * Brian Saeki	January 2017
City Attorney: * Candice Lee	May 2015
Finance Director: Anita Agramonte	July 2016
Human Resources Director: Danielle Tellez	June 2015
Police Chief: John Curley	January 1993
Fire Chief: ** Daryl L. Osby	February 2011
Public Works Director: Siobhan Foster	May 2015
Christopher Marcarello	June 2018
Parks and Recreation Director: Amy Hall-McGrade	July 1983
Community Development Director: Brian Lee	June 2015
Chief Deputy City Clerk/Records Management Director: Sharon Clark	September 2015

* Appointed by City Council

** Appointed by Los Angeles County Fire District

THIS PAGE INTENTIONALLY LEFT BLANK



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A. LEVY, CPA
CRAIG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA
ALEXANDER C. HOM, CPA
ADAM V. GUISE, CPA
TRAVIS J. HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

433 N. CAMDEN DR., SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Covina, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Covina, California, (the City) as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the basic financial statement, effective July 1, 2017, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 25, the budgetary comparison schedules on pages 88 through 90, Agent-Multiple Employer Defined Pension Plan – Last 10 Years: Schedule of Changes in the Net Pension Liability and Related Ratios as of Measurement Date – Miscellaneous Plan on page 92, Schedule of Pension Contributions – Miscellaneous Plan on page 93, Cost Sharing Multiple-Employer Defined Pension Plan – Last 10 Years: Schedule of Plan's Proportionate Share of Net Pension Liability and Related Ratios As of Measurement Date – Safety Plan on page 94, the Schedule of Pension Contributions – Safety Plan on page 95, Schedule of Change in Net OPEB and Related Ratios As of Measurement Date on page 96, and the Schedule of Contributions – OPEB on page 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining non-major fund financial statements, non-major funds budgetary comparison schedules, the combining internal service funds financial statements, the combining agency fund financial statements, and the statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining non-major fund financial statements, non-major funds budgetary comparison schedules, the combining internal service funds financial statements, and the combining agency fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, non-major funds budgetary comparison schedules, the combining internal service funds financial statements, and the combining agency funds financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
January 22, 2019

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2018. 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 \$101,038,111. The Governmental Activities have a deficit unrestricted net position of \$43,430,116. Business-type Activities have unrestricted net position of \$20,585,317.
- * The City's net position for governmental and business-type activities decreased by \$4,216,025 or 4% from the previous fiscal year.
- * The total cost of all City activities was \$63,924,370 for the current fiscal year. Net cost of all activities was \$30,695,064.
- * During the current fiscal year, the City's governmental activities net expenditures exceeded net revenues by \$1,343,131.
- * In the City's business-type activities, net revenues exceeded net expenditures by \$733,210.
- * The total fund balance of the City's governmental funds was \$33,896,623 at the close of the fiscal year. The total amount is nonspendable, committed, restricted or assigned and is not available for spending at the City's discretion.
- * General Fund revenues and other financing sources (uses) exceeded expenditures by \$2,093,344 for the fiscal year.
- * The total fund balance of the General Fund was \$8,835,260 as of June 30, 2018. The total of this amount is nonspendable, restricted, committed or assigned and is not available for spending at the City's discretion (see note 15 of *Notes to the Financial Statements*).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

Statement of Net Position

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

Statement of Activities

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

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 seventeen individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General and Housing Authority, and Transit 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, Compensated Absences and Public Liability. These services predominately benefit governmental and business-type functions and have been allocated within the *governmental activities* as well as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility, Environmental Protection and Sewer. All proprietary funds are considered to be major funds of the City. Conversely, all Central Equipment, Information Technology, Workers' Compensation, and Public Liability

Management's Discussion and Analysis (Continued)

internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

Fiduciary Funds

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

The government-wide financial statements exclude fiduciary funds.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$101 million at the close of the fiscal year, which is a decrease of \$4.2 million or 4% from the previous fiscal year.

The largest portion of that net position, \$92.4 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, \$31.5 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 \$23 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 56.62% of the City's total net position. As reflected in the following table, restricted governmental activities net position decreased by \$1.1 million (4.14%) from the previous fiscal year. These include external restrictions relating to public safety, public works, culture and recreation, transit and redevelopment and housing.

Governmental Activities Net Position

	2018	2017
Current and other assets	\$ 52,662,798	\$ 43,258,355
Capital assets	75,277,959	74,371,948
Deferred outflows	13,110,665	8,998,320
Total Assets and deferred outflows	<u>141,051,422</u>	<u>126,628,623</u>
Long-term liabilities outstanding	75,061,486	57,217,840
Other liabilities	4,394,115	3,687,472
Deferred inflows	4,391,348	3,569,603
Total Liabilities and deferred inflows	<u>83,846,949</u>	<u>64,474,915</u>
Net position:		
Net Investment in capital assets	74,766,840	74,371,948
Restricted	25,867,749	26,984,607
Unrestricted	<u>(43,430,116)</u>	<u>(39,202,847)</u>
Total net position	<u>\$ 57,204,473</u>	<u>\$ 62,153,708</u>

Management's Discussion and Analysis (Continued)

The following table compares fiscal year changes in revenues and expenses in governmental activities that comprise net position, as found in Statement of Activities. Note that there is a restatement to the net position; this reflects the City's implementation of GASB 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The cumulative effect of this implementation has resulted in a decrease to the net position and is discussed further in Note 18 of the *Notes to the Financial Statements*.

Governmental Activities Change in Net Position

Revenues	2018	2017
Program revenues:		
Charges for services	\$ 7,967,354	\$ 5,134,726
Operating grants and contributions	7,540,661	10,563,152
Capital grants and contributions	2,579,102	8,209,341
General revenues:		
Property taxes	12,575,318	11,642,704
Sales taxes - intergovernmental unrestricted	8,950,753	9,164,440
Utility users taxes	4,573,428	4,689,894
Other taxes	2,568,705	2,314,848
Investment earnings	144,176	226,671
Gain/(Loss) on sale of capital assets	-	-
Transfers	-	18,900
Total Revenues	46,899,497	51,964,676
Expenses		
General government	1,370,482	5,786,202
Public safety	30,579,038	26,080,895
Public works	6,792,606	6,548,405
Culture and recreation	5,027,721	3,451,383
Community development	2,217,024	1,135,194
Transit	1,212,960	1,260,117
Redevelopment and housing	1,042,797	349,820
Total expenses	48,242,628	44,612,016
Increase (Decrease) in net position before transfers		
Change in net position	(1,343,131)	7,352,660
Beginning net position	62,153,708	54,801,048
Restatements	(3,606,104)	-
Ending net position	\$ 57,204,473	\$ 62,153,708

As reflected above, the City's net expenditures exceeded net revenues of governmental activities by \$1,343,131. Compared to the previous year, 2018 revenues show a decrease of \$5.1 million while expenses increased by \$3.6 million.

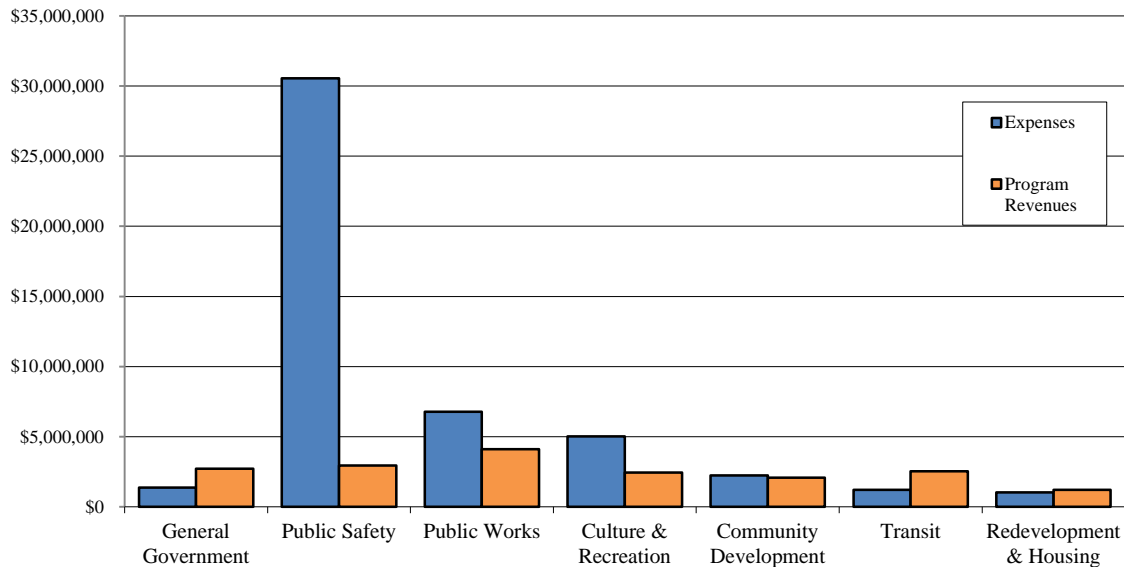
The majority of the revenue decrease is due to a one-time asset transfer in 2017 from the former Redevelopment Agency. In addition, sales tax revenue decreased by \$214,000 in large part due to a one-time sales tax reconciliation true-up received from the State in 2017. Utility user tax decreased by \$116,000 while property taxes increased by \$933,000 and other taxes increased \$254,000.

There has been a shift in how costs are recorded: indirect costs that previously were reflected as general government expenditures are now systematically allocated among departments. This results in increased departmental expenditures and reduced general government expenditures. Additional increases are a result of negotiated increases in salaries and benefits, as well as fire suppression costs, PERS unfunded liability, and animal control costs. In addition, redevelopment and housing expenditures increased due to the new Senior Center Construction Project.

Management's Discussion and Analysis (Continued)

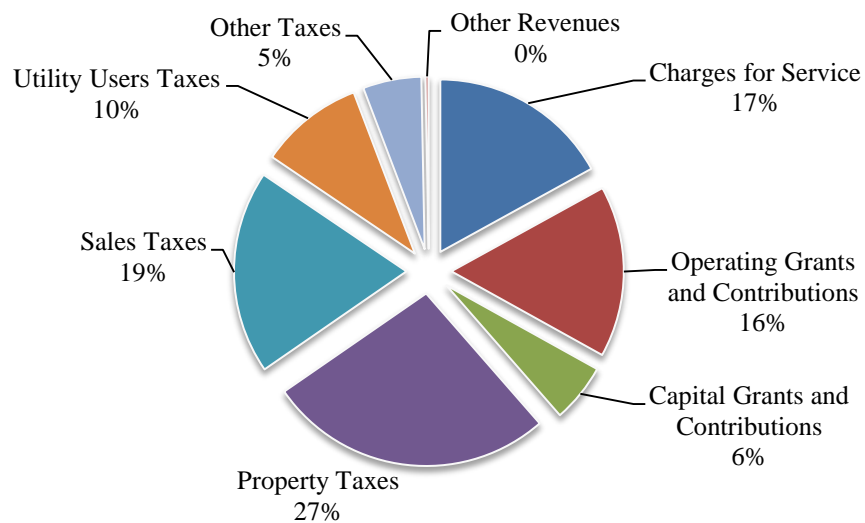
Net expenses are good indications of the extent to which the services provided by the City are financed from taxes paid by the citizens (general revenues) as opposed to recovering the cost of these services with user fees and other contributions (program revenues). General Government, Transit and Redevelopment and Housing program revenues are sufficient to cover related expenses. 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 94% 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.

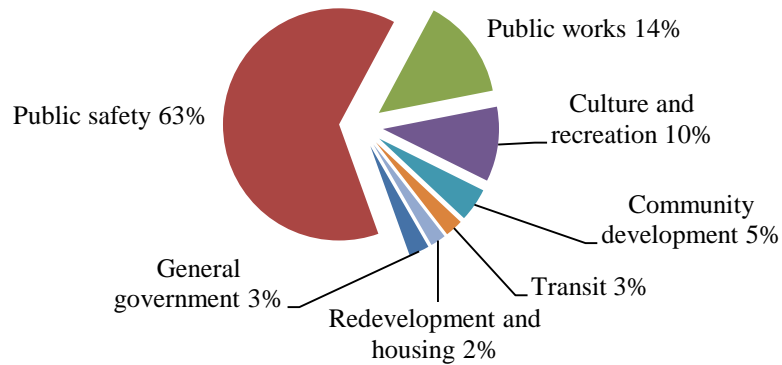
Revenue Sources-Governmental Activities



The next graph demonstrates governmental activity expenditures by function/program. Note that public safety and public works represent 77% of the programs of the governmental activities; this is consistent with the City's highest priority of citizen safety and well-being. Culture and recreation represent 10% of governmental activities as the City is committed to providing valuable programs to the community.

Management's Discussion and Analysis (Continued)

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 2017 and 2018. Current year detail can be found in the *Government-Wide Financial Statements, Statement of Net Position*.

Business-Type Activities Net Position

	2018	2017
Current and other assets	\$ 43,858,096	\$ 46,562,919
Capital assets	35,512,895	31,950,206
Deferred outflows of resources	1,182,802	975,762
Total assets and deferred outflows	80,553,793	79,488,887
Long-term liabilities outstanding	34,324,736	34,766,287
Other liabilities	1,981,290	1,497,244
Deferred inflows of resources	414,129	124,928
Total liabilities	36,720,155	36,388,459
Net position		
Net Investment in capital assets	17,635,065	14,333,903
Restricted	5,613,256	4,353,289
Unrestricted	20,585,317	24,413,236
Total net position	\$ 43,833,638	\$ 43,100,428

The net position of the business-type activities represents 43.38% of the City's total net position and increased by \$733,000 from the previous year. The revenue and expense activity which generated the change in business type net position is reflected on the following table.

Management's Discussion and Analysis (Continued)

Business-type Change in Net Position

	2018	2017
Revenues		
Program Revenues:		
Charges for services	\$ 15,142,189	\$ 15,084,958
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General revenues-investment earnings	1,272,763	343,984
Total Revenues	<u>16,414,952</u>	<u>15,428,942</u>
Expenses		
Water Utility	12,815,344	8,056,727
Environmental Protection	1,109,212	867,142
Sewer	1,757,186	1,429,207
Total Expenses	<u>15,681,742</u>	<u>10,353,076</u>
Change in net position before transfers	<u>733,210</u>	<u>5,075,866</u>
Transfers in (out)	<u>-</u>	<u>(18,900)</u>
Change in net position	<u>\$ 733,210</u>	<u>\$ 5,056,966</u>

As reflected above, the City's business-type program expenses exceeded program revenues (charges for services) by \$540,000. Total business-type program revenues increased by \$57,000 from the prior fiscal year. This reflects an increase in water charges for services of \$127,000 as well as an increase in sewer charges for services of \$72,000. These increases are offset by a decrease of \$143,000 in environmental service charges.

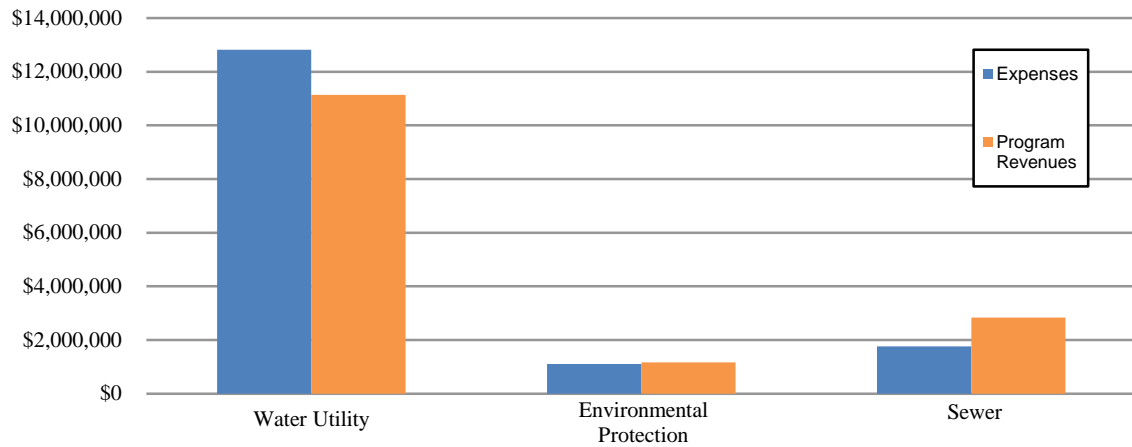
Environmental and Sewer charges for services were sufficient to cover both operating and interest expenses for the respective functions during the fiscal year. Water charges for services covered all regular operating expenses; however \$4.7 million in expenditures on major capital projects such as the Badillo South and Casad water system upgrades, as well as the Grand Avenue rehabilitation project, contributed to a \$1.7 million deficit in the Water Utility.

Total business-type expenses increased by \$5.3 million from the previous fiscal year. The major factor is an increase of \$4.8 million in water utility expenses. Water utility expenses include general and administrative, utility billing, customer service, sales promotion, source and supply, production and storage, and transmission and distribution expenses; however, a large part of the increase is attributable to major capital projects mentioned in the previous paragraph. Sewer utility expenditures, which include general and administrative, depreciation and bond interest expenses increased by \$328,000. Environmental protection expenses include general and administrative, environmental services, and waste management. These expenses increased by \$242,000 from the prior year.

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

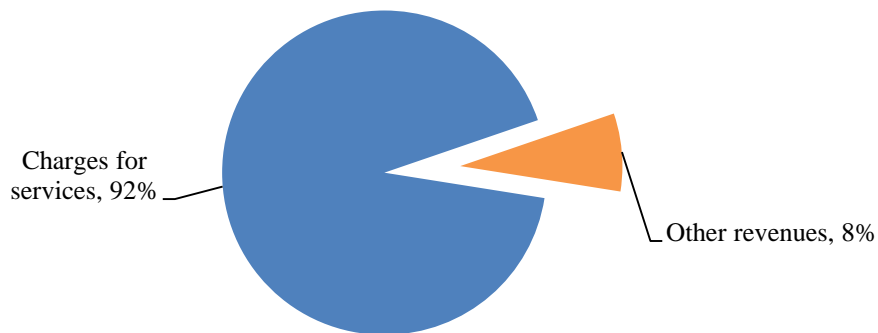
Management's Discussion and Analysis (Continued)

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.

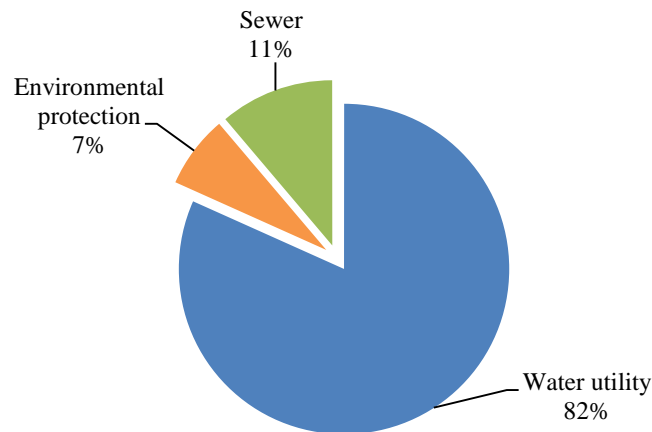
Revenues by Source - Business-type Activities



The next chart demonstrates business-type activity expenditures by function/program. Water comprises the majority of expenditures, which includes major capital projects, as discussed previously.

Management's Discussion and Analysis (Continued)

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.

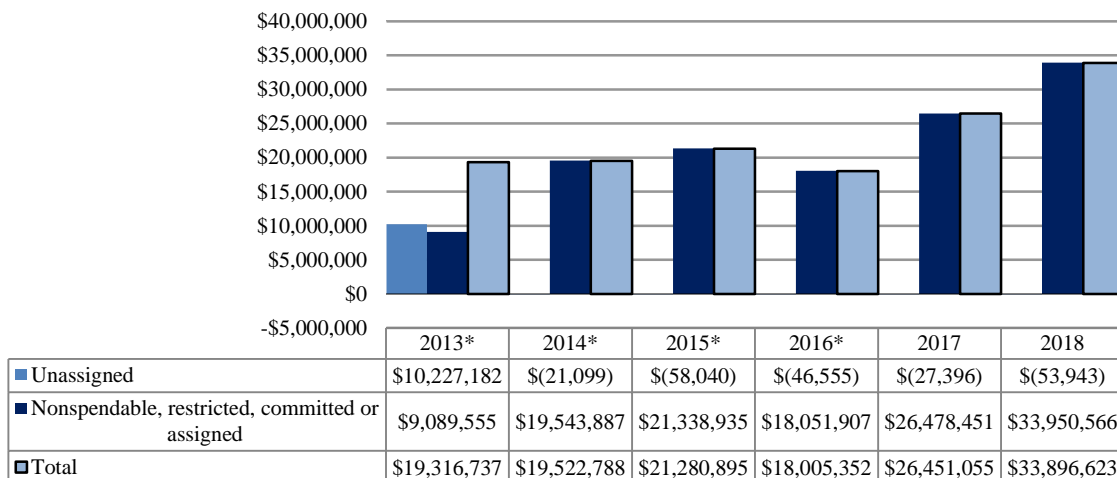
Governmental Funds

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, 2018, the City's governmental funds reported combined fund balances of \$33,896,623, an increase of \$7.5 million from the prior fiscal year. This increase is largely attributable to \$5.9 million in proceeds from the issuance of the TRIP bond in the Measure R Fund. There is no *Unassigned fund balance* available for designation and/or future spending at the City's discretion. All fund balance is nonspendable, restricted, committed or assigned and is not available for spending at the City's discretion, as detailed in Note 15 of *Notes to the Financial Statements*.

The following is a summary of fund balances of the governmental funds for fiscal years 2013-2018:

Fund Balances of Governmental Funds



*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 2017-18 was \$8.8 million and is classified as follows: \$3.1 million non-spendable, \$3.7 million committed, \$449,000 restricted, and \$1.6 million assigned. Comparing both total and unassigned fund balances to total fund expenditures is a measure of the General Fund's liquidity. With that in mind, total fund balance in the General Fund represents 24% of total General Fund expenditures, and unassigned fund balance in the General Fund represents 0% of total General Fund expenditures.

The fund balance of the General Fund increased by \$2.1 million during the fiscal year. The increase is primarily a result of one-time revenues, including a Rule 20A swap, and a SCE rebate and a FEMA reimbursement for prior year expenditures. Additionally, there were revenue increases in property tax, transient occupancy tax, charges for services, licenses and permits and intergovernmental revenues. These increases were offset by decreased sales tax and utility user tax revenues as well as increased expenditures. Also, as discussed previously, in Fiscal Year 2018 indirect costs were shifted from the General Fund to departments resulting in General Fund cost savings.

The Housing Authority special revenue fund is a major fund of the City. The total fund balance of this fund is \$2.9 million which is restricted and not *available for spending* at the City's discretion. Compared to the previous year, the Housing Authority special revenue fund reflects a decrease of \$5.9 million due to the reclassification of non-Housing bond proceeds which were previously reflected in the Housing Authority.

Measure R Special Revenue fund is also a major fund of the City. The total fund balance of this fund is \$6.7 million which is restricted and not *available for spending* at the City's discretion. The total fund had an increase of \$5.6 million comprised mostly of certificate of participation bond proceeds.

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 \$17,722,926 in the fiscal year from \$19,289,737 in the prior year. Environmental fund unrestricted net position increased to \$1,286,526 from \$1,183,522 in the prior year. The Sewer enterprise fund unrestricted net position increased to \$3,659,104 from \$3,081,233 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 \$1,048,206 which represents a 3% increase. The most significant budgetary appropriation increases include mid-year adjustments totaling \$786,000 which included appropriations of \$390,000 to public safety for overtime and sick leave, as well as the grant funded Taskforce for Regional Autotheft Prevention (TRAP) program. It also included an increase of \$380,000 in community development for planning consulting services.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2018, is \$110,790,854 (net of accumulated depreciation). Capital assets include buildings and structures, improvements other than buildings, domain infrastructure, water system infrastructure, sanitary sewer infrastructure, and machinery and equipment. The following table is a summary of capital assets (net of accumulated depreciation) at June 30, 2018 and 2017.

Management's Discussion and Analysis (Continued)

Capital Assets (net of depreciation)		
	2018	2017
Governmental activities		
Land	\$10,851,900	\$10,851,900
Buildings and structures	18,153,784	18,998,202
Improvements other than buildings	5,779,295	4,851,101
Public domain infrastructure	29,305,145	32,578,693
Sanitary sewer infrastructure	1,971,765	2,036,502
Machinery and equipment	3,793,570	3,645,535
Construction in progress	5,422,500	1,410,015
Total governmental activities	<u>75,277,959</u>	<u>74,371,948</u>
Business-type activities		
Land	377,408	377,408
Buildings and structures	9,434,849	9,640,528
Improvements other than buildings	140,484	151,420
Water system infrastructure	21,158,552	19,951,711
Machinery and equipment	1,046,729	1,154,949
Construction in progress	3,354,873	674,190
Total business-type activities	<u>35,512,895</u>	<u>31,950,206</u>
Total capital assets	<u>\$ 110,790,854</u>	<u>\$ 106,322,154</u>

Total capital assets, net of depreciation, increased from the prior year by \$4.5 million. This is due largely to construction in progress (CIP) in governmental and business type activities which increased, net of depreciation, by \$6.7 million. The CIP increase includes Senior Center construction of \$2.7 million, street improvements of \$1.5 million and water system upgrades of \$4.7 million; this increase is offset by projects completed in the course of the year which were reclassified from CIP to capital assets. Water system infrastructure capital assets increased by \$1.2 million. The net decrease in public domain infrastructure of \$3.3 million during the current fiscal year reflects depreciation expense incurred. Note 9 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 \$109,386,224. 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, 2018 and 2017:

Outstanding Debt (net of unamortized charges)		
	2018	2017
Governmental activities		
Compensated absences	\$ 3,679,919	\$ 3,850,559
Claims and judgments	7,682,193	3,773,632
Certificates of participation payable (COP)	5,657,747	-
Capital lease payable	496,571	-
Postemployment benefit obligation	6,074,022	2,040,432
Net pension liability	51,471,034	47,553,217
Total governmental activities	<u>75,061,486</u>	<u>57,217,840</u>
Business-type activities		
Compensated absences	350,113	297,003
Capital lease payable	2,875,238	3,186,044
Revenue bonds payable	24,465,711	25,483,722
Net pension liability	6,633,676	5,799,519
Total business-type activities	<u>34,324,738</u>	<u>34,766,288</u>
Total outstanding debt	<u>\$ 109,386,224</u>	<u>\$ 91,984,128</u>

Management's Discussion and Analysis (Continued)

The increase in long-term debt from 2017 to 2018 in governmental activities was \$17.8 million. One primary factor was certificate of participation issuance for the Total Road Improvement Program (TRIP) in the amount of \$5.7 million. Other factors include increases of \$3.9 million in claims and judgements, particularly related to worker's compensation claims, \$4.8 million to pension liability, \$185,000 to capital leases payable, \$118,000 to compensated absences, and \$4 million to the City's other post-employment benefit (OPEB) obligation. These increases are offset by a decrease in revenue bonds payable of \$1.02 million.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City applied sound budgeting practices and considered new residential and retail development in formulating a balanced budget for Fiscal Year 2018-19. 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 have enabled the City of Covina to remain fiscally solvent. As reflected on Note 15 of *Notes to the Financial Statements*, the City maintains an emergency contingency reserve of \$3.7 million, or 10.24% of General Fund expenditures; this is 9.76% less than the 20% goal set forth in the City's budget policy.

The City's economy continues to grow at a slow and steady pace with modest increases expected in the coming years.

The budget reflects modest increases in property taxes, franchise/other taxes, licenses and permits and charges for services, while fines and forfeitures are budgeted to remain constant. Increased revenue projections are offset by projected decreases in intergovernmental revenues.

To address prior structural deficits, the City called an election to gain voter approval for a transactions and use tax ballot measure. Covina voters approved the ballot measure which secures funding for the City into the future.

REQUESTS FOR INFORMATION

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

Government-Wide Financial Statements

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

- Statement of Net Position
- Statement of Activities

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

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

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

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

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

- Net investment in capital assets
- Restricted
- Unrestricted

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

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

- General government
- Public safety
- Public works
- Culture and recreation
- Community development
- Transit
- Redevelopment and housing

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

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

CITY OF COVINA, CALIFORNIA
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 28,491,104	\$ 24,687,190	\$ 53,178,294
Cash and investments - restricted	8,146,428	9,509,645	17,656,073
Receivables (net of allowances for uncollectibles):			
Interest	810,869	27,223	838,092
Accounts	1,452,666	2,723,803	4,176,469
Intergovernmental	2,995,481	58,191	3,053,672
Loans and notes	5,052,089	-	5,052,089
Internal balances	1,101,750	(1,101,750)	-
Inventories	48,848	69,414	118,262
Prepaid items	871,446	5,202	876,648
Due from successor agency	3,692,117	-	3,692,117
Investment in Covina Irrigating Company	-	7,879,178	7,879,178
Capital assets, not depreciated	16,274,400	3,732,281	20,006,681
Capital assets, depreciated, (net of accumulated depreciation)	59,003,559	31,780,614	90,784,173
Total assets	127,940,757	79,370,991	207,311,748
Deferred Outflows of Resources:			
OPEB-related	409,995	-	409,995
Pensions-related	12,700,670	1,182,802	13,883,472
Total deferred outflows of resources	13,110,665	1,182,802	14,293,467
Total assets and deferred outflows of resources	141,051,422	80,553,793	221,605,215
Liabilities			
Accounts payable	2,634,690	1,138,562	3,773,252
Deposits payable	418,641	433,122	851,763
Accrued liabilities	407,462	49,376	456,838
Accrued interest payable	15,974	360,230	376,204
Unearned revenue	917,348	-	917,348
Long-term liabilities:			
Due within one year	1,279,723	1,520,455	2,800,178
Due in more than one year (net of unamortized discount and premium)	73,781,763	32,804,281	106,586,044
Total liabilities	79,455,601	36,306,026	115,761,627
Deferred Inflows of Resources:			
Unamortized gain on debt refunding	-	46,528	46,528
Pensions-related	4,391,348	367,601	4,758,949
Total deferred inflows of resources	4,391,348	414,129	4,805,477
Total liabilities and deferred inflows of resources	83,846,949	36,720,155	120,567,104
Net Position			
Net investment in capital assets	74,766,840	17,174,115	91,940,955
Restricted for:			
Public safety	356,957	-	356,957
Public works	2,419,646	-	2,419,646
Capital projects	-	5,613,256	5,613,256
Culture and recreation	1,069,413	-	1,069,413
Transit	6,846,614	-	6,846,614
Redevelopment and housing	15,175,119	-	15,175,119
Unrestricted (deficit)	(43,430,116)	21,046,267	(22,383,849)
Total net position	\$ 57,204,473	\$ 43,833,638	\$ 101,038,111

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Statement of Activities
For the Fiscal Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,370,482	\$ 2,232,037	\$ 498,502	\$ -	\$ 1,360,057	\$ -	\$ 1,360,057
Public safety	30,549,274	1,769,892	1,187,965	-	(27,591,417)	-	(27,591,417)
Public works	6,792,606	733,029	2,610,198	764,580	(2,684,799)	-	(2,684,799)
Culture and recreation	5,027,721	785,814	135,316	1,524,981	(2,581,610)	-	(2,581,610)
Community development	2,246,788	1,968,358	31,926	88,425	(158,079)	-	(158,079)
Transit	1,212,960	214,650	2,129,481	201,116	1,332,287	-	1,332,287
Redevelopment and housing	1,042,797	263,574	947,273	-	168,050	-	168,050
Total governmental activities	48,242,628	7,967,354	7,540,661	2,579,102	(30,155,511)	-	(30,155,511)
Business-type activities:							
Water utility	12,815,344	11,138,975	-	-	-	(1,676,369)	(1,676,369)
Environmental protection	1,109,212	1,170,122	-	-	-	60,910	60,910
Sewer utility	1,757,186	2,833,092	-	-	-	1,075,906	1,075,906
Total business-type activities	15,681,742	15,142,189	-	-	-	(539,553)	(539,553)
Total functions/programs	\$ 63,924,370	\$ 23,109,543	\$ 7,540,661	\$ 2,579,102	(30,155,511)	(539,553)	(30,695,064)
General revenues:							
Property taxes					12,575,318	-	12,575,318
Sales taxes, intergovernmental, unrestricted					8,950,753	-	8,950,753
Transient occupancy taxes					388,491	-	388,491
Property transfer taxes					236,899	-	236,899
Business license taxes					348,793	-	348,793
Utility user taxes					4,573,428	-	4,573,428
Franchise taxes					1,594,522	-	1,594,522
Investment earnings					144,176	366,249	510,425
Investment gain in Covina Irrigating Company					-	906,514	906,514
Total general revenues					28,812,380	1,272,763	30,085,143
Change in net position					(1,343,131)	733,210	(609,921)
Net position at beginning of fiscal year					62,153,708	43,100,428	105,254,136
Restatements					(3,606,104)	-	(3,606,104)
Net position at beginning of fiscal year, restated					58,547,604	43,100,428	101,648,032
Net position at end of fiscal year					\$ 57,204,473	\$ 43,833,638	\$ 101,038,111

See accompanying notes to the financial statements.

Governmental Fund Financial Statements

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

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

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

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

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

Measure R is a special revenue fund that was established to account for monies received from Measure R 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.

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

CITY OF COVINA, CALIFORNIA

Balance Sheet

Governmental Funds

June 30, 2018

	General Fund	Housing Authority	Measure R	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 2,464,392	\$ 2,974,757	\$ 1,064,566	\$ 15,712,915	\$ 22,216,630
Cash and investments - restricted	2,503,229	-	5,643,199	-	8,146,428
Accrued interest receivable	153,515	657,354	-	-	810,869
Utility user taxes receivable, net	350,508	-	-	-	350,508
Accounts receivable, net	980,105	-	-	31,511	1,011,616
Loans receivable	-	1,483,160	-	310,088	1,793,248
Notes receivable	-	4,742,000	-	-	4,742,000
Due from other governments	2,030,731	-	-	964,750	2,995,481
Due from other funds	140,339	-	-	-	140,339
Due from successor agency	2,256,587	1,435,530	-	-	3,692,117
Prepaid expenditures	859,510	-	-	-	859,510
Total assets	<u>\$ 11,738,916</u>	<u>\$ 11,292,801</u>	<u>\$ 6,707,765</u>	<u>\$ 17,019,264</u>	<u>\$ 46,758,746</u>
Liabilities, deferred inflows of resources, and fund balances					
Current Liabilities:					
Accounts payable	\$ 738,005	\$ 21,507	\$ 2,301	\$ 1,086,755	\$ 1,848,568
Deposits payable	352,672	-	-	64,219	416,891
Accrued liabilities	375,817	2,461	-	12,028	390,306
Due to other funds	-	-	-	140,339	140,339
Advances from other funds	520,539	-	-	-	520,539
Unearned revenue	916,623	-	-	725	917,348
Total liabilities	<u>2,903,656</u>	<u>23,968</u>	<u>2,301</u>	<u>1,304,066</u>	<u>4,233,991</u>
Deferred Inflows of Resources:					
Deferred revenue	-	8,318,044	-	310,088	8,628,132
Total deferred inflows of resources	<u>-</u>	<u>8,318,044</u>	<u>-</u>	<u>310,088</u>	<u>8,628,132</u>
Total liabilities and deferred inflows of resources	<u>2,903,656</u>	<u>8,342,012</u>	<u>2,301</u>	<u>1,614,154</u>	<u>12,862,123</u>
Fund balances:					
Nonspendable	3,116,097	-	-	-	3,116,097
Committed	3,708,388	-	-	-	3,708,388
Restricted	448,927	2,950,789	6,705,464	14,967,685	25,072,865
Assigned	1,561,848	-	-	491,368	2,053,216
Unassigned	-	-	-	(53,943)	(53,943)
Total fund balances	<u>8,835,260</u>	<u>2,950,789</u>	<u>6,705,464</u>	<u>15,405,110</u>	<u>33,896,623</u>
Total liabilities and fund balances	<u>\$ 11,738,916</u>	<u>\$ 11,292,801</u>	<u>\$ 6,707,765</u>	<u>\$ 17,019,264</u>	<u>\$ 46,758,746</u>

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances-total governmental funds	\$ 33,896,623
Capital assets purchased or constructed for governmental activities are reported as expenditures in the governmental funds. The statement of net position includes those capital assets (net of accumulated depreciation) among the assets of the City as a whole, not including amounts reported in the internal service funds below.	73,727,084
The focus of governmental funds is on short-term financing, therefore, some assets will not be available to pay for current-period expenditures. Those assets are offset by deferred outflows in the governmental funds and not included in fund balance. Deferred revenue associated with these assets is not included in the statement of net position.	8,628,132
The city has loans that are contingent loans that are to be forgiven or reissued on the property after 55 years. This is the allowance for the future collectibility.	(1,483,159)
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. Liabilities (both current and long-term) are reported in the statement of net position, net of those included in internal service funds below.	(64,761,248)
Deferred outflows and inflows of resources relating to pensions:	
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods.	
In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.	
Deferred outflows of resources - Pensions	12,359,338
Deferred outflows of resources - OPEB	409,995
Deferred inflows of resources - Pensions	(4,285,266)
Internal service funds are used by management to charge the costs of central equipment, workers' compensation, general liability services, and management information systems activities to individual funds. The internal service funds' assets and liabilities are included in governmental activities in the statement of net position. These are net of amounts allocated to enterprise funds.	(1,287,026)
Net position of governmental activities	<u>\$ 57,204,473</u>

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General Fund	Housing Authority	Measure R	Non-Major Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 12,452,762	\$ -	\$ -	\$ 122,556	\$ 12,575,318
Sales taxes, intergovernmental	8,950,753	-	-	-	8,950,753
Transient occupancy taxes	388,491	-	-	-	388,491
Property transfer taxes	236,899	-	-	-	236,899
Business license taxes	347,172	-	-	1,621	348,793
Utility user taxes	4,573,428	-	-	-	4,573,428
Franchise taxes	1,594,522	-	-	-	1,594,522
Licenses and permits	1,698,138	-	-	-	1,698,138
Intergovernmental	1,941,219	179,157	571,216	5,276,509	7,968,101
Charges for services	4,410,250	-	-	303,737	4,713,987
Fines and forfeits	907,304	-	-	-	907,304
Special assessments	-	-	-	634,282	634,282
Investment earnings	144,176	32,988	54,937	148,615	380,716
Miscellaneous and donations	718,974	-	-	4,084	723,058
Total revenues	38,364,088	212,145	626,153	6,491,404	45,693,790
Expenditures:					
Current:					
General government	2,235,447	-	-	-	2,235,447
Public safety	26,288,943	-	-	282,839	26,571,782
Public works	1,979,559	-	-	2,773,589	4,753,148
Culture and recreation	3,837,795	-	-	86,186	3,923,981
Community development	1,860,425	-	-	29,764	1,890,189
Transit	-	-	-	764,864	764,864
Redevelopment and housing	-	268,859	-	736,494	1,005,353
Capital outlay	914	-	502,187	2,114,586	2,617,687
Debt service:					
Principal	-	-	210,000	-	210,000
Interest and fiscal charges	-	-	155,078	-	155,078
Total expenditures	36,203,083	268,859	867,265	6,788,322	44,127,529
Excess (deficiency) of revenues over expenditures	2,161,005	(56,714)	(241,112)	(296,918)	1,566,261
Other financing sources (uses):					
Proceeds from debt issuance	-	-	5,625,000	-	5,625,000
Premium on debt issuance	-	-	254,307	-	254,307
Transfers out	(189,522)	-	-	(996,781)	(1,186,303)
Transfers in	121,861	35,831	-	1,028,611	1,186,303
Total other financing sources (uses)	(67,661)	35,831	5,879,307	31,830	5,879,307
Net change in fund balances	2,093,344	(20,883)	5,638,195	(265,088)	7,445,568
Fund balances at beginning of fiscal year	6,741,916	2,971,672	1,067,269	15,670,198	26,451,055
Fund balances at end of fiscal year	\$ 8,835,260	\$ 2,950,789	\$ 6,705,464	\$ 15,405,110	\$ 33,896,623

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

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

Net change in fund balances-total governmental funds	\$ 7,445,568
Capital assets purchased or constructed for governmental activities are reported as expenditures in the governmental funds. The statement of activities allocates those capital assets over their estimated useful lives as a depreciation expense charged for the year. This is the amount by which depreciation expense exceeds capital outlay. Net of depreciation included within internal service funds below.	(306,575)
Donated capital assets: In governmental funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and as increases to capital assets, at their fair value on the date of donation. The fair value of capital assets donated was:	1,271,030
The focus of governmental funds is on short-term financing, therefore, some assets are offset by deferred revenue or deferred inflows. Loans and notes issued during the fiscal year are reported as expenditures in the governmental funds when paid. Collections of loans and notes are reported as revenues in the governmental funds when received. The annual activity for loans and notes is not reported as revenues and expenses in the statement of activities. Net activity includes establishment of an allowance.	(103,099)
Capital asset sales and disposal are not reflected in the governmental funds except for proceeds. In the government-wide statements, the gain or loss is reported.	(274,141)
Long-term liabilities are not recorded as expenditures in the governmental funds, but are expensed in the statement of activities. These are the net changes.	(5,499,824)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:	(964,831)
Internal service funds are used by management to charge the costs of central equipment, workers' compensation, general liability services, and management information systems activities to individual funds. The adjustments for internal service funds "closes" those funds by charging additional amounts to participating governmental activities to completely cover the internal service funds' costs for the year.	(2,911,259)
Change in net position of governmental activities	<u><u>\$ (1,343,131)</u></u>

See accompanying notes to the financial statements.

Proprietary Fund Financial Statements

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

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

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

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

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

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

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

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

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

CITY OF COVINA, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2018

	Enterprise Funds				Internal Service Funds
	Water Utility	Environmental	Sewer	Total	
Assets					
Current assets:					
Cash and investments	\$ 18,167,894	\$ 1,899,727	\$ 4,619,569	\$ 24,687,190	\$ 6,274,474
Cash and investments - fiscal agent	1,779,603	-	7,730,042	9,509,645	-
Accrued interest receivable	-	-	27,223	27,223	-
Accounts receivable, net	2,507,017	216,786	-	2,723,803	90,542
Due from other governments	-	-	58,191	58,191	-
Prepaid expenses	5,202	-	-	5,202	11,936
Inventories	69,414	-	-	69,414	48,848
Total current assets	22,529,130	2,116,513	12,435,025	37,080,668	6,425,800
Noncurrent assets:					
Investment in Covina Irrigating Company	7,879,178	-	-	7,879,178	-
Advance to General Fund	520,539	-	-	520,539	-
Capital assets not being depreciated	3,713,596	-	18,685	3,732,281	-
Capital assets net of accumulated depreciation	24,337,438	873,924	6,569,252	31,780,614	1,550,875
Total capital assets, net	28,051,034	873,924	6,587,937	35,512,895	1,550,875
Total noncurrent assets	36,450,751	873,924	6,587,937	43,912,612	1,550,875
Total assets	58,979,881	2,990,437	19,022,962	80,993,280	7,976,675
Deferred Outflows of Resources:					
Pensions related	874,876	148,637	159,289	1,182,802	341,332
Total deferred outflows of resources	874,876	148,637	159,289	1,182,802	341,332
Total assets and deferred outflows of resources	59,854,757	3,139,074	19,182,251	82,176,082	8,318,007
Liabilities:					
Current liabilities:					
Accounts payable	1,019,573	43,033	75,956	1,138,562	786,122
Deposits payable	431,712	1,410	-	433,122	1,750
Accrued liabilities	36,772	5,634	6,970	49,376	17,156
Accrued interest payable	219,763	-	140,467	360,230	-
Current portion of compensated absences payable	98,783	23,102	14,433	136,318	50,389
Current portion of capital lease payable	326,126	-	-	326,126	-
Current portion of revenue bonds payable, net	320,629	-	737,382	1,058,011	-
Total current liabilities	2,453,358	73,179	975,208	3,501,745	855,417
Noncurrent liabilities:					
Compensated absences payable	163,690	25,628	24,477	213,795	172,715
Capital lease payable	2,549,111	-	-	2,549,111	496,571
Revenue bonds payable, net	12,743,887	-	10,663,812	23,407,699	-
Claims and judgments	-	-	-	-	7,682,193
Net pension liability	4,906,694	833,622	893,360	6,633,676	1,914,344
Total noncurrent liabilities	20,363,382	859,250	11,581,649	32,804,281	10,265,823
Total liabilities	22,816,740	932,429	12,556,857	36,306,026	11,121,240
Deferred Inflows of Resources:					
Unamortized gain on debt refunding	46,528	-	-	46,528	-
Pensions related	271,901	46,195	49,505	367,601	106,082
Total deferred inflows of resources	318,429	46,195	49,505	414,129	106,082
Total liabilities and deferred inflows of resources	23,135,169	978,624	12,606,362	36,720,155	11,227,322
Net position					
Net investment in capital assets	13,383,406	873,924	2,916,785	17,174,115	1,054,304
Restricted for capital projects	5,613,256	-	-	5,613,256	-
Unrestricted	17,722,926	1,286,526	3,659,104	22,668,556	(3,963,619)
Total net position	\$ 36,719,588	\$ 2,160,450	\$ 6,575,889	45,455,927	\$ (2,909,315)

Some amounts reported for *business-type activities* in the statement of net position are different to reflect the consolidation of internal service fund activities related to enterprise funds.

Net position of business-type activities (1,622,289)
\$ 43,833,638

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds			Internal Service
	Water Utility	Environmental	Sewer	Funds
Operating Revenues:				
Water sales	\$ 10,833,235	\$ -	\$ -	\$ 10,833,235
Environmental fees	-	1,170,122	-	1,170,122
Sewer fees	-	-	2,833,092	2,833,092
Motor pool charges	-	-	-	1,179,950
Insurance charges	-	-	-	1,236,577
Fire line fees	305,740	-	-	305,740
Information technology charges	-	-	-	743,885
Total operating revenues	11,138,975	1,170,122	2,833,092	15,142,189
Operating expenses:				
Management information systems	-	-	-	1,083,256
Central equipment	-	-	-	878,682
General and administrative	(68,719)	335,652	1,013,663	1,280,596
Utility billing	658,716	-	-	658,716
Customer service	688,346	-	-	688,346
Sales promotion	414	-	-	414
Source and supply	3,190,768	-	-	3,190,768
Production and storage	2,224,760	-	-	2,224,760
Transmission and distribution	1,790,159	-	-	1,790,159
Street sweeping	-	171,013	-	171,013
Environmental services	-	219,527	-	219,527
Insurance services	-	-	-	6,228,454
Industrial waste	-	34,819	-	34,819
Waste management	-	326,251	-	326,251
Depreciation	1,006,332	21,950	167,735	1,196,017
Total operating expenses	9,490,776	1,109,212	1,181,398	11,781,386
Operating income (loss)	1,648,199	60,910	1,651,694	3,360,803
Nonoperating revenues (expenses):				
Gain(loss) on sale of capital assets	-	-	-	(12,124)
Interest expense	(843,535)	-	(575,788)	(1,419,323)
Investment gain - CIC	906,514	-	-	906,514
Investment earnings	211,522	20,144	134,583	366,249
Total nonoperating revenues (expenses)	274,501	20,144	(441,205)	(12,124)
Transfers				
Transfer in	-	-	-	600,000
Transfer out	-	-	-	(600,000)
Total Transfers	-	-	-	-
Change in net position	1,922,700	81,054	1,210,489	3,214,243
Net position at beginning of fiscal year	34,796,888	2,079,396	5,365,400	2,482,977
Net position at end of fiscal year	\$ 36,719,588	\$ 2,160,450	\$ 6,575,889	\$ (2,909,315)
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.				2,481,033
Change in net position of business-type activities				\$ 733,210

See accompanying notes to the financial statements.

CITY OF COVINA, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds				Internal Service Funds
	Water Utility	Environmental	Sewer	Total	
Cash flows from operating activities:					
Cash received from customers, users and grants	\$ 10,964,635	\$ 1,218,551	\$ 2,823,236	\$ 15,006,422	\$ 3,139,127
Cash paid to suppliers for goods and services	(4,596,144)	(579,124)	(301,528)	(5,476,796)	(2,755,502)
Cash paid to employees for services	(2,115,305)	(355,832)	(316,749)	(2,787,886)	(880,256)
Cash paid for interfund services - net	(550,721)	(142,189)	(215,420)	(908,330)	-
Net cash provided (used) by operating activities	<u>3,702,465</u>	<u>141,406</u>	<u>1,989,539</u>	<u>5,833,410</u>	<u>(496,631)</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(4,740,021)	-	(18,685)	(4,758,706)	(578,009)
Proceeds from debt issuance	-	-	-	-	496,571
Capital lease payments	(310,806)	-	-	(310,806)	-
Revenue bonds principal repayments	(300,000)	-	(720,000)	(1,020,000)	-
Interest paid on revenue bonds	(860,378)	-	(574,469)	(1,434,847)	-
Net cash provided by (used for) capital and related financing activities	<u>(6,211,205)</u>	<u>-</u>	<u>(1,313,154)</u>	<u>(7,524,359)</u>	<u>(81,438)</u>
Cash flows from non-capital financing activities:					
Advances to General Fund	99,885	-	-	99,885	-
Transfers to other funds	-	-	-	-	(600,000)
Transfers from other funds	-	-	-	-	600,000
Net cash provided (used) by non-capital financing activities	<u>99,885</u>	<u>-</u>	<u>-</u>	<u>99,885</u>	<u>-</u>
Cash flows from investing activities:					
Interest received on investments	211,522	20,144	120,418	352,084	-
Net increase (decrease) in cash and cash equivalents	<u>(2,197,333)</u>	<u>161,550</u>	<u>796,803</u>	<u>(1,238,980)</u>	<u>(578,069)</u>
Cash and cash equivalents beginning of fiscal year	22,144,830	1,738,177	11,552,808	35,435,815	6,852,543
Cash and cash equivalents end of fiscal year	<u>\$ 19,947,497</u>	<u>\$ 1,899,727</u>	<u>\$ 12,349,611</u>	<u>\$ 34,196,835</u>	<u>\$ 6,274,474</u>
Reconciliation of the statement of net position					
Cash and investments	\$ 18,167,894	\$ 1,899,727	\$ 4,619,569	\$ 24,687,190	\$ 6,274,474
Cash and investments - fiscal agent	1,779,603	-	7,730,042	9,509,645	-
Total cash and investments	<u>\$ 19,947,497</u>	<u>\$ 1,899,727</u>	<u>\$ 12,349,611</u>	<u>\$ 34,196,835</u>	<u>\$ 6,274,474</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ 1,648,199	\$ 60,910	\$ 1,651,694	\$ 3,360,803	\$ (5,380,168)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,006,332	21,950	167,735	1,196,017	350,188
Change in operating assets and liabilities:					
Decrease (increase) in accounts receivable	(199,813)	47,019	-	(152,794)	(21,285)
Decrease (increase) in due from other governments	-	-	(9,856)	(9,856)	-
Decrease (increase) in prepaid expenses	(5,202)	-	-	(5,202)	(11,936)
Decrease (increase) in inventories	(26,544)	-	-	(26,544)	9,442
Increase (decrease) in accounts payable	416,459	(17,364)	70,566	469,661	551,469
Increase (decrease) in deposits payable	25,473	1,410	-	26,883	-
Increase (decrease) in compensated absences payable	36,961	(4,594)	20,743	53,110	20,748
Increase (decrease) in accrued liabilities	566	260	2,162	2,988	3,969
Increase (decrease) in claims and judgments	-	-	-	-	3,908,561
Increase (decrease) in net pension liability	759,930	5,892	68,335	834,157	12,729
Increase (decrease) in deferred inflows of resources - pension	217,292	35,295	38,640	291,227	81,039
Decrease (increase) in deferred outflows of resources - pension	(177,188)	(9,372)	(20,480)	(207,040)	(21,387)
Total adjustments	<u>2,054,266</u>	<u>80,496</u>	<u>337,845</u>	<u>2,472,607</u>	<u>4,883,537</u>
Net cash provided (used) by operating activities	<u>\$ 3,702,465</u>	<u>\$ 141,406</u>	<u>\$ 1,989,539</u>	<u>\$ 5,833,410</u>	<u>\$ (496,631)</u>
Noncash capital and related financing activities					
Amortization of (discount) premium	\$ 5,629	\$ -	\$ (7,618)	\$ (1,989)	\$ -
Retirement of capital assets	-	-	-	-	386,196
Retirement of accumulated depreciation on capital assets	-	-	-	-	(374,072)
Net effect on noncash activities	<u>\$ 20,628</u>	<u>\$ -</u>	<u>\$ (7,618)</u>	<u>\$ 13,010</u>	<u>\$ 12,124</u>

See accompanying notes to the financial statements.

Fiduciary Financial Statements

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

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

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

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

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

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

CITY OF COVINA
Statement of Fiduciary Net Position
June 30, 2018

	Private- Purpose Trust	Agency Funds
Assets:		
Cash and investments	\$ 3,162,981	\$ 182
Cash and investments - fiscal agent	2,855,356	-
Accounts receivable	8,157	1,983
Interest receivable	6,855	-
Prepaid expenses	49,401	-
Land held for resale	4,552,742	-
Capital assets, not being depreciated	199,620	-
Total assets	<u>10,835,112</u>	<u>\$ 2,165</u>
Deferred Outflows of Resources:		
Deferred loss on refunding of debt	<u>116,619</u>	
Total deferred outflows of resources	<u>116,619</u>	
Total assets and deferred outflows	<u>10,951,731</u>	
Liabilities:		
Account payable	24,919	\$ -
Deposits payable	8,300	-
Accrued liabilities	2,665	-
Due to association	-	2,165
Interest payable	56,884	-
Long-term debt:		
Due within one year	2,599,594	-
Due in more than one year	<u>17,791,479</u>	-
Total liabilities	<u>20,483,841</u>	<u>\$ 2,165</u>
Deferred Inflows of Resources:		
Deferred gain on refunding of debt	<u>265,395</u>	
Total deferred inflows of resources	<u>265,395</u>	
Total liabilities and deferred inflows of resources	<u>20,749,236</u>	
Net Position		
Held in trust for others	<u>\$ (9,797,505)</u>	

See accompanying notes to the financial statements.

CITY OF COVINA
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2018

	Private- Purpose Trust
Additions:	
Property taxes	\$ 4,696,285
Charges for services	250,347
Investment earnings	250,661
Total additions	<u>5,197,293</u>
Deductions:	
General and administrative	233,174
Interest and fiscal charges	813,701
Capital contribution to the City of Covina	1,271,030
Program expenses	43,188
Total deductions	<u>2,361,093</u>
Change in net position	2,836,200
Net position - beginning of fiscal year	(12,633,705)
Net position (deficit) - end of the fiscal year	<u>\$ (9,797,505)</u>

See accompanying notes to the financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

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

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

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

The Covina Public Financing Authority (Authority) is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. Its purpose is to facilitate financing for public capital improvements of the City.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

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

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

B. Government-wide and Fund Financial Statements

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

Government-wide Financial Statements

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements

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

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

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City reports the following major governmental funds:

General Fund

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

Housing Authority Fund

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

Measure R Fund

The special revenue fund 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.

Environmental Fund

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

Sewer Fund

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the City reports the following fund types:

Internal Service Funds

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

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.

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

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

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Encumbrances

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

E. Use of Estimates

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

F. 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.

G. Investments

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

H. Inventories and Prepaid Items

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

I. 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.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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 estimated fair market value at the date of donation.

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

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

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

K. Leased Property

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

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

<u>Lessee</u>	<u>Address Leased</u>	<u>Type of Property</u>	<u>Lease Term</u> <u>Beginning/Ending</u>	<u>Rent</u>
Verizon Wireless	3047 N. Roycove dr.	Communications Site	Month to Month	\$1,468
Sprint / Nextel**	3047 N. Roycove dr.	Communications Site	Month to Month	\$1,097
T-Mobile	3047 N. Roycove dr.	Communications Site	Month to Month	\$623
The Mena co. dba Giovanni's	114 E. Italia	Commercial	6/15/18-6/15/2021	\$1,424
Bank of America	212 E. Badillo st.	ATM Site	12/4/13-12/3/2018	\$3,850
AT&T	559 N. Citrus	Communications Site	9/3/13-9/3/2018	\$2,925

** Sprint / Nextel actually 1 company

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capitalization of Leases

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

M. 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, 2018 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.

N. 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.

O. 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 that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law or enabling legislation. At June 30, 2018, the restricted net position is \$31,481,005.

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

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.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. New Accounting Pronouncements

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes financial reporting standards for other postemployment benefits (OPEB) plans for state and local governments. This standard replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information.

The City adopted these accounting standards effective July 1, 2017. As a result of adopting GASB 75, which was applied retroactively, the City restated its other postemployment benefit liability, deferred outflows of resources related to OPEB, and its net position as of June 30, 2017, by \$3,606,104 and the impact on the City's financial statements are explained in Note 14 – Long-Term Liabilities and Note 23 – Restatements.

R. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 83	"Certain Asset Retirement Obligations"	The provision of this statement is effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provision of this statement is effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provision of this statement is effective for fiscal years beginning after December 15, 2019.
Statement No. 88	"Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements"	The provision of this statement is effective for fiscal years beginning after June 15, 2018.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provision of this statement is effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interest-an Amendment of GASB Statements No. 14 and No. 61"	The provision of this statement is effective for fiscal years beginning after December 15, 2018.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

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

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

“Total fund balances” of the City’s governmental funds is \$33,896,623 which differs from “net position” of \$57,204,473 in governmental activities reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The main differences are as follows:

Capital Assets

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

Cost of capital assets	\$ 178,934,308
Accumulated depreciation	<u>(105,207,224)</u>
	<u><u>\$ 73,727,084</u></u>

Long-term Receivables

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

Adjustment of unearned revenue	\$ 8,628,132
Allowance for uncollectible loans/notes	<u>(1,483,159)</u>
	<u><u>\$ 7,144,973</u></u>

Long-term Liabilities

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

Post-employment benefits	\$ (6,074,022)
Compensated absences payable	(3,456,815)
Certificates of participation payable	(5,657,747)
Interest payable	(15,974)
Net pension liability	<u>(49,556,690)</u>
	<u><u>\$ (64,761,248)</u></u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

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

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

Deferred Outflows and Inflows of Resources

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

Deferred outflow of resources – pension	\$ 12,359,338
Deferred outflow of resources – OPEB	409,995
Deferred inflow of resources – pension	(4,285,266)

Internal Service Funds

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

Net position of internal service funds	<u>\$ (1,287,026)</u>
--	-----------------------

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

The "net change in fund balances" increase of \$7,445,568 for governmental funds differs from the "change in net position" decrease of \$1,343,131 for governmental activities reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital Assets

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

Capital outlay	\$ 4,501,125
Depreciation expense	(4,807,700)
	<u>\$ (306,575)</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

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

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

Capital Assets (Continued)

Donated capital assets are reported as revenue and as increases to capital assets at their fair market value on the date of donation.

The fair value of capital assets donated	<u>\$ 1,271,030</u>
--	---------------------

Capital assets sales and disposal are not reflected in the governmental funds except for proceeds.

The gain (loss) of disposed capital assets	<u>\$ (274,141)</u>
--	---------------------

Long-term Receivables

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

Reclass expenditures to reduce loans and notes	<u>\$ (103,099)</u>
--	---------------------

Long-term Liabilities

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

COP issued	\$ (5,625,000)
COP premium	(254,307)
COP Principal retirement	210,000
Amortization of COP premium	11,560
Interest on COP	(15,974)
Change in post-retirement benefit	(17,491)
Change in compensated absences	<u>191,388</u>
	<u>(5,499,824)</u>
Change in pension costs	\$ (964,831)

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

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

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

Internal Service Funds

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

Net change in net position of internal service funds	<u>\$ (2,911,259)</u>
---	-----------------------

NOTE 3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Charges over Appropriations

For the fiscal year ended June 30, 2018, expenditures exceeded appropriations in the following programs:

Other Governmental Funds:

Shoppers Lane Parking District Special Revenue Fund	\$ 782
TDA Grant Special Revenue Fund	162

B. Deficit Fund Equity

The Lighting Assessment District special revenue fund had a deficit fund balance of \$18,196 as of June 30, 2018. This fund incurs more expenses than it collects for services rendered. The City tried to pass a City-wide Lighting District assessment to address the deficit fund balance during 2011-12; however, it failed to pass. Staff will explore this option again in the near future. In the meantime, the General Fund will continue to fund these expenditures.

The Workers' Compensation Internal Service Fund and Public Liability Internal Service Fund had deficit net positions of \$3,332,662 and \$1,486,825 due to the additional insurance expenses incurred.

NOTE 4. CASH AND INVESTMENTS

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 4. CASH AND INVESTMENTS

Cash and investments as of June 30, 2018, 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	\$ 28,491,104	\$ 24,687,190	\$ 3,162,981	\$ 182	\$ 56,341,457
Cash and investments - restricted	8,146,428	9,509,645	2,855,356	-	20,511,429
Total cash and investments	<u>\$ 36,637,532</u>	<u>\$ 34,196,835</u>	<u>\$ 6,018,337</u>	<u>\$ 182</u>	<u>\$ 76,852,886</u>
Cash and investments as of June 30, 2018, consist of the following:					
Cash on hand	\$ 7,935	\$ -	\$ -	\$ -	\$ 7,935
Deposits with financial institutions	513,650	376,355	1,720,963	182	2,611,150
Investments	36,115,947	33,820,480	4,297,374	-	74,233,801
Total cash and investments	<u>\$ 36,637,532</u>	<u>\$ 34,196,835</u>	<u>\$ 6,018,337</u>	<u>\$ 182</u>	<u>\$ 76,852,886</u>

Authorized Investments

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

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

Investments Authorized by Debt Agreements

Investment of debt proceeds and reserves held by bond trustees are governed by the debt agreements, rather than the general provisions of the California Government Code. The City and SACRA bond reserves are held in money market mutual funds, U.S. treasury securities, U.S. municipal bonds and the State of California Local Investment Pool (LAIF).

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 4. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

Changes in interest rates could adversely affect the fair market values of an investment. The interest rate risk is monitored by the City by measuring the weighted average maturity of its portfolio. Generally, the longer the maturity of an investment, the greater sensitivity of its fair market value to changes in market interest rates. The City manages its exposure to declines in market values by limiting the weighted average maturity of its investments to less than twenty-four months. The investments held by bond trustees are primarily invested in highly liquid money market mutual funds, and thus are not highly sensitive to interest rate fluctuations. The following table provides information concerning interest rate risk as of June 30, 2018.

	Fair Value	12 Months or Less	13 to 24 Months	25-60 Months	More Than 60 Months
Investment type					
State investment pool (LAIF)	\$ 32,873,870	\$ 32,873,870	\$ -	\$ -	\$ -
U.S. Agency securities	1,751,392	-	-	1,751,392	-
U.S. Treasury securities	17,020,803	4,147,710	9,615,175	3,257,918	-
Money market funds	2,076,307	2,076,307	-	-	-
Held by bond trustee:					
State investment pool (LAIF)	5,726,382	5,726,382	-	-	-
U.S. Treasury securities	2,501,710	2,501,710	-	-	-
Money market funds	12,283,337	12,283,337	-	-	-
Total	<u>\$ 74,233,801</u>	<u>\$ 59,609,316</u>	<u>\$ 9,615,175</u>	<u>\$ 5,009,310</u>	<u>\$ -</u>

Credit Risk

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

	Fair Value	Minimum Credit Rating	AAA	AA+	A+	Not Required to be Rated or Not Rated
State investment pool (LAIF)	\$ 32,873,870	N/A	\$ -	\$ -	\$ -	\$ 32,873,870
U.S. Agency securities	1,751,392	N/A	-	-	-	1,751,392
U.S. Treasury securities	17,020,803	N/A	-	-	-	17,020,803
Money market funds	2,076,307	AAA	2,076,307	-	-	-
Held by bond trustee:						
State investment pool (LAIF)	5,726,382	N/A	-	-	-	5,726,382
U.S. Treasury securities	2,501,710	N/A	-	-	-	2,501,710
Money market funds	12,283,337	N/A	12,283,337	-	-	-
	<u>\$ 74,233,801</u>		<u>\$ 14,359,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,874,157</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 4. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

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

Custodial Credit Risk

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

As of June 30, 2018, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

Investment in State Investment Pool

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

Fair Value Measurements

The City pool investment categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 4. CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued)

The City pool investment has the following recurring fair value measurements as of June 30, 2018:

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	\$ 1,751,392	\$ 1,751,392	\$ -	\$ -
U.S. Treasury securities	19,522,513	19,522,513	-	-
Total Investments Measured at Fair Value	21,273,905	<u>\$ 21,273,905</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at Amortized Cost				
State investment pool (LAIF)	38,600,252			
Total Pooled Investments	<u>\$ 59,874,157</u>			

The City also had investments in money market mutual funds, however, this investment is not required to be measured under Level 1, 2 or 3.

NOTE 5. INTERFUND TRANSACTIONS

A. Interfund Balances

Operating receivables between funds are classified as due from or due to other funds. Negative individual fund cash and investment balances are offset by a due from other funds in the General Fund with a due to other funds set up in those funds owing the General Fund. The following are due from and due to balances as of June 30, 2018:

Receivable Fund	Payable Fund	Amount
General - major governmental fund	Non-major governmental funds	\$ 140,339

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, 2018.

Transfers In Fund	Transfers Out Fund	Amount
Housing Authority - major governmental fund	General - major governmental fund	\$ 35,831
General - major governmental fund	Non-major governmental funds	121,861
Non-major governmental funds	General - major governmental fund	153,691
Non-major governmental funds	Non-major governmental funds	874,920
Total		<u>\$ 1,186,303</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 5. INTERFUND TRANSACTIONS (Continued)

B. Advances To/Advances From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance indication in applicable governmental funds to indicate they are not in spendable form. The following are advances to/from other funds as of June 30, 2018:

Receivable Fund	Payable Fund	Amount
Water utility - major proprietary	General - major governmental fund	\$ 520,539

C. Internal Balances

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

NOTE 6. PROPERTY TAXES

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

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

NOTE 7. NOTES RECEIVABLE

The former Redevelopment 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 Redevelopment Agency provided assistance to the Developer in the form of notes secured by a second deed of trust in the amount not to exceed \$4,742,000. The interest rate range is 2% per year and notes receivable are due in 55 years. There is no allowance for notes receivable because management believes that they are fully collectible. The outstanding balance of the notes as of June 30, 2018 was \$4,742,000.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 8. LOANS RECEIVABLE

The City's Community Development Block Grant (CDBG) program provides low-income housing and economic assistance to qualifying households and businesses. Due to the long-term nature of the deferred loans, the City has deferred recognition of revenues until receipt and these amounts have been recorded as loans receivable and deferred revenue in the special revenue fund. The loans do not require monthly repayment. In addition to CDBG loans, first time homebuyer loans made by the former Covina Redevelopment Agency are now administered by the Housing Authority. The loans for the first-time homebuyer and for down payment assistance bear interest from 1.5% to 6.875%. The first-time home buyer loans are forgiven after 45 consecutive years of occupying the home purchased, while the down payment assistance is forgiven after 20 years of occupying the home purchased. The housing rehabilitation program loan is secured by a deed of trust on the property, and is due upon sale or transfer of the title of the property. The outstanding balance as of June 30, 2018 of all loans was \$1,793,248. Due to the forgiveness feature of these loans the City has established an allowance for uncollectible loans in the amount of \$1,483,159 in the government-wide statements.

NOTE 9. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Deletions	Transfers	Transfers from the Successor Agency	Balance June 30, 2018
Governmental activities						
Capital assets, not depreciated:						
Land	\$ 10,851,900	\$ -	\$ -	\$ -	\$ -	\$ 10,851,900
Construction in progress	1,410,015	4,227,802	-	(215,317)	-	5,422,500
Total capital assets, not depreciated	12,261,915	4,227,802	-	(215,317)	-	16,274,400
Capital assets, depreciated:						
Buildings and structures	30,529,893	-	(835,845)	-	-	29,694,048
Improvements other than buildings	8,411,706	-	-	68,476	1,713,748	10,193,930
Public domain infrastructure	109,544,165	-	-	-	-	109,544,165
Sanitary sewer infrastructure	6,221,681	-	-	-	-	6,221,681
Machinery and equipment	12,199,611	851,332	(577,379)	146,841	-	12,620,405
Total capital assets, depreciated	166,907,056	851,332	(1,413,224)	215,317	1,713,748	168,274,229
Less accumulated depreciation for:						
Buildings and structures	(11,531,691)	(602,100)	593,527	-	-	(11,540,264)
Improvements other than buildings	(3,560,605)	(411,312)	-	-	(442,718)	(4,414,635)
Public domain infrastructure	(76,965,472)	(3,273,548)	-	-	-	(80,239,020)
Sanitary sewer infrastructure	(4,185,179)	(64,737)	-	-	-	(4,249,916)
Machinery and equipment	(8,554,076)	(806,191)	533,432	-	-	(8,826,835)
Total accumulated depreciation	(104,797,023)	(5,157,888)	1,126,959	-	(442,718)	(109,270,670)
Total capital assets, depreciated, net	62,110,033	(4,306,556)	(286,265)	215,317	1,271,030	59,003,559
Total capital assets, net	\$ 74,371,948	\$ (78,754)	\$ (286,265)	\$ -	\$ 1,271,030	\$ 75,277,959

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 9. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the following categories:

Governmental activities:

General government	\$ 277,787
Public safety	417,598
Public works	3,468,570
Culture and recreation	354,589
Transit	289,156
Internal service funds charged to programs	350,188
Total governmental activities	<u>\$ 5,157,888</u>

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Business-type activities					
Capital assets, not depreciated:					
Land	\$ 377,408	\$ -	\$ -	\$ -	\$ 377,408
Construction in progress	674,190	4,748,856	-	(2,068,173)	3,354,873
Total capital assets, not depreciated	<u>1,051,598</u>	<u>4,748,856</u>	<u>-</u>	<u>(2,068,173)</u>	<u>3,732,281</u>
Capital assets, depreciated:					
Buildings and structures	12,438,344	9,850	-	29,886	12,478,080
Improvements other than buildings	240,226	-	-	-	240,226
Water system infrastructure	30,067,904	-	-	2,038,287	32,106,191
Machinery and equipment	2,824,713	-	-	-	2,824,713
Total capital assets, depreciated	<u>45,571,187</u>	<u>9,850</u>	<u>-</u>	<u>2,068,173</u>	<u>47,649,210</u>
Less accumulated depreciation for:					
Buildings and structures	(2,797,816)	(245,415)	-	-	(3,043,231)
Improvements other than buildings	(88,806)	(10,936)	-	-	(99,742)
Water system infrastructure	(10,116,193)	(831,446)	-	-	(10,947,639)
Machinery and equipment	(1,669,764)	(108,220)	-	-	(1,777,984)
Total accumulated depreciation	<u>(14,672,579)</u>	<u>(1,196,017)</u>	<u>-</u>	<u>-</u>	<u>(15,868,596)</u>
Total capital assets, depreciated, net	<u>30,898,608</u>	<u>(1,186,167)</u>	<u>-</u>	<u>2,068,173</u>	<u>31,780,614</u>
Total capital assets, net	<u>\$ 31,950,206</u>	<u>\$ 3,562,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,512,895</u>

Depreciation expense was charged to the following categories.

Business-type activities

Water utility	\$ 1,006,332
Environmental protection	21,950
Sewer	167,735
Total business-type activities	<u>\$ 1,196,017</u>

At June 30, 2018, \$5,613,256 is committed for capital projects related to the water system project.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS

Agent Multiple-Employer Defined Benefit Pension Plan

A. General Information about the Pension Plan

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

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

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>City Miscellaneous Plan</u>
Benefit formula	2.0/2.5% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50-55
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%
Required employee contribution rates	8.00%
Required employer contribution rates	9.703%

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

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

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal in Accordance with the Requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment Expenses, includes Inflation
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

Change of Assumptions – In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long term market return expectations as well as the expected pension fund (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan (Continued)

B. Net Pension Liability (Continued)

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Year 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	<u>100.00%</u>		

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

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

C. Changes in the Net Pension Liability

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

Miscellaneous Plan:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance at June 30, 2016	<u>\$ 84,037,630</u>	<u>\$ 56,987,634</u>	<u>\$ 27,049,996</u>
<u>Changes during the year:</u>			
Service Cost	1,152,992	-	1,152,992
Interest on the Total Pension Liability	5,977,026	-	5,977,026
Change of Assumptions	5,024,331	-	5,024,331
Differences between Expected and Actual Experience	(3,886,390)	-	(3,886,390)
Net Plan to Plan Resource Movement	-	24,693	(24,693)
Contribution from the Employer	-	1,424,175	(1,424,175)
Contribution from the Employees	-	565,326	(565,326)
Net Investment Income	-	6,234,088	(6,234,088)
Benefit Payments	(4,314,593)	(4,314,593)	-
Administrative Expense	-	(84,138)	84,138
Net Changes	<u>3,953,366</u>	<u>3,849,551</u>	<u>103,815</u>
Balance at June 30, 2017	<u>\$ 87,990,996</u>	<u>\$ 60,837,185</u>	<u>\$ 27,153,811</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS (Continued)

Agent Multiple-Employer Defined Benefit Pension Plan (Continued)

C. Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 39,293,014
Current Discount Rate	7.15%
Net Pension Liability	\$ 27,153,811
1% Increase	8.15%
Net Pension Liability	\$ 17,265,186

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

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

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$3,040,511. At June 30, 2017, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,078,674	\$ -
Changes of assumptions	1,884,124	-
Differences between expected and actual experiences	-	(1,504,711)
Net differences between projected and actual earnings on plan investments	878,798	-
Total	<u>\$ 4,841,596</u>	<u>\$ (1,504,711)</u>

\$2,078,674 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30</u>	
2019	\$ 354,779
2020	990,066
2021	366,646
2022	(453,280)
Total	<u>\$ 1,258,211</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan

A. General Information about the Pension Plan

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

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

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	City Safety Plan		
	1st Tier	2nd Tier	PEPRA
	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% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% to 3%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates	21.418%	19.520%	12.729%

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

For the fiscal year ended June 30, 2018, the contributions recognized as a reduction to the net pension liability for the plan was \$1,730,321.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan (Continued)

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

As of June 30, 2018, the City reported net pension liability for its proportionate share of the net pension liability was \$30,950,899.

The City's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	<u>PERF C</u>
Proportion - June 30, 2016	0.303969%
Proportion - June 30, 2017	<u>0.312091%</u>
Change - Increase (Decrease)	<u><u>0.008122%</u></u>

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$2,963,199. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 346,202	\$ (90,265)
Changes of assumptions	5,020,799	(385,209)
Changes in employer's proportions	610,664	(900,919)
Net difference between projected and actual earnings on pension plan investments	1,094,731	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	(1,877,845)
City contributions subsequent to the measurement date	1,969,480	-
	<u>\$ 9,041,876</u>	<u>(3,254,238)</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan (Continued)

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

\$1,969,480 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended	
June 30,	Total
2019	\$ 223,010
2020	2,677,277
2021	1,558,438
2022	(640,567)
Totals	<u>\$ 3,818,158</u>

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Safety
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal in Accordance with the Requirements of GASB 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment Expenses, includes Inflation
Mortality Rate Table ¹	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be found on the CalPERS website.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan (Continued)

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

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

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

In determining the long-term expected rate of return, staff took into account both short-term and long term market return expectations as well as the expected pension fund (Public Employees’ Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 10. RETIREMENT PLANS (Continued)

Cost-Sharing Employer Defined Benefit Pension Plan (Continued)

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Year 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	<u>100.00%</u>		

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Public Safety</u>
1% Decrease	6.15%
Net Pension Liability	\$ 47,537,537
Current Discount Rate	7.15%
Net Pension Liability	\$ 30,950,899
1% Increase	8.15%
Net Pension Liability	\$ 17,392,150

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

Defined Contribution Plan

The federal government enacted legislation in 1990 mandating Social Security coverage for previously uncovered governmental employees. Public Agency Retirement Services (PARS) provides this alternate retirement system for part-time, seasonal and temporary employees. The total contribution amounts to 7.5% of covered payroll compared to 12.4% under Social Security. Contribution rates are established by the City. The City began participating in PARS during fiscal year 2004-05. As of June 30, 2018, there were 167 plan participants and \$683 was contributed for the fiscal year by the City of Covina.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 11. COMPENSATED ABSENCES

For governmental funds, accumulated vacation and sick leave benefits payable at June 30, 2018, was \$3,679,919. The short-term portion of \$1,093,163 and long-term portion of 2,586,756 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 \$223,104, of which \$50,389 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 \$350,113, of which \$136,318 represents the current portion. The total amount is recorded within the respective proprietary funds and business-type activities of the government-wide statements.

NOTE 12. RISK MANAGEMENT

Workers' Compensation and General Liability:

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

The City established general liability and workers' compensation internal service funds. The funds have cash and investments of \$2,842,640 and \$1,228,020, 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, 2018, total actual and estimated claims and judgments payable were as follows:

	<u>Amount</u>
General liability	\$ 1,748,193
Workers' compensation	<u>5,934,000</u>
Total	<u><u>\$ 7,682,193</u></u>

The following are changes in the claims and judgments liability for fiscal years 2018 and 2017:

	<u>Fiscal Year Ended June 30</u>	
	<u>2018</u>	<u>2017</u>
Claims and judgments, beginning of fiscal year	\$ 3,773,632	\$ 5,458,000
Claims incurred (including IBNRs)	5,369,623	932,927
Claims paid	<u>(1,461,062)</u>	<u>(2,617,295)</u>
Claims and judgments, end of fiscal year	<u><u>\$ 7,682,193</u></u>	<u><u>\$ 3,773,632</u></u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 13. CAPITALIZED LEASE OBLIGATIONS

Water Equipment

The City entered into a capital lease with Global Water Management, LLC 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, 2018, are as follows:

Fiscal Years Ending June 30,	Amount
2019	\$ 462,228
2020	462,228
2021	462,228
2022	462,228
2023	462,228
2024-2026	1,155,561
Total minimum lease payments	3,466,701
Less amount representing interest	(591,463)
Present value of minimum lease payment	\$ 2,875,238

The value of the assets acquired by the capital lease was \$2,383,586 as of June 30, 2018, net of accumulated depreciation of \$2,383,586.

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, 2018, are as follows:

Fiscal Years Ending June 30,	Amount
2019	\$ -
2020	252,484
2021	252,484
Total minimum lease payments	504,968
Less amount representing interest	(8,397)
Present value of minimum lease payment	\$ 496,571

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 14. LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liabilities for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Restatements	Additions	Deletions	Balance June 30, 2018	Current Portion
Governmental activities						
Compensated absences	\$ 3,850,559	\$ -	\$ 922,523	\$ (1,093,163)	\$ 3,679,919	\$ 1,093,163
Claims and judgments	3,773,632		5,369,623	(1,461,062)	7,682,193	-
Certificates of participation payable (COP)	-		5,625,000	(210,000)	5,415,000	175,000
Unamortized premium on COP	-		254,307	(11,560)	242,747	11,560
Capital lease payable	-		496,571	-	496,571	-
Postemployment benefit obligation	2,040,432	4,019,739	446,086	(432,235)	6,074,022	-
Net pension liability	47,553,217		12,916,137	(8,998,320)	51,471,034	-
Total long-term liabilities, net	<u>\$ 57,217,840</u>	<u>\$ 4,019,739</u>	<u>\$ 26,030,247</u>	<u>\$ (12,206,340)</u>	<u>\$ 75,061,486</u>	<u>\$ 1,279,723</u>
	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Current Portion	
Business-type activities						
Compensated absences	\$ 297,003	\$ 189,429	\$ (136,319)	\$ 350,113	\$ 136,318	
Capital lease payable	3,186,044	-	(310,806)	2,875,238	326,126	
Revenue bonds payable	25,440,000	-	(1,020,000)	24,420,000	1,060,000	
Unamortized premium on revenue bonds	135,147	-	(5,629)	129,518	5,629	
Unamortized discount on revenue bonds	(91,425)	-	7,618	(83,807)	(7,618)	
Net pension liability	5,799,519	1,809,919	(975,762)	6,633,676	-	
Total long-term liabilities, net	<u>\$ 34,766,288</u>	<u>\$ 1,999,348</u>	<u>\$ (2,440,898)</u>	<u>\$ 34,324,738</u>	<u>\$ 1,520,455</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, pension obligation, and OPEB obligation for the governmental activities are generally liquidated by the General Fund and Internal Service Funds.

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, 2018, the outstanding balance of these bonds was \$5,415,000.

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
2019	\$ 175,000	\$ 191,688	\$ 366,688
2020	180,000	186,438	366,438
2021	185,000	179,238	364,238
2022	195,000	169,988	364,988
2023	205,000	160,238	365,238
2024-2028	1,125,000	701,176	1,826,176
2029-2033	1,370,000	464,300	1,834,300
2034-2038	1,625,000	209,770	1,834,770
2039	355,000	11,094	366,094
	<u>\$ 5,415,000</u>	<u>\$ 2,273,930</u>	<u>\$ 7,688,930</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 14. LONG-TERM LIABILITIES (Continued)

Revenue Bonds Payable, Sewer Enterprise Fund

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

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

The bonds are secured by a pledge of the net revenues received by the City for the sewer fees. Total principal and interest remaining to be paid on the bonds is \$15,388,350. Principal and interest paid for the current fiscal year and total customer net revenues were \$1,294,468 and \$2,833,092, respectively.

Interest is payable semiannually on April 1 and October 1 of each year at rates of interest ranging from 2.5% to 5.375%. Payment of principal on the bonds begins on October 1, 2011, and is due on October 1 each year until 2029. The outstanding balance as of June 30, 2018 was \$11,485,000.

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
2019	\$ 745,000	\$ 547,900	\$ 1,292,900
2020	770,000	518,532	1,288,532
2021	805,000	486,529	1,291,529
2022	835,000	452,182	1,287,182
2023	870,000	414,863	1,284,863
2024-2028	5,045,000	1,351,791	6,396,791
2029-2030	<u>2,415,000</u>	<u>131,553</u>	<u>2,546,553</u>
	<u>\$ 11,485,000</u>	<u>\$ 3,903,350</u>	<u>\$ 15,388,350</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 14. LONG-TERM LIABILITIES (Continued)

Revenue Bonds Payable, Water Enterprise Fund

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

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

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

The bonds are secured by a pledge of the net revenues received by the City for water sales. Total principal and interest remaining to be paid on the bonds is \$22,508,796. Principal and interest paid for the current year and total customer net revenues were \$985,412 and \$10,833,235, 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, 2018 was \$12,935,000.

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
2019	\$ 315,000	\$ 671,612	\$ 986,612
2020	330,000	658,712	988,712
2021	340,000	645,312	985,312
2022	355,000	631,412	986,412
2023	370,000	614,600	984,600
2024-2028	2,160,000	2,753,375	4,913,375
2029-2033	2,775,000	2,117,896	4,892,896
2034-2038	3,610,000	1,254,551	4,864,551
2039-2041	<u>2,680,000</u>	<u>226,326</u>	<u>2,906,326</u>
	<u>\$ 12,935,000</u>	<u>\$ 9,573,796</u>	<u>\$ 22,508,796</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 15. FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific Purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balances for governmental funds are made up of the following:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (for example: resolution and ordinance). Ordinance is the highest level of the City Council’s approval.
- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. *Intent* is expressed by (1) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated through its fund balance policy the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund, that are not classified as nonspendable, restricted or committed.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 15. FUND BALANCES (Continued)

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

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

	General Fund	Housing Authority	Measure R	Non-major Governmental	Totals
Nonspendable					
Due from successor agency	\$ 2,256,587	\$ -	\$ -	\$ -	\$ 2,256,587
Prepaid expenses	859,510	-	-	-	859,510
Total	<u>3,116,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,116,097</u>
Committed					
Emergency contingency	3,708,388	-	-	-	3,708,388
Total	<u>3,708,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,708,388</u>
Restricted					
Culture and recreation	312,610	-	-	-	312,610
Redevelopment and housing	-	2,950,789	-	-	2,950,789
Community development	-	-	-	5,198,133	5,198,133
Law enforcement	136,317	-	-	270,372	406,689
Street and transportation projects	-	-	6,705,464	7,500,235	14,205,699
Air Quality projects	-	-	-	186,487	186,487
Assessment districts	-	-	-	1,025,346	1,025,346
Culture and recreation	-	-	-	716,046	716,046
Other capital projects	-	-	-	71,066	71,066
Total	<u>448,927</u>	<u>2,950,789</u>	<u>6,705,464</u>	<u>14,967,685</u>	<u>25,072,865</u>
Assigned					
Culture and recreation	33,474	-	-	466,303	499,777
Other capital projects	1,528,374	-	-	25,065	1,553,439
Total	<u>1,561,848</u>	<u>-</u>	<u>-</u>	<u>491,368</u>	<u>2,053,216</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,943)</u>	<u>(53,943)</u>
Totals	<u>\$ 8,835,260</u>	<u>\$ 2,950,789</u>	<u>\$ 6,705,464</u>	<u>\$ 15,405,110</u>	<u>\$ 33,896,623</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 16. CONTINGENCIES

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

NOTE 17. JOINT VENTURE

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

The City's investment in the Company has been recorded on the equity method of accounting and is shown as an "investment in joint venture" in the Water Utility Enterprise Fund. The City invested in the Company's shares solely to ensure that present and future water supply will be maintained at an adequate level. The City's equity share is 42.19 percent.

Complete financial statements for Covina Irrigating Company can be obtained from the Company. Summarized audited information for the fiscal year ended June 30, 2018 is as follows:

Operating revenues	\$ 11,248,747
Operating expenses	<u>(8,890,197)</u>
Operating income	<u>2,358,550</u>
Net income	<u>2,148,647</u>
Total assets	<u>27,145,310</u>
Total liabilities	<u>9,347,596</u>
Total fund equity	<u>17,797,714</u>
Total liabilities and fund equity	<u>\$ 27,145,310</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 18. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description:

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

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

Eligibility:

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership in the plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

Active plan members	166
Inactive employees or beneficiaries currently receiving benefit payments	141
Inactive employees entitled to but not yet receiving benefit payments	<u>-</u>
Total	<u><u>307</u></u>

Contribution:

The contribution requirements of plan members and the City are established and may be amended by the City and the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. For the fiscal year ended June 30, 2018, the City makes contributions based on an actuarially determined rate.

Net OPEB Liability:

The City's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017.

Actuarial assumptions:

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Funding method	Entry Age Normal Cost, level percent of pay
Discount Rate	4.50% per year net of expenses
Inflation	2.75%
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 Tread Rate	4% per year

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

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

Discount Rate:

The discount rate used to measure the total OPEB liability was 4.0 percent. The estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets for funded plans. The rate used for a funded plan is the real rate of return expected for plan assets plus long term inflation assumption. For an unfunded plan, the discount rate is based on an index of 20-year General Obligation municipal bonds. For partially funded plans, the discount rate is a blend of the funded and unfunded rates.

Change in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2016	\$ 6,527,867	\$ 467,696	\$ 6,060,171
Changes Recognized for the Measurement Period:			
Service Cost	155,856	-	155,856
Interest on the total OPEB liability	287,858	-	287,858
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions from the employer	-	413,635	(413,635)
Net investment income	-	18,600	(18,600)
Administrative expenses	-	(2,372)	2,372
Benefit payments	(413,635)	(413,635)	-
Net Changes during July 1, 2016 to June 30, 2017	30,079	16,228	13,851
Balance at June 30, 2017 (Measurement Date)	\$ 6,557,946	\$ 483,924	\$ 6,074,022

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 1-percentage-point lower (3.0 percent) or 1-percentage- point higher (5.0 percent) than the current discount rate:

Plan's Net OPEB Liability (Asset)		
Current		
Discount Rate - 1%	Discount Rate	Discount Rate + 1%
\$ 6,808,268	\$ 6,074,022	\$ 5,460,735

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 1-percentage-point lower (3.0 percent) or 1-percentage- point higher (5.0 percent) than the current discount rate:

Plan's Net OPEB Liability (Asset)		
Current Trend Rate - 1%	Current Healthcare Cost Trend Rate	Current Trend Rate + 1%
\$ 5,707,326	\$ 6,074,022	\$ 6,505,627

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

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

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$427,486. OPEB expenses includes service cost, interest cost, change in Total OPEB Liability (TOL) due to plan changes and adjustments on deferred inflows and outflows. City of Covina determined that it was not reasonable to return prior valuations under GASB No. 75. Therefore, the actuarial firm used the transition approach provided in the GASB No. 75, which means no deferred inflows and outflows in the first year (with the exception of contributions after the measurement date).

\$409,995 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

NOTE 19. 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.

NOTE 20. 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 \$2,782,272 to the Covina Irrigating Company for the services of pumping, treating and delivery of water.

NOTE 21. 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, 2018, total governmental fund encumbrance balances for the City are as follows:

General Fund	\$	166,949
Non-major governmental fund		1,734,425
Total governmental funds	\$	<u>1,901,374</u>

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 22. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (SACRA)

On December 29, 2011, the California Supreme Court upheld AB X1 26 that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

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

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

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

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

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

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 22. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

A. Capital Assets Held by SACRA

	Balance July 1, 2017	Additions	Deletions	Transfer to the City of Covina	Balance June 30, 2018
Capital assets, not depreciated:					
Land	\$ 199,620	\$ -	\$ -	\$ -	\$ 199,620
Total capital assets, not depreciated	199,620	-	-	-	199,620
Capital assets, depreciated:					
Improvements other than buildings	1,713,748	-	-	(1,713,748)	-
Total capital assets, depreciated	1,713,748	-	-	(1,713,748)	-
Less accumulated depreciation for:					
Improvements other than buildings	(442,718)	-	-	442,718	-
Total accumulated depreciation	(442,718)	-	-	442,718	-
Total capital assets, depreciated, net	1,271,030	-	-	(1,271,030)	-
Total capital assets, net	\$ 1,470,650	\$ -	\$ -	\$ (1,271,030)	\$ 199,620

B. Summary of SACRA's Long-Term Debt

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Current Portion
Advances from City of Covina	\$ 4,050,431	\$ -	\$ (358,314)	\$ 3,692,117	\$ -
Compensated absences	35,753	13,355	(11,645)	37,463	14,388
Tax allocation bonds	17,626,600	-	(2,365,000)	15,261,600	2,470,000
Accreted interest	229,493	70,561	-	300,054	-
Unamortized premium on tax allocation bonds	1,215,045	-	(115,206)	1,099,839	115,206
Total long-term liabilities, net	\$ 23,157,322	\$ 83,916	\$ (2,850,165)	\$ 20,391,073	\$ 2,599,594

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, 2018 was \$1,990,000.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 22. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

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

Tax Allocation Revenue Refunding Bonds of 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 A.

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

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

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

The outstanding principal balance of the bonds at June 30, 2018, is \$10,886,600. The accreted interest amount outstanding on the Capital appreciation bonds is \$300,054.

Tax Allocation Revenue Refunding Bonds of 2014, Series E

On December 17, 2014, the Successor Agency of the former Covina Redevelopment Agency issued (through the County of Los Angeles Redevelopment Refunding Authority) 2014E Tax Allocation Revenue Refunding Bonds in the amount of \$6,985,000. The purpose of the issue 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.

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, 2018, is \$2,385,000.

CITY OF COVINA, CALIFORNIA
Notes to the Financial Statements
June 30, 2018

NOTE 22. SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (Continued)

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

Fiscal Years Ending June 30,	Principal	Interest	Total
2019	\$ 2,470,000	\$ 620,327	\$ 3,090,327
2020	2,100,621	931,355	3,031,976
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>\$ 15,261,600</u>	<u>\$ 2,681,245</u>	<u>\$ 17,942,845</u>

NOTE 23. RESTATEMENTS

The City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, as of July 1, 2017. The cumulative effect of applying GASB No. 75 has resulted in decrease to the net position at July 1, 2017 as follows:

	Governmental Activities
Net position at July 1, 2017	\$ 62,153,708
Net OPEB obligation	(4,019,739)
Deferred outflows or resources related to OPEB	413,635
Net position at July 1, 2017, as restated	<u>\$ 58,547,604</u>

CITY OF COVINA, CALIFORNIA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amount		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 11,644,925	\$ 11,644,925	\$ 6,741,916	\$ (4,903,009)
Resources (inflows):				
Property taxes	11,637,000	12,087,620	12,452,762	365,142
Sales taxes	9,525,500	9,525,500	8,950,753	(574,747)
Transient occupancy taxes	380,000	200,000	388,491	188,491
Property transfer taxes	200,000	200,000	236,899	36,899
Business license taxes	510,000	360,000	347,172	(12,828)
Utility user taxes	4,900,000	4,700,000	4,573,428	(126,572)
Franchise taxes	1,405,000	1,455,000	1,594,522	139,522
Licenses and permits	1,051,000	1,286,000	1,698,138	412,138
Intergovernmental	586,860	748,984	1,941,219	1,192,235
Charges for services	3,854,643	4,055,968	4,410,250	354,282
Fines and forfeits	994,000	934,000	907,304	(26,696)
Investment earnings	116,000	116,000	144,176	28,176
Miscellaneous	507,230	581,050	718,974	137,924
Transfers in	364,202	417,830	121,861	(295,969)
Amounts available for appropriation	47,676,360	48,312,877	45,227,865	(3,085,012)
Charges to appropriations (outflows):				
Current:				
General government	1,871,113	1,890,904	2,235,447	(344,543)
Public safety	26,342,469	26,872,026	26,288,943	583,083
Public works	2,290,329	2,303,888	1,979,559	324,329
Culture and recreation	3,923,427	3,951,653	3,837,795	113,858
Community development	1,477,551	1,871,749	1,860,425	11,324
Capital outlay	914	914	914	-
Transfers out	242,130	305,005	189,522	115,483
Total charges to appropriations	36,147,933	37,196,139	36,392,605	803,534
Budgetary fund balance, June 30	\$ 11,528,427	\$ 11,116,738	\$ 8,835,260	\$ (2,281,478)

See note to required supplementary information

CITY OF COVINA, CALIFORNIA
Required Supplementary Information
Budgetary Comparison Schedule
Housing Authority Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amount		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 2,971,672	\$ 2,971,672	\$ 2,971,672	\$ -
Resources (inflows):				
Intergovernmental	394,145	394,145	179,157	(214,988)
Investment earnings	-	-	32,988	32,988
Transfers in	429,157	429,157	35,831	(393,326)
Amounts available for appropriation	3,794,974	3,794,974	3,219,648	(575,326)
Charges to appropriations (outflows):				
Current:				
Redevelopment and housing	2,087,471	2,100,169	268,859	1,831,310
Total charges to appropriations	2,087,471	2,100,169	268,859	1,831,310
Budgetary fund balance, June 30	\$ 1,707,503	\$ 1,694,805	\$ 2,950,789	\$ 1,255,984

See note to required supplementary information

CITY OF COVINA, CALIFORNIA
Required Supplementary Information
Budgetary Comparison Schedule
Measure R Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amount		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 1,067,269	\$ 1,067,269	\$ 1,067,269	\$ -
Resources (inflows):				
Intergovernmental	612,676	612,676	571,216	(41,460)
Investment earnings	-	-	54,937	54,937
Proceeds from debt issuance	5,100,000	5,100,000	5,625,000	525,000
Premium on debt issuance	-	-	254,307	254,307
Amounts available for appropriation	6,779,945	6,779,945	7,572,729	792,784
Charges to appropriations (outflows):				
Capital outlay	5,862,550	5,985,722	502,187	5,483,535
Debt service:				
Principal retirement	-	210,000	210,000	-
Interest and fiscal charges	-	190,000	155,078	34,922
Total charges to appropriations	5,862,550	6,385,722	867,265	5,518,457
Budgetary fund balance, June 30	\$ 917,395	\$ 394,223	\$ 6,705,464	\$ 6,311,241

See note to required supplementary information

CITY OF COVINA, CALIFORNIA
Note to Required Supplementary Information
June 30, 2018

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

CITY OF COVINA
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

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

Schedule of Changes in the Net Pension Liability and Related Ratios

	2018	2017	2016	2015
Measurement Period	2016-17 ¹	2015-16 ¹	2014-15 ¹	2013-14 ¹
Total Pension Liability				
Service Cost	\$ 1,152,992	\$ 1,486,092	\$ 1,420,544	\$ 1,399,079
Interest on the Total Pension Liability	5,977,026	6,066,839	5,848,966	5,596,243
Change of Benefit Terms	-	-	-	(3,984,640)
Change of Assumptions	5,024,331	-	(1,428,592)	-
Differences between Expected and Actual Experience	(3,886,390)	(362,755)	269,486	-
Benefit Payments, including Refunds of Employee Contributions	(4,314,593)	(4,154,693)	(4,028,300)	-
Net Change in Total Pension Liability	3,953,366	3,035,483	2,082,104	3,010,682
Total Pension Liability - Beginning	84,037,630	81,002,147	78,920,043	75,909,361
Total Pension Liability - Ending (a)	<u>\$ 87,990,996</u>	<u>\$ 84,037,630</u>	<u>\$ 81,002,147</u>	<u>\$ 78,920,043</u>
Plan Fiduciary Net Position				
Plan to Plan Resource Movement	\$ 24,693	\$ -	\$ 9,481	\$ -
Contributions from the Employer	1,424,175	1,410,961	1,599,026	1,453,480
Contributions from the Employees	565,326	578,334	781,508	865,295
Net Investment Income ²	6,234,088	296,745	1,328,803	8,890,960
Benefit Payments	(4,314,593)	(4,154,693)	(4,028,300)	(3,984,640)
Administrative Expense	(84,138)	(35,892)	(66,233)	-
Net Change in Plan Fiduciary Net Position	3,849,551	(1,904,545)	(375,715)	7,225,095
Plan Fiduciary Net Position - Beginning	56,987,634	58,892,179	59,267,894	52,042,799
Plan Fiduciary Net Position - Ending (b)	<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>\$ 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	69.14%	67.81%	72.70%	75.10%
Covered Payroll³	\$ 6,130,981	\$ 8,782,015	\$ 8,497,600	\$ 7,967,419
Net Pension Liability as Percentage of Covered Employee Payroll	442.90%	308.02%	260.19%	246.66%

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

² Net of administrative expenses.

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

Note to Schedule:

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

Changes in Assumptions: In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent. In 2014, the discount rate was 7.5 percent (net of administrative expense).

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

CITY OF COVINA
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

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

Schedule of Contributions¹

	Miscellaneous Plan Fiscal Year 2017-18	Miscellaneous Plan Fiscal Year 2016-17	Miscellaneous Plan Fiscal Year 2015-16	Miscellaneous Plan Fiscal Year 2014-15
Actuarially Determined Contribution ²	\$ 1,424,175	\$ 1,430,571	\$ 1,599,026	\$ 1,453,480
Contributions in Relation to the Actuarially Determined Contribution ²	(2,078,674)	(1,430,571)	(1,599,026)	(1,453,480)
Contribution Deficiency (Excess)	\$ (654,499)	\$ -	\$ -	\$ -
Covered Payroll ³	\$ 6,130,981	\$ 8,782,015	\$ 8,497,600	\$ 7,967,419
Contributions as a Percentage of Covered Payroll ³	23.23%	16.07%	18.82%	18.24%

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

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

³ Includes one year's payroll growth using 3.00 percent payroll assumption

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 public agency valuations.

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method/Period	Level Percent of Payroll
Average Remaining Period	20 Years as of the Valuation Date
Asset Valuation Method	15 Years Smoothed Market
Actuarial Assumptions:	
Discount Rate (net of administrative expenses)	7.15%
Projected Salary Increase	3.30%-14.20% (1)
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed
Investment Rate of Return	7.50% (2)
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

CITY OF COVINA
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

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

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

	Safety Plan 2018	Safety Plan 2017	Safety Plan 2016	Safety Plan 2015
Plan's proportion of the Net Pension Liability (Asset)	0.312091%	0.303969%	0.277321%	0.41430%
Plan's proportionate share of the Net Pension Liability (Asset)	\$ 30,950,899	\$ 26,302,740	\$ 19,035,092	\$ 15,540,223
Covered payroll ²	\$ 6,325,051	\$ 8,767,983	\$ 7,464,609	\$ 6,609,596
Plan's proportionate share of the Net Pension Liability (Asset) as a percentage of its covered employee payroll	489.34%	299.99%	255.00%	235.12%
Plan's fiduciary net position	\$ 87,595,313	\$ 81,768,938	\$ 83,851,145	\$ 84,387,687
Plan's proportionate share of the Fiduciary Net Pension Liability (Asset) as a percentage of the Plan's Total Pension Liability	85.14%	79.48%	81.50%	84.45%

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

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

Note to Schedule:

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

Changes in Assumptions: In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent. In 2014, the discount rate was 7.5 percent (net of administrative expense).

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

CITY OF COVINA
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

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

Schedule of Contributions¹

	Fiscal Year 2017-18	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially Determined Contribution ²	\$ 1,969,480	\$ 1,730,321	\$ 1,549,717	\$ 1,241,075
Contributions in Relation to the Actuarially Determined Contribution ²	(1,969,480)	(1,730,321)	(1,549,717)	(1,241,075)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll ³	\$ 6,325,051	\$ 8,767,983	\$ 7,464,609	\$ 6,609,596
Contributions as a Percentage of Covered Payroll ³	31.14%	19.73%	20.76%	18.78%

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

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

³ Includes one year's payroll growth using 3.00 percent payroll assumption

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were from the June 30, 2014 public agency valuations.

Actuarial Cost Method Entry-Age Normal Cost Method
Amortization Method/Period Level Percent of Payroll
Average Remaining Period 20 Years as of the Valuation Date
Asset Valuation Method 15 Years Smoothed Market

Actuarial Assumptions:

Discount Rate (net of ad 7.15%

Projected Salary Increases 3.30%-14.20% (1)

Inflation 2.75%

Payroll Growth 3.00%

Individual Salary Growth A merit scale varying by duration of employment coupled with an assumed

Investment Rate of Return 7.50% (2)

Mortality The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

CITY OF COVINA
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Schedule of Changes in the City's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years*

Employer Fiscal Year End Measurement Period	2017-18 2016-17 ¹
Total OPEB Liability	
Service Cost	\$ 155,856
Interest on the Total OPEB Liability	287,858
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments	(413,635)
Net Change in Total OPEB Liability	30,079
Total OPEB Liability - Beginning	6,527,867
Total OPEB Liability - Ending	<u>\$ 6,557,946</u>
OPEB Fiduciary Net Position	
Contributions from the Employer	\$ 413,635
Net Investment Income	18,600
Administrative Expenses	(2,372)
Benefit Payments	(413,635)
Net Change in Plan Fiduciary Net Position	16,228
Plan Fiduciary Net Position - Beginning	467,696
Plan Fiduciary Net Position - Ending	<u>\$ 483,924</u>
Plan Net OPEB Liability - Ending	<u>\$ 6,074,022</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>7.38%</u>
Covered Payroll	\$ 12,959,615
Net OPEB Liability as a Percentage of Covered Payroll	46.87%

¹ Historical information is required only for measurement periods for which GASB 75 is applicable.

Notes to Schedule:

Change of Assumptions: There were no changes of assumption.

* Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

CITY OF COVINA
Required Supplementary Information
For the Fiscal Year Ended June 30, 2018

Schedule of Contributions - OPEB

Last 10 Fiscal Years*

	2017-2018
Actuarially Determine Contribution	\$ 409,995
Contributions in Relation to the Actuarially Determined Contribution	<u>409,995</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
 Covered Payroll During Fiscal Year	 \$ 13,316,004
 Contributions as a Percentage of Covered Payroll	 3.08%

¹ GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's Required Supplementary Information for 10 years or as many years as are available upon implementation. Fiscal year 2018 was the 1st year of implementation, therefore only one fiscal years are shown.

Notes to Schedule:

Valuation Date	June 30, 2017
Funding method	Entry Age Normal Cost, level percent of pay
Discount Rate	4.50% per year net of expenses
Inflation	2.75%
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 Employees
Healthcare Tread Rate	4% per year

* Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

Non-Major Governmental Funds

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

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

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

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

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

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 accounts for the motor vehicle fee for air and environmental improvements.

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

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

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

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

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

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

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.

**Non-Major Governmental Funds
(Continued)**

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

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

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

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.

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

CITY OF COVINA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

	Special Revenue Funds							
	Community Development Block Grant	Prop A	Law Enforcement	Narcotic Seizure	State Gas Tax	Prop C	Air Quality Improvement	Municipal Parking District
Assets								
Cash and investments	\$ -	\$ 2,527,935	\$ 69,816	\$ 152,335	\$ 1,108,090	\$ 2,991,828	\$ 170,351	\$ 695,640
Receivables (net of allowances for uncollectibles):								
Accounts	-	10,196	-	-	-	-	16,136	2,061
Loans	310,088	-	-	-	-	-	-	-
Due from other governments	209,126	-	-	-	-	-	-	14,949
Total assets	<u>\$ 519,214</u>	<u>\$ 2,538,131</u>	<u>\$ 69,816</u>	<u>\$ 152,335</u>	<u>\$ 1,108,090</u>	<u>\$ 2,991,828</u>	<u>\$ 186,487</u>	<u>\$ 712,650</u>
Liabilities, deferred inflows of resources, and fund balances								
Liabilities:								
Accounts payable	\$ 111,644	\$ 82,755	\$ -	\$ -	\$ 1,755	\$ 177,344	\$ -	\$ 4,892
Deposits payable	-	-	-	-	-	-	-	-
Accrued liabilities	23	1,665	1,511	-	-	523	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Due to other funds	97,459	-	-	-	-	-	-	-
Total liabilities	<u>209,126</u>	<u>84,420</u>	<u>1,511</u>	<u>-</u>	<u>1,755</u>	<u>177,867</u>	<u>-</u>	<u>4,892</u>
Deferred inflows of resources:								
Deferred revenue - loans/notes	310,088	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>310,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>519,214</u>	<u>84,420</u>	<u>1,511</u>	<u>-</u>	<u>1,755</u>	<u>177,867</u>	<u>-</u>	<u>4,892</u>
Fund balances:								
Restricted for:								
Community development	-	-	-	-	-	-	-	-
Law enforcement	-	-	68,305	152,335	-	-	-	-
Transportation and street projects	-	2,453,711	-	-	1,106,335	2,813,961	-	-
Air Quality projects	-	-	-	-	-	-	186,487	-
Assessment districts	-	-	-	-	-	-	-	707,758
Culture and recreation	-	-	-	-	-	-	-	-
Other capital projects	-	-	-	-	-	-	-	-
Assigned to:								
Culture and recreation	-	-	-	-	-	-	-	-
Other capital projects	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>2,453,711</u>	<u>68,305</u>	<u>152,335</u>	<u>1,106,335</u>	<u>2,813,961</u>	<u>186,487</u>	<u>707,758</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 519,214</u>	<u>\$ 2,538,131</u>	<u>\$ 69,816</u>	<u>\$ 152,335</u>	<u>\$ 1,108,090</u>	<u>\$ 2,991,828</u>	<u>\$ 186,487</u>	<u>\$ 712,650</u>

CITY OF COVINA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018

Special Revenue Funds									
Lighting Assessment District	Landscaping Assessment District	Community Facilities District	Shoppers Lane Parking District	Measure M	TDA Grant	Other Grants	Road Maintenance and Rehabilitation Act	PEG Access Television	Total
\$ 7,452	\$ 267,968	\$ 61,470	\$ 13,252	\$ 516,639	\$ -	\$ 8,180	\$ 184,526	\$ 424,503	\$ 9,199,985
-	-	-	320	-	2,497	301	-	-	31,511
-	-	-	-	-	-	-	-	-	310,088
2,750	5,254	3,685	-	-	-	147,810	103,879	28,229	515,682
<u>\$ 10,202</u>	<u>\$ 273,222</u>	<u>\$ 65,155</u>	<u>\$ 13,572</u>	<u>\$ 516,639</u>	<u>\$ 2,497</u>	<u>\$ 156,291</u>	<u>\$ 288,405</u>	<u>\$ 452,732</u>	<u>\$ 10,057,266</u>
\$ 14,523	\$ 5,631	\$ 14,130	\$ -	\$ -	\$ 122	\$ 29,165	\$ 440	\$ 1,236	\$ 443,637
13,875	13,875	-	-	-	-	-	-	-	27,750
-	-	-	-	-	-	8,224	-	82	12,028
-	-	-	725	-	-	-	-	-	725
-	-	-	-	-	2,337	-	-	-	99,796
<u>28,398</u>	<u>19,506</u>	<u>14,130</u>	<u>725</u>	<u>-</u>	<u>2,459</u>	<u>37,389</u>	<u>440</u>	<u>1,318</u>	<u>583,936</u>
-	-	-	-	-	-	-	-	-	310,088
-	-	-	-	-	-	-	-	-	310,088
<u>28,398</u>	<u>19,506</u>	<u>14,130</u>	<u>725</u>	<u>-</u>	<u>2,459</u>	<u>37,389</u>	<u>440</u>	<u>1,318</u>	<u>894,024</u>
-	-	-	-	-	-	118,776	-	-	118,776
-	-	-	-	-	-	-	-	-	220,640
-	-	-	-	516,639	38	-	287,965	-	7,178,649
-	-	-	-	-	-	-	-	-	186,487
-	253,716	51,025	12,847	-	-	-	-	-	1,025,346
-	-	-	-	-	-	126	-	451,414	451,540
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(18,196)	-	-	-	-	-	-	-	-	(18,196)
<u>(18,196)</u>	<u>253,716</u>	<u>51,025</u>	<u>12,847</u>	<u>516,639</u>	<u>38</u>	<u>118,902</u>	<u>287,965</u>	<u>451,414</u>	<u>9,163,242</u>
<u>\$ 10,202</u>	<u>\$ 273,222</u>	<u>\$ 65,155</u>	<u>\$ 13,572</u>	<u>\$ 516,639</u>	<u>\$ 2,497</u>	<u>\$ 156,291</u>	<u>\$ 288,405</u>	<u>\$ 452,732</u>	<u>\$ 10,057,266</u>

(Continued)

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF COVINA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2018
(Continued)

	Capital Project Funds					Total Non-Major Governmental Funds
	General Projects	Park Development	Covina Revitalization Projects	Transportation	Total	
Assets						
Cash and investments	\$ 719,404	\$ 714,169	\$ 5,079,357	\$ -	\$ 6,512,930	\$ 15,712,915
Receivables (net of allowances for uncollectibles):						
Accounts	-	-	-	-	-	31,511
Loans	-	-	-	-	-	310,088
Due from other governments	27,156	219,255	-	202,657	449,068	964,750
Total assets	<u>\$ 746,560</u>	<u>\$ 933,424</u>	<u>\$ 5,079,357</u>	<u>\$ 202,657</u>	<u>\$ 6,961,998</u>	<u>\$ 17,019,264</u>
Liabilities, deferred inflows of resources, and fund balances						
Liabilities:						
Accounts payable	\$ 13,883	\$ 467,121	\$ -	\$ 162,114	\$ 643,118	\$ 1,086,755
Deposits payable	36,469	-	-	-	36,469	64,219
Accrued liabilities	-	-	-	-	-	12,028
Unearned revenue	-	-	-	-	-	725
Due to other funds	-	-	-	40,543	40,543	140,339
Total liabilities	<u>50,352</u>	<u>467,121</u>	<u>-</u>	<u>202,657</u>	<u>720,130</u>	<u>1,304,066</u>
Deferred inflows of resources:						
Deferred revenue - loans/notes	-	-	-	-	-	310,088
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,088</u>
Total liabilities and deferred inflows of resources	<u>50,352</u>	<u>467,121</u>	<u>-</u>	<u>202,657</u>	<u>720,130</u>	<u>1,614,154</u>
Fund balances:						
Restricted for:						
Community development	-	-	5,079,357	-	5,079,357	5,198,133
Law enforcement	49,732	-	-	-	49,732	270,372
Transportation and street projects	321,586	-	-	-	321,586	7,500,235
Air Quality projects	-	-	-	-	-	186,487
Assessment districts	-	-	-	-	-	1,025,346
Culture and recreation	264,506	-	-	-	264,506	716,046
Other capital projects	71,066	-	-	-	71,066	71,066
Assigned to:						
Culture and recreation	-	466,303	-	-	466,303	466,303
Other capital projects	25,065	-	-	-	25,065	25,065
Unassigned	(35,747)	-	-	-	(35,747)	(53,943)
Total fund balances (deficits)	<u>696,208</u>	<u>466,303</u>	<u>5,079,357</u>	<u>-</u>	<u>6,241,868</u>	<u>15,405,110</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 746,560</u>	<u>\$ 933,424</u>	<u>\$ 5,079,357</u>	<u>\$ 202,657</u>	<u>\$ 6,961,998</u>	<u>\$ 17,019,264</u>

CITY OF COVINA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Change in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds							
	Community Development Block Grant	Prop A	Law Enforcement	Narcotic Seizure	State Gas Tax	Prop C	Air Quality Improvement	Municipal Parking District
Revenues:								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,556
Business license taxes	-	-	-	-	-	-	-	-
Intergovernmental	736,494	919,438	100,000	-	1,029,214	762,083	62,789	-
Charges for services	-	179,554	-	-	-	35,096	-	76,986
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	-	26,788	1,065	53	13,919	35,193	1,772	390
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	736,494	1,125,780	101,065	53	1,043,133	832,372	64,561	199,932
Expenditures:								
Current:								
Public safety	-	-	99,597	8,826	-	-	-	-
Public works	-	-	-	-	2,088,592	-	47,875	188,618
Culture and recreation	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Transit	-	759,599	-	-	-	-	-	-
Redevelopment and housing	736,494	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	367,158	-	-
Total expenditures	736,494	759,599	99,597	8,826	2,088,592	367,158	47,875	188,618
Excess (deficiency) of revenues over expenditures	-	366,181	1,468	(8,773)	(1,045,459)	465,214	16,686	11,314
Other financing sources (uses):								
Transfers out	-	-	(53,628)	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(53,628)	-	-	-	-	-
Net change in fund balances	-	366,181	(52,160)	(8,773)	(1,045,459)	465,214	16,686	11,314
Fund balances (deficits) at beginning of fiscal year	-	2,087,530	120,465	161,108	2,151,794	2,348,747	169,801	696,444
Fund balances (deficits) at end of fiscal year	\$ -	\$ 2,453,711	\$ 68,305	\$ 152,335	\$ 1,106,335	\$ 2,813,961	\$ 186,487	\$ 707,758

CITY OF COVINA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Change in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2018

Special Revenue Funds									
Lighting Assessment District	Landscaping Assessment District	Community Facilities District	Shoppers Lane Parking District	Measure M	TDA Grant	Other Grants	Road Maintenance and Rehabilitation Act	PEG Access Television	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,556
-	-	-	1,621	-	-	-	-	-	1,621
-	-	-	-	517,653	2,497	315,666	287,183	-	4,733,017
-	-	-	12,101	-	-	-	-	-	303,737
126,373	174,892	81,849	-	-	-	-	-	83,086	466,200
-	-	-	-	4,251	5	-	1,222	-	84,658
-	-	-	-	-	-	4,084	-	-	4,084
126,373	174,892	81,849	13,722	521,904	2,502	319,750	288,405	83,086	5,715,873
-	-	-	-	-	-	174,416	-	-	282,839
242,173	159,127	650	7,932	-	-	38,182	440	-	2,773,589
-	-	-	-	-	-	66,613	-	19,573	86,186
-	-	-	-	-	-	29,764	-	-	29,764
-	-	-	-	5,265	-	-	-	-	764,864
-	-	-	-	-	-	-	-	-	736,494
-	-	-	-	-	24,162	-	-	-	391,320
242,173	159,127	650	7,932	5,265	24,162	308,975	440	19,573	5,065,056
(115,800)	15,765	81,199	5,790	516,639	(21,660)	10,775	287,965	63,513	650,817
-	-	(67,915)	-	-	-	-	-	-	(121,543)
125,000	-	-	-	-	-	-	-	-	125,000
125,000	-	(67,915)	-	-	-	-	-	-	3,457
9,200	15,765	13,284	5,790	516,639	(21,660)	10,775	287,965	63,513	654,274
(27,396)	237,951	37,741	7,057	-	21,698	108,127	-	387,901	8,508,968
\$ (18,196)	\$ 253,716	\$ 51,025	\$ 12,847	\$ 516,639	\$ 38	\$ 118,902	\$ 287,965	\$ 451,414	\$ 9,163,242

(Continued)

CITY OF COVINA, CALIFORNIA
Combining Statement of Revenues, Expenditures and Change in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2018
(Continued)

	Capital Projects Funds				Total Non-Major Governmental Funds
	General Projects	Park Development	Covina Revitalization Projects	Transportation	Total
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 122,556
Business license taxes	-	-	-	-	1,621
Intergovernmental	88,425	253,951	-	201,116	5,276,509
Charges for services	-	-	-	-	303,737
Special assessments	168,082	-	-	-	634,282
Investment earnings	-	-	63,957	-	148,615
Miscellaneous	-	-	-	-	4,084
Total revenues	256,507	253,951	63,957	201,116	6,491,404
Expenditures:					
Current:					
Public safety	-	-	-	-	282,839
Public works	-	-	-	-	2,773,589
Culture and recreation	-	-	-	-	86,186
Community development	-	-	-	-	29,764
Transit	-	-	-	-	764,864
Redevelopment and housing	-	-	-	-	736,494
Capital outlay	138,166	1,383,984	-	201,116	2,114,586
Total expenditures	138,166	1,383,984	-	201,116	6,788,322
Excess (deficiency) of revenues over expenditures	118,341	(1,130,033)	63,957	-	(296,918)
Other financing sources (uses):					
Transfers out	-	(318)	(874,920)	-	(996,781)
Transfers in	-	903,611	-	-	1,028,611
Total other financing sources (uses)	-	903,293	(874,920)	-	31,830
Net change in fund balances	118,341	(226,740)	(810,963)	-	(265,088)
Fund balances(deficits) at beginning of fiscal year	577,867	693,043	5,890,320	-	15,670,198
Fund balances (deficits) at end of fiscal year	\$ 696,208	\$ 466,303	\$ 5,079,357	\$ -	\$ 15,405,110

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Community Development Block Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -
Resources (inflows):			
Intergovernmental	1,008,972	736,494	(272,478)
Amounts available for appropriation	1,008,972	736,494	(272,478)
Charges to appropriations (outflows):			
Current:			
Redevelopment and housing	982,110	736,494	245,616
Total charges to appropriations	982,110	736,494	245,616
Budgetary fund balance, June 30	\$ 26,862	\$ -	\$ (26,862)

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Prop A Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 2,087,530	\$ 2,087,530	\$ -
Resources (inflows):			
Intergovernmental	984,843	919,438	(65,405)
Charges for services	275,600	179,554	(96,046)
Investment earnings	4,000	26,788	22,788
Amounts available for appropriation	3,351,973	3,213,310	(138,663)
Charges to appropriations (outflows):			
Current:			
Transit	1,160,849	759,599	401,250
Total charges to appropriations	1,160,849	759,599	401,250
Budgetary fund balance, June 30	\$ 2,191,124	\$ 2,453,711	\$ 262,587

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Law Enforcement Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 120,465	\$ 120,465	\$ -
Resources (inflows):			
Intergovernmental	254,455	100,000	(154,455)
Investment earnings	-	1,065	1,065
Amounts available for appropriation	374,920	221,530	(153,390)
Charges to appropriations (outflows):			
Current:			
Public safety	287,512	99,597	187,915
Transfers out	53,628	53,628	-
Total charges to appropriations	341,140	153,225	187,915
Budgetary fund balance, June 30	\$ 33,780	\$ 68,305	\$ 34,525

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Narcotic Seizure Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 161,108	\$ 161,108	\$ -
Resources (inflows):			
Investment earnings	-	53	53
Amounts available for appropriation	161,108	161,161	53
Charges to appropriations (outflows):			
Current:			
Public safety	52,798	8,826	43,972
Total charges to appropriations	52,798	8,826	43,972
Budgetary fund balance, June 30	\$ 108,310	\$ 152,335	\$ 44,025

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
State Gas Tax Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 2,151,794	\$ 2,151,794	\$ -
Resources (inflows):			
Intergovernmental	1,037,781	1,029,214	(8,567)
Investment earnings	-	13,919	13,919
Amounts available for appropriation	3,189,575	3,194,927	5,352
Charges to appropriations (outflows):			
Current:			
Public works	2,740,947	2,088,592	652,355
Total charges to appropriations	2,740,947	2,088,592	652,355
Budgetary fund balance, June 30	\$ 448,628	\$ 1,106,335	\$ 657,707

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Prop C Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 2,348,747	\$ 2,348,747	\$ -
Resources (inflows):			
Intergovernmental	816,902	762,083	(54,819)
Charges for services	35,096	35,096	-
Investment earnings	4,538	35,193	30,655
Amounts available for appropriation	3,205,283	3,181,119	(24,164)
Charges to appropriations (outflows):			
Capital outlay	2,594,513	367,158	2,227,355
Total charges to appropriations	2,594,513	367,158	2,227,355
Budgetary fund balance, June 30	\$ 610,770	\$ 2,813,961	\$ 2,203,191

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Air Quality Improvement Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 169,801	\$ 169,801	\$ -
Resources (inflows):			
Intergovernmental	60,000	62,789	2,789
Investment earnings	-	1,772	1,772
Amounts available for appropriation	229,801	234,362	4,561
Charges to appropriations (outflows):			
Current:			
Public works	172,372	47,875	124,497
Total charges to appropriations	172,372	47,875	124,497
Budgetary fund balance, June 30	\$ 57,429	\$ 186,487	\$ 129,058

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Municipal Parking District Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 696,444	\$ 696,444	\$ -
Resources (inflows):			
Property taxes	65,000	122,556	57,556
Charges for services	63,400	76,986	13,586
Investment earnings	-	390	390
Amounts available for appropriation	824,844	896,376	71,532
Charges to appropriations (outflows):			
Current:			
Public works	233,757	188,618	45,139
Total charges to appropriations	233,757	188,618	45,139
Budgetary fund balance, June 30	\$ 591,087	\$ 707,758	\$ 116,671

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Lighting Assessment District Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance (deficit), July 1	\$ (27,396)	\$ (27,396)	\$ -
Resources (inflows):			
Special assessments	125,526	126,373	847
Transfers in	125,000	125,000	-
Amounts available for appropriation	223,130	223,977	847
Charges to appropriations (outflows):			
Current:			
Public works	260,141	242,173	17,968
Total charges to appropriations	260,141	242,173	17,968
Budgetary fund balance (deficit), June 30	\$ (37,011)	\$ (18,196)	\$ 18,815

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Landscaping Assessment District Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 237,951	\$ 237,951	\$ -
Resources (inflows):			
Special assessments	174,117	174,892	775
Amounts available for appropriation	412,068	412,843	775
Charges to appropriations (outflows):			
Current:			
Public works	167,630	159,127	8,503
Total charges to appropriations	167,630	159,127	8,503
Budgetary fund balance, June 30	\$ 244,438	\$ 253,716	\$ 9,278

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Community Facilities District Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance (deficit), July 1	\$ 37,741	\$ 37,741	\$ -
Resources (inflows):			
Special assessments	70,000	81,849	11,849
Amounts available for appropriation	107,741	119,590	11,849
Charges to appropriations (outflows):			
Current:			
Public works	8,651	650	8,001
Transfers out	67,915	67,915	-
Total charges to appropriations	76,566	68,565	8,001
Budgetary fund balance, June 30	\$ 31,175	\$ 51,025	\$ 19,850

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Shoppers Lane Parking District Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 7,057	\$ 7,057	\$ -
Resources (inflows):			
Business license taxes	2,500	1,621	(879)
Charges for services	6,000	12,101	6,101
Amounts available for appropriation	15,557	20,779	5,222
Charges to appropriations (outflows):			
Current:			
Public works	7,150	7,932	(782)
Total charges to appropriations	7,150	7,932	(782)
Budgetary fund balance, June 30	\$ 8,407	\$ 12,847	\$ 4,440

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Measure M Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance (deficit), July 1	\$ -	\$ -	\$ -
Resources (inflows):			
Intergovernmental	694,366	517,653	(176,713)
Investment earnings	-	4,251	4,251
Amounts available for appropriation	694,366	521,904	(172,462)
Charges to appropriations (outflows):			
Current:			
Transit	195,000	5,265	189,735
Total charges to appropriations	195,000	5,265	189,735
Budgetary fund balance (deficit), June 30	\$ 499,366	\$ 516,639	\$ 17,273

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
TDA Grant Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 21,698	\$ 21,698	\$ -
Resources (inflows):			
Intergovernmental	32,391	2,497	(29,894)
Investment earnings	-	5	5
Amounts available for appropriation	54,089	24,200	(29,889)
Charges to appropriations (outflows):			
Capital outlay	24,000	24,162	(162)
Total charges to appropriations	24,000	24,162	(162)
Budgetary fund balance, June 30	\$ 30,089	\$ 38	\$ (30,051)

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Other Grants Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 108,127	\$ 108,127	\$ -
Resources (inflows):			
Intergovernmental	256,882	315,666	58,784
Miscellaneous	4,500	4,084	(416)
Amounts available for appropriation	369,509	427,877	58,368
Charges to appropriations (outflows):			
Current:			
Public safety	137,380	174,416	(37,036)
Public works	111,679	38,182	73,497
Culture and recreation	78,148	66,613	11,535
Community development	30,000	29,764	236
Total charges to appropriations	357,207	308,975	85,268
Budgetary fund balance, June 30	\$ 12,302	\$ 118,902	\$ 106,600

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Road Maintenance and Rehabilitation Act Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -
Resources (inflows):			
Intergovernmental	278,449	287,183	8,734
Investment earnings	-	1,222	1,222
Amounts available for appropriation	278,449	288,405	9,956
Charges to appropriations (outflows):			
Current:			
Public works	278,449	440	278,009
Total charges to appropriations	278,449	440	278,009
Budgetary fund balance, June 30	\$ -	\$ 287,965	\$ 287,965

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
PEG Access Television Special Revenue Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 387,901	\$ 387,901	\$ -
Resources (inflows):			
Special assessments	70,000	83,086	13,086
Amounts available for appropriation	457,901	470,987	13,086
Charges to appropriations (outflows):			
Current:			
Culture and recreation	31,390	19,573	11,817
Total charges to appropriations	31,390	19,573	11,817
Budgetary fund balance, June 30	\$ 426,511	\$ 451,414	\$ 24,903

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
General Projects Capital Projects Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 577,867	\$ 577,867	\$ -
Resources (inflows):			
Intergovernmental	209,520	\$ 88,425	(121,095)
Special assessments	126,105	168,082	41,977
Amounts available for appropriation	913,492	834,374	(79,118)
Charges to appropriations (outflows):			
Current:			
Redevelopment and housing	5,000	-	5,000
Capital outlay	387,858	138,166	249,692
Transfers out	129,425	-	129,425
Total charges to appropriations	522,283	138,166	384,117
Budgetary fund balance, June 30	\$ 391,209	\$ 696,208	\$ 304,999

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Park Development Capital Projects Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 693,043	\$ 693,043	\$ -
Resources (inflows):			
Intergovernmental	1,900,000	253,951	(1,646,049)
Loan proceeds	2,500,000	-	(2,500,000)
Transfers in	3,524,983	903,611	(2,621,372)
Amounts available for appropriation	8,618,026	1,850,605	(6,767,421)
Charges to appropriations (outflows):			
Transfers out	-	318	(318)
Capital outlay	10,437,301	1,383,984	9,053,317
Total charges to appropriations	10,437,301	1,384,302	9,052,999
Budgetary fund balance (deficit), June 30	\$ (1,819,275)	\$ 466,303	\$ 2,285,578

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Covina Revitalization Projects Capital Projects Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 5,890,320	\$ 5,890,320	\$ -
Resources (inflows):			
Investment earnings	-	63,957	63,957
Amounts available for appropriation	5,890,320	5,954,277	63,957
Charges to appropriations (outflows):			
Capital outlay	1,600,000	-	1,600,000
Transfers out	3,668,471	874,920	2,793,551
Total charges to appropriations	5,268,471	874,920	4,393,551
Budgetary fund balance, June 30	\$ 621,849	\$ 5,079,357	\$ 4,457,508

CITY OF COVINA, CALIFORNIA
Supplementary Information
Budgetary Comparison Schedule
Transportation Capital Projects Fund
For the Fiscal Year Ended June 30, 2018

	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ -	\$ -	\$ -
Resources (inflows):			
Intergovernmental	2,486,576	201,116	(2,285,460)
Amounts available for appropriation	2,486,576	201,116	(2,285,460)
Charges to appropriations (outflows):			
Capital outlay	2,614,871	201,116	2,413,755
Total charges to appropriations	2,614,871	201,116	2,413,755
Budgetary fund balance, June 30	\$ (128,295)	\$ -	\$ 128,295

THIS PAGE INTENTIONALLY LEFT BLANK

Internal Service Funds

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

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

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

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

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

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

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

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

CITY OF COVINA, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
Assets					
Current assets:					
Cash and investments	\$ 985,952	\$ 1,217,862	\$ 2,842,640	\$ 1,228,020	\$ 6,274,474
Accounts receivable, net	-	41,039	7,873	41,630	90,542
Prepaid expenses	11,936	-	-	-	11,936
Inventories	-	48,848	-	-	48,848
Total current assets	997,888	1,307,749	2,850,513	1,269,650	6,425,800
Capital assets:					
Construction in progress	-	-	-	-	-
Machinery and equipment	2,054,819	4,143,811	-	-	6,198,630
Less accumulated depreciation	(1,540,482)	(3,107,273)	-	-	(4,647,755)
Total capital assets (net of accumulated depreciation)	514,337	1,036,538	-	-	1,550,875
Total assets	1,512,225	2,344,287	2,850,513	1,269,650	7,976,675
Deferred outflows of resources					
Pensions	94,895	154,447	45,995	45,995	341,332
Total deferred outflows of resources	94,895	154,447	45,995	45,995	341,332
Total assets and deferred outflows of resources	1,607,120	2,498,734	2,896,508	1,315,645	8,318,007
Liabilities					
Current liabilities:					
Accounts payable	15,166	11,131	1,234	758,591	786,122
Accrued liabilities	7,231	6,449	1,738	1,738	17,156
Deposits payable	-	-	-	1,750	1,750
Current portion of compensated absences payable	8,326	26,527	7,768	7,768	50,389
Total current liabilities	30,723	44,107	10,740	769,847	855,417
Noncurrent liabilities:					
Compensated absences payable	30,796	117,571	12,174	12,174	172,715
Claims and judgments	-	-	5,934,000	1,748,193	7,682,193
Net pension liability	532,215	866,207	257,961	257,961	1,914,344
Capital lease payable	496,571	-	-	-	496,571
Total noncurrent liabilities	1,059,582	983,778	6,204,135	2,018,328	10,265,823
Total liabilities	1,090,305	1,027,885	6,214,875	2,788,175	11,121,240
Deferred inflows of resources					
Pensions	29,492	48,000	14,295	14,295	106,082
Total deferred inflows of resources	29,492	48,000	14,295	14,295	106,082
Total liabilities and deferred inflows of resources	1,119,797	1,075,885	6,229,170	2,802,470	11,227,322
Net Position					
Net investment in capital assets	17,766	1,036,538	-	-	1,054,304
Unrestricted	469,557	386,311	(3,332,662)	(1,486,825)	(3,963,619)
Total net position (deficit)	\$ 487,323	\$ 1,422,849	\$ (3,332,662)	\$ (1,486,825)	\$ (2,909,315)

CITY OF COVINA, CALIFORNIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
Operating Revenues:					
Charges for services	\$ 743,885	\$ 825,547	\$ 855,275	\$ 381,302	\$ 2,806,009
Motor pool charges	-	354,403	-	-	354,403
Total operating revenues	743,885	1,179,950	855,275	381,302	3,160,412
Operating expenses:					
General and Administrative	1,083,256	20,553	3,682,946	2,545,508	7,332,263
Central equipment:					
Vehicle and equipment operation	-	858,129	-	-	858,129
Depreciation	67,029	283,159	-	-	350,188
Total operating expenses	1,150,285	1,161,841	3,682,946	2,545,508	8,540,580
Operating income (loss)	(406,400)	18,109	(2,827,671)	(2,164,206)	(5,380,168)
Nonoperating revenues (expenses):					
Gain/(loss) on sale and disposal of capital assets	-	(12,124)	-	-	(12,124)
Total nonoperating revenues (expenses)	-	(12,124)	-	-	(12,124)
Transfers:					
Transfers out	-	-	(600,000)	-	(600,000)
Transfers in	-	-	-	600,000	600,000
Total transfers	-	-	(600,000)	600,000	-
Change in net position	(406,400)	5,985	(3,427,671)	(1,564,206)	(5,392,292)
Net position (deficit) at beginning of fiscal year	893,723	1,416,864	95,009	77,381	2,482,977
Net position at end of fiscal year	\$ 487,323	\$ 1,422,849	\$ (3,332,662)	\$ (1,486,825)	\$ (2,909,315)

CITY OF COVINA, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2018

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
Cash flows from operating activities:					
Cash received from customers, users and grants	\$ 743,885	\$ 1,156,277	\$ 847,402	\$ 391,563	\$ 3,139,127
Cash paid to suppliers for goods and services	(813,803)	(596,635)	(836,513)	(508,551)	(2,755,502)
Cash paid to employees for services	(280,624)	(391,780)	(103,925)	(103,927)	(880,256)
Net cash provided (used) by operating activities	<u>(350,542)</u>	<u>167,862</u>	<u>(93,036)</u>	<u>(220,915)</u>	<u>(496,631)</u>
Cash flows from capital and related financing activities:					
Acquisition and construction of capital assets	(496,571)	(81,438)	-	-	(578,009)
Proceeds from debt issuance	496,571	-	-	-	496,571
Net cash used for capital and related financing activities	<u>-</u>	<u>(81,438)</u>	<u>-</u>	<u>-</u>	<u>(81,438)</u>
Cash flows from non-capital financing activities:					
Transfers out	-	-	(600,000)	-	(600,000)
Transfers in	-	-	-	600,000	600,000
Net cash provided by (used for) non-capital financing activities	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>600,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(350,542)	86,424	(693,036)	379,085	(578,069)
Cash and cash equivalents beginning of fiscal year	1,336,494	1,131,438	3,535,676	848,935	6,852,543
Cash and cash equivalents end of fiscal year	<u>\$ 985,952</u>	<u>\$ 1,217,862</u>	<u>\$ 2,842,640</u>	<u>\$ 1,228,020</u>	<u>\$ 6,274,474</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (406,400)	\$ 18,109	\$ (2,827,671)	\$ (2,164,206)	\$ (5,380,168)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	67,029	283,159	-	-	350,188
Change in operating assets and liabilities:					
Decrease (increase) in accounts receivable	-	(23,673)	(7,873)	10,261	(21,285)
Decrease (increase) in prepaid expenses	(11,936)	-	-	-	(11,936)
Decrease (increase) in inventories	-	9,442	-	-	9,442
Decrease (increase) in deferred outflows of resources - pensions	(25,263)	17,586	(6,855)	(6,855)	(21,387)
Increase (decrease) in accounts payable	(136,111)	(15,877)	(2,656)	706,113	551,469
Increase (decrease) in compensated absences payable	16,633	209	1,953	1,953	20,748
Increase (decrease) in accrued liabilities	3,114	655	100	100	3,969
Increase (decrease) in deferred inflows of resources - pensions	24,042	34,535	11,231	11,231	81,039
Increase (decrease) in claims and judgments	-	-	2,713,404	1,195,157	3,908,561
Increase (decrease) in net pension liability	118,350	(156,283)	25,331	25,331	12,729
Total adjustments	<u>55,858</u>	<u>149,753</u>	<u>2,734,635</u>	<u>1,943,291</u>	<u>4,883,537</u>
Net cash provided (used) by operating activities	<u>\$ (350,542)</u>	<u>\$ 167,862</u>	<u>\$ (93,036)</u>	<u>\$ (220,915)</u>	<u>\$ (496,631)</u>
Noncash capital and related financing activities					
Retirement of capital assets	\$ 143,257	\$ 242,939	\$ -	\$ -	\$ 386,196
Retirement of accumulated depreciation on capital assets	(143,257)	(230,815)	-	-	(374,072)
Net effect on noncash activities	<u>\$ -</u>	<u>\$ 12,124</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,124</u>

Agency Funds

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

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

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

CITY OF COVINA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2018

	<u>Downtown District</u>	<u>Prospero Park District</u>	<u>Totals</u>
Assets			
Cash and investments	\$ 182	\$ -	\$ 182
Receivables	1,646	337	1,983
	<u>\$ 1,828</u>	<u>\$ 337</u>	<u>\$ 2,165</u>
 Liabilities			
Due to association	<u>\$ 1,828</u>	<u>\$ 337</u>	<u>\$ 2,165</u>

CITY OF COVINA, CALIFORNIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018

	Balance			Balance
	July 1, 2017	Additions	Deletions	June 30, 2018
<u>Downtown District</u>				
Assets				
Cash and investments	\$ 875	\$ 16,526	\$ (17,219)	\$ 182
Receivables	354	18,172	(16,880)	1,646
	<u>\$ 1,229</u>	<u>\$ 34,698</u>	<u>\$ (34,099)</u>	<u>\$ 1,828</u>
Liabilities				
Due to association	<u>\$ 1,229</u>	<u>\$ 34,698</u>	<u>\$ (34,099)</u>	<u>\$ 1,828</u>
<u>Prospero Park District</u>				
Assets				
Cash and investments	\$ 375	\$ 5,750	\$ (6,125)	\$ -
Receivables	125	7,176	(6,964)	337
	<u>\$ 500</u>	<u>\$ 12,926</u>	<u>\$ (13,089)</u>	<u>\$ 337</u>
Liabilities				
Due to association	<u>\$ 500</u>	<u>\$ 12,926</u>	<u>\$ (13,089)</u>	<u>\$ 337</u>
<u>Total Agency Funds</u>				
Assets				
Cash and investments	\$ 1,250	\$ 22,276	\$ (23,344)	\$ 182
Receivables	479	25,348	(23,844)	1,983
	<u>\$ 1,729</u>	<u>\$ 47,624</u>	<u>\$ (47,188)</u>	<u>\$ 2,165</u>
Liabilities				
Due to association	<u>\$ 1,729</u>	<u>\$ 47,624</u>	<u>\$ (47,188)</u>	<u>\$ 2,165</u>

THIS PAGE INTENTIONALLY LEFT BLANK

Statistical Section

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

Page No.

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.

138

Revenue Capacity

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

145

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.

151

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.

157

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.

160

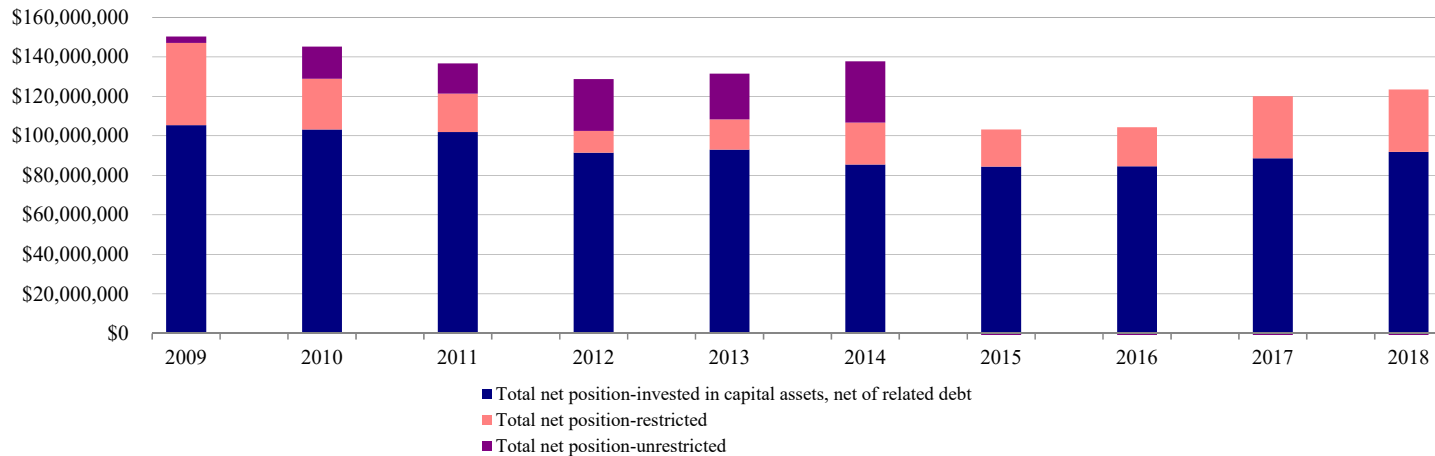
Debt Continuing Disclosure

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

163

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 94,263,857	\$ 90,056,952	\$ 87,695,682	\$ 78,351,025	\$ 74,270,261	\$ 72,284,235	\$ 70,723,029	\$ 70,757,663	\$ 74,371,948	\$ 74,766,840
Restricted	41,514,531	24,081,433	16,560,218	10,950,627	15,229,058	21,146,284	18,702,053	19,641,871	26,984,607	25,867,749
Unrestricted	(5,144,585)	9,854,320	9,671,194	11,892,631	11,385,702	8,634,314	(29,330,744)	(35,598,486)	(39,202,847)	(43,430,116)
Total governmental activities net position	<u>\$ 130,633,803</u>	<u>\$ 123,992,705</u>	<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>
Business-type activities										
Net investment in capital assets	\$ 11,081,331	\$ 13,155,096	\$ 14,181,064	\$ 13,160,600	\$ 18,808,805	\$ 13,256,130	\$ 13,766,584	\$ 13,901,014	\$ 14,333,903	\$ 17,174,115
Restricted	194,200	1,588,002	2,901,716	-	-	-	-	-	4,353,289	5,613,256
Unrestricted	8,383,892	6,408,142	5,644,744	14,357,963	11,741,520	22,391,275	20,749,710	24,142,448	24,413,236	21,046,267
Total business-type activities net position	<u>\$ 19,659,423</u>	<u>\$ 21,151,240</u>	<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>
Total net position										
Net investment in capital assets	\$ 105,345,188	\$ 103,212,048	\$ 101,876,746	\$ 91,511,625	\$ 93,079,066	\$ 85,540,365	\$ 84,489,613	\$ 84,658,677	\$ 88,705,851	\$ 91,940,955
Restricted	41,708,731	25,669,435	19,461,934	10,950,627	15,229,058	21,146,284	18,702,053	19,641,871	31,337,896	31,481,005
Unrestricted	3,239,307	16,262,462	15,315,938	26,250,594	23,127,222	31,025,589	(8,581,034)	(11,456,038)	(14,789,611)	(22,383,849)
Total net position	<u>\$ 150,293,226</u>	<u>\$ 145,143,945</u>	<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>



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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 3,142,876	\$ 2,500,818	\$ 3,262,195	\$ 1,154,723	\$ 1,923,009	\$ 879,859	\$ 1,188,341	\$ 4,618,977	\$ 5,786,202	\$ 1,370,482
Public safety	21,209,236	21,354,758	20,665,646	22,538,712	24,363,654	25,353,602	25,102,323	25,297,988	26,080,895	30,549,274
Public works	5,646,611	9,372,078	5,718,211	7,645,492	6,246,958	7,349,352	8,136,978	6,934,750	6,548,405	6,792,606
Culture and recreation	3,953,534	3,775,721	3,852,381	4,099,860	4,322,897	4,769,656	4,782,738	3,552,984	3,451,383	5,027,721
Community development	674,691	899,683	1,008,595	903,125	1,738,855	1,305,545	829,728	1,553,499	1,135,194	2,246,788
Transit	1,035,264	1,255,587	1,771,250	1,498,359	1,393,213	1,255,368	1,289,230	1,017,689	1,260,117	1,212,960
Redevelopment and housing	5,476,535	8,509,029	16,726,583	4,076,392	1,792,779	433,609	537,470	217,808	349,820	1,042,797
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	1,801,211	1,767,365	1,676,987	427,087	49,654	21,131	-	-	-	-
Total governmental activities expenses	42,939,958	49,435,039	54,681,848	42,343,750	41,831,019	41,368,122	41,866,808	43,193,695	44,612,016	48,242,628
Business-type activities:										
Water utility	4,736,319	5,434,940	8,366,225	8,156,273	9,276,555	9,757,890	8,776,576	8,369,874	8,056,727	12,815,344
Environmental protection	3,838,461	3,590,706	3,044,628	1,026,776	770,164	946,778	1,159,693	940,492	867,142	1,109,212
Sewer utility		1,306,386	1,246,067	916,194	1,272,822	1,564,254	1,729,052	1,575,182	1,429,207	1,757,186
Total business-type activities expenses	8,574,780	10,332,032	12,656,920	10,099,243	11,319,541	12,268,922	11,665,321	10,885,548	10,353,076	15,681,742
Total expenses	\$ 51,514,738	\$ 59,767,071	\$ 67,338,768	\$ 52,442,993	\$ 53,150,560	\$ 53,637,044	\$ 53,532,129	\$ 54,079,243	\$ 54,965,092	\$ 63,924,370
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,346,804	\$ 2,143,036	\$ 2,171,397	\$ 1,537,347	\$ 356,673	\$ 482,450	\$ 435,274	\$ 338,362	\$ 290,160	\$ 2,232,037
Public safety	402,084	630,996	630,938	1,552,076	1,957,506	2,506,468	1,712,553	1,490,083	1,443,134	1,769,892
Public works	1,010,808	469,403	488,132	764,276	556,466	579,193	1,510,331	623,693	796,475	733,029
Culture and recreation	670,775	703,840	1,084,791	776,590	798,562	1,184,544	807,829	794,192	793,114	785,814
Community development	305,459	733,112	669,205	820,232	1,167,001	1,245,885	495,395	1,138,415	1,266,266	1,968,358
Transit	229,107	220,813	239,177	287,568	328,136	316,429	297,094	315,887	242,912	214,650
Redevelopment and housing	1,002,471	959,081	979,816	389,969	28,710	973,329	60,961	320,620	302,665	263,574
Operating grants and contributions	3,193,844	4,016,332	3,922,703	4,827,008	5,597,878	5,131,366	8,232,955	5,216,063	10,563,152	7,540,661
Capital grants and contributions	2,418,316	1,332,464	846,430	1,154,676	611,661	1,483,056	1,595,869	2,428,605	8,209,341	2,579,102
Total governmental activities program revenues	10,579,668	11,209,077	11,032,589	12,109,742	11,402,593	13,902,720	15,148,261	12,665,920	23,907,219	18,087,117

(Continued)

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

(Continued)

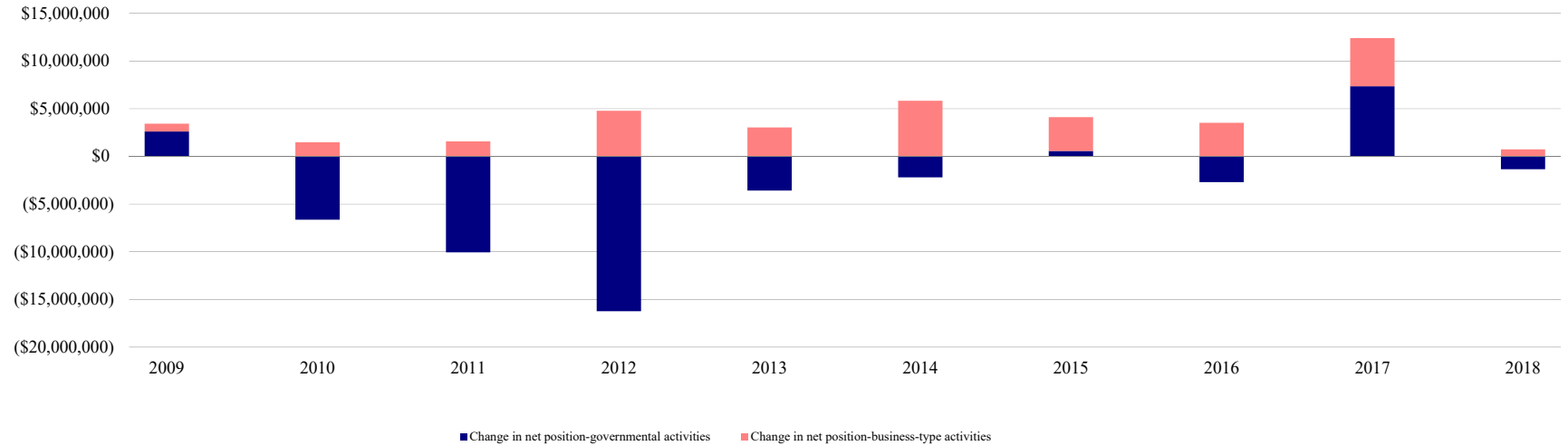
	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Water utility	5,460,462	6,625,803	8,872,848	10,515,236	10,902,689	13,337,157	11,349,263	10,436,434	11,011,015	11,138,975
Environmental protection	3,845,177	3,735,408	3,191,529	1,227,298	925,221	1,317,849	1,240,317	1,159,700	1,313,194	1,170,122
Sewer utility	-	970,717	1,464,430	1,750,240	2,263,321	2,213,642	2,596,319	2,683,503	2,760,749	2,833,092
Operating grants and contributions	9,797	-	-	-	-	1,554	-	-	-	-
Capital grants and contributions	-	-	-	-	-	366,180	-	-	-	-
Total business-type activities program revenues	9,315,436	11,331,928	13,528,807	13,492,774	14,091,231	17,236,382	15,185,899	14,279,637	15,084,958	15,142,189
Total program revenues	\$ 19,895,104	\$ 22,541,005	\$ 24,561,396	\$ 25,602,516	\$ 25,493,824	\$ 31,139,102	\$ 30,334,160	\$ 26,945,557	\$ 38,992,177	\$ 33,229,306
Net (expense) revenue										
Governmental activities	\$ (32,360,290)	\$ (38,225,962)	\$ (43,649,259)	\$ (30,234,008)	\$ (30,428,426)	\$ (27,465,402)	\$ (26,718,547)	\$ (30,527,775)	\$ (20,704,797)	\$ (30,155,511)
Business-type activities	740,656	999,896	871,887	3,393,531	2,771,690	4,967,460	3,520,578	3,394,089	4,731,882	(539,553)
Total net expense	\$ (31,619,634)	\$ (37,226,066)	\$ (42,777,372)	\$ (26,840,477)	\$ (27,656,736)	\$ (22,497,942)	\$ (23,197,969)	\$ (27,133,686)	\$ (15,972,915)	\$ (30,695,064)
General revenues										
Governmental activities:										
Property taxes	\$ 16,920,696	\$ 18,689,985	\$ 18,602,045	\$ 13,383,113	\$ 13,323,781	\$ 11,725,280	\$ 12,913,803	\$ 12,564,219	\$ 11,642,704	\$ 12,575,318
Sales taxes	7,306,177	4,661,397	4,978,892	5,323,574	5,835,052	5,643,574	6,569,382	7,929,069	9,164,440	8,950,753
Transient occupancy taxes	340,175	356,027	317,594	316,609	395,589	349,310	99,716	482,727	327,570	388,491
Property transfer taxes	113,113	133,114	92,818	124,226	132,670	157,945	159,795	223,766	200,253	236,899
Business license taxes	349,109	368,913	337,613	373,299	259,692	415,362	326,818	328,716	337,626	348,793
Utility user taxes	5,274,912	5,275,407	4,722,506	4,553,173	5,065,228	5,055,632	5,033,846	4,632,448	4,689,894	4,573,428
Franchise taxes	1,314,360	1,148,788	3,238,200	1,314,343	1,465,788	1,480,237	1,549,731	1,447,780	1,449,399	1,594,522
Intergovernmental	131,080	145,828	227,618	24,598	-	-	-	-	-	-
Investment earnings	2,078,611	1,236,562	1,035,569	250,604	337,358	473,543	641,993	193,209	226,671	144,176
Transfers in/out	45,913	(431,157)	(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	-	-
Miscellaneous	1,091,243	-	-	-	-	-	-	-	-	-
Extraordinary loss	-	-	-	(11,674,077)	-	-	-	-	-	-
Total governmental activities	34,965,389	31,584,864	33,583,648	14,006,220	26,848,652	25,266,956	27,295,084	27,834,485	28,057,457	28,812,380
Business-type activities:										
Investment earnings	86,322	160,868	173,150	70,596	60,157	17,894	19,330	111,555	206,823	366,249
Investment earnings - CIC	219,257	(66,408)	506,864	1,333,565	226,795	809,727	2,109	21,524	137,161	906,514
Miscellaneous	-	(33,696)	-	-	-	-	-	-	-	-
Transfers in/out	(45,913)	431,157	24,383	(6,653)	(26,880)	33,927	-	-	(18,900)	-
Total general revenues	\$ 35,225,055	\$ 32,076,785	\$ 34,288,045	\$ 15,403,728	\$ 27,108,724	\$ 26,128,504	\$ 27,316,523	\$ 27,967,564	\$ 28,382,541	\$ 30,085,143

(Continued)

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

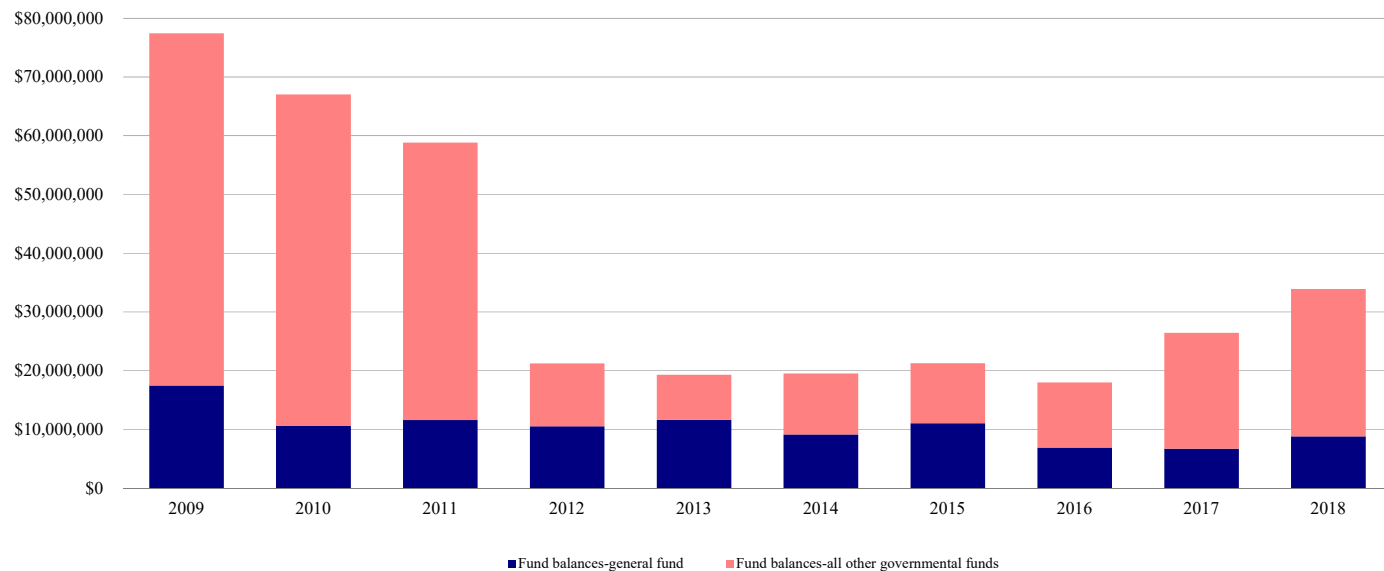
(Continued)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Change in net position										
Governmental activities	\$ 2,605,099	\$ (6,641,098)	\$ (10,065,611)	\$ (16,227,788)	\$ (3,579,774)	\$ (2,198,446)	\$ 576,537	\$ (2,693,290)	\$ 7,352,660	\$ (1,343,131)
Business-type activities	826,978	1,491,817	1,576,284	4,791,039	3,031,762	5,829,008	3,542,017	3,527,168	5,056,966	733,210
Total changes in net position	<u>\$ 3,432,077</u>	<u>\$ (5,149,281)</u>	<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>



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Reserved	\$ 310,399									
Unreserved	17,179,931									
Nonspendable		\$ 646,252	\$ 648,802	\$ 621,981	\$ 28,941	\$ 28,094	\$ 3,354,570	\$ 753,534	\$ 3,247,152	\$ 3,116,097
Restricted		-	-	20,259	24,564	7,436,731	21,359	347,012	395,420	448,927
Committed		6,385,473	172,777	234,540	533,004	21,359	6,699,720	6,483,613	2,656,872	3,708,388
Assigned		457,909	501,835	473,342	478,106	1,680,892	979,197	-	442,472	1,561,848
Unassigned		3,118,855	10,284,466	9,187,601	10,580,310	-	-	(675,402)	-	-
Total general fund	<u>\$ 17,490,330</u>	<u>\$ 10,608,489</u>	<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>
All other governmental funds										
Reserved	\$ 34,930,036									
Unreserved, reported in:										
Special revenue funds	10,047,112									
Capital projects funds	14,968,350									
Nonspendable		\$ 3,916,585	-	-	-	-	-	-	-	-
Restricted		50,861,382	47,292,721	10,103,939	7,070,982	8,879,178	8,945,660	10,265,504	18,465,625	24,623,938
Assigned		1,648,441	1,886,710	856,857	953,958	1,497,633	1,338,429	877,646	1,270,910	491,368
Unassigned		-	(1,961,140)	(259,217)	(353,128)	(21,099)	(58,040)	(46,555)	(27,396)	(53,943)
Total all other governmental funds	<u>\$ 59,945,498</u>	<u>\$ 56,426,408</u>	<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>



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

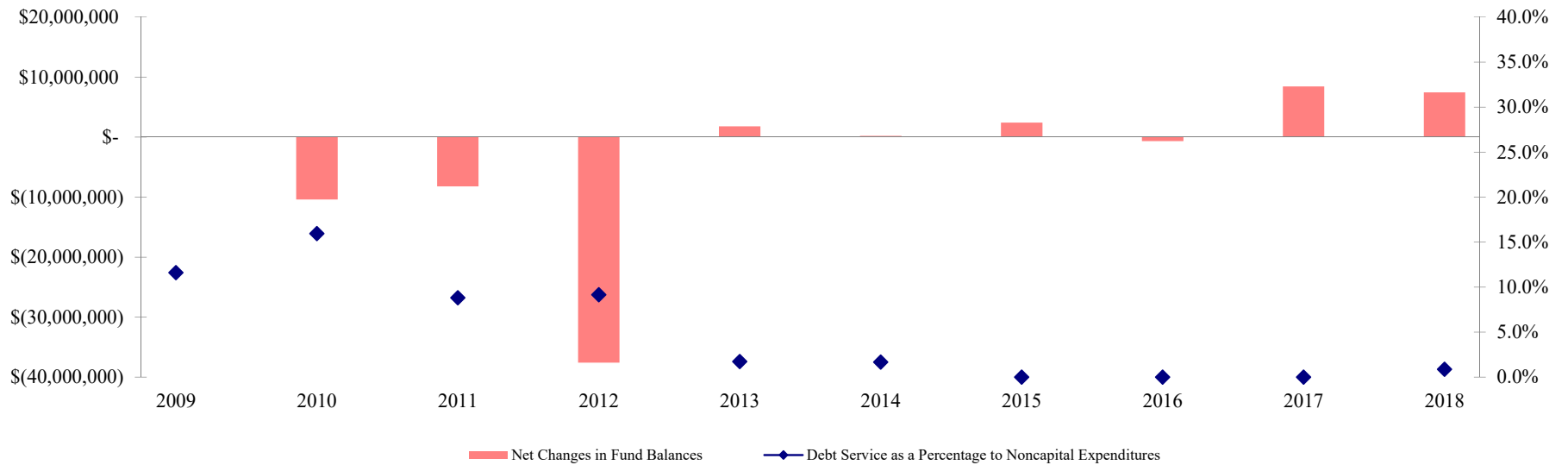
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 31,618,542	\$ 26,517,007	\$ 32,305,233	\$ 25,706,551	\$ 26,934,344	\$ 24,578,908	\$ 26,901,523	\$ 27,608,725	\$ 27,811,886	\$ 28,668,204
Licenses and permits	210,009	408,891	538,623	609,209	878,549	756,173	965,527	888,120	1,128,331	1,698,138
Intergovernmental	5,612,171	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
Charges for services	3,015,698	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
Fines and forfeits	608,152	736,304	717,102	824,561	871,237	828,444	559,409	862,009	930,478	907,304
Special assessments	1,133,637	781,307	768,407	674,336	645,752	725,365	944,194	524,949	590,948	634,282
Investment earnings	1,990,066	1,184,170	1,006,602	243,762	3,304	186,627	206,047	193,209	226,671	380,716
Gain on land held for resale	-	-	55,176	-	-	-	-	-	-	-
Miscellaneous	1,091,243	449,220	426,682	714,743	296,007	1,369,723	3,766,447	240,998	550,247	723,058
Total revenues	<u>45,279,518</u>	<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>
Expenditures										
General government	3,380,536	3,785,471	3,562,834	1,819,595	274,806	503,430	232,379	3,928,177	3,476,163	2,235,447
Public safety	21,174,073	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
Public works	2,195,664	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
Culture and recreation	3,777,439	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
Community development	686,297	923,801	993,778	890,511	1,762,768	1,289,508	832,898	1,543,411	1,202,281	1,890,189
Transit	804,996	996,078	1,535,572	1,240,701	1,125,086	980,911	1,020,243	746,109	957,374	764,864
Redevelopment and housing	4,223,166	4,268,367	15,567,011	3,880,732	491,540	466,232	490,745	265,742	287,877	1,005,353
Nondepartmental	-	-	-	-	-	-	-	-	-	-
Capital outlay	4,303,702	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
Debt service:										
Principal	2,817,958	5,190,621	2,930,724	3,017,434	553,477	579,404	-	-	-	210,000
Interest and fiscal charges	1,942,157	1,840,054	1,644,364	685,036	48,115	23,501	-	-	-	155,078
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond account	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>45,305,988</u>	<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>
Excess of revenues over (under) expenditures	<u>(26,470)</u>	<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>

(Continued)

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

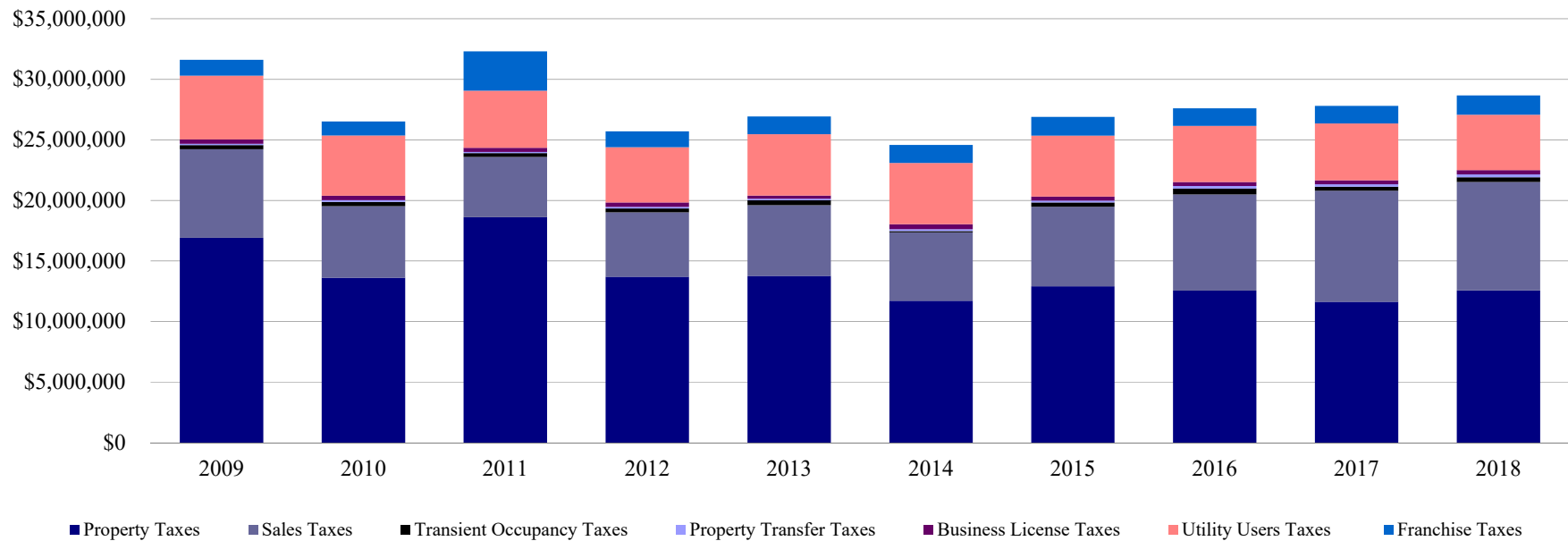
(Continued)

Other financing sources (uses)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Transfers in	\$ 1,103,318	\$ 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
Transfers out	(1,057,405)	(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)
Capital leases	-	486,788	-	-	-	-	-	-	-	-
Loan Proceeds	-	2,310,000	-	-	-	-	-	-	-	-
Tax allocation bonds issued	-	-	-	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	5,625,000
Premium on debt issuance	-	-	-	-	-	-	-	-	-	254,307
Payment to refunded bond account	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale and disposal of capital assets	-	-	-	-	-	720,376	-	-	-	-
Total other financing sources (uses)	45,913	(2,027,369)	(265,383)	184,653	26,880	494,772	(254,419)	-	-	5,879,307
Extraordinary loss from dissolution of Redevelopment Agency	-	-	-	(32,576,216)	-	-	-	-	-	-
Net changes in fund balances	\$ 19,443	\$ (10,400,931)	\$ (8,208,726)	\$ (37,586,869)	\$ 1,793,578	\$ 215,206	\$ 2,409,097	\$ (675,543)	\$ 8,445,703	\$ 7,445,568
Debt service as a percentage of noncapital expenditures	11.6%	15.9%	8.8%	9.2%	1.7%	1.7%	0.0%	0.0%	0.0%	0.9%



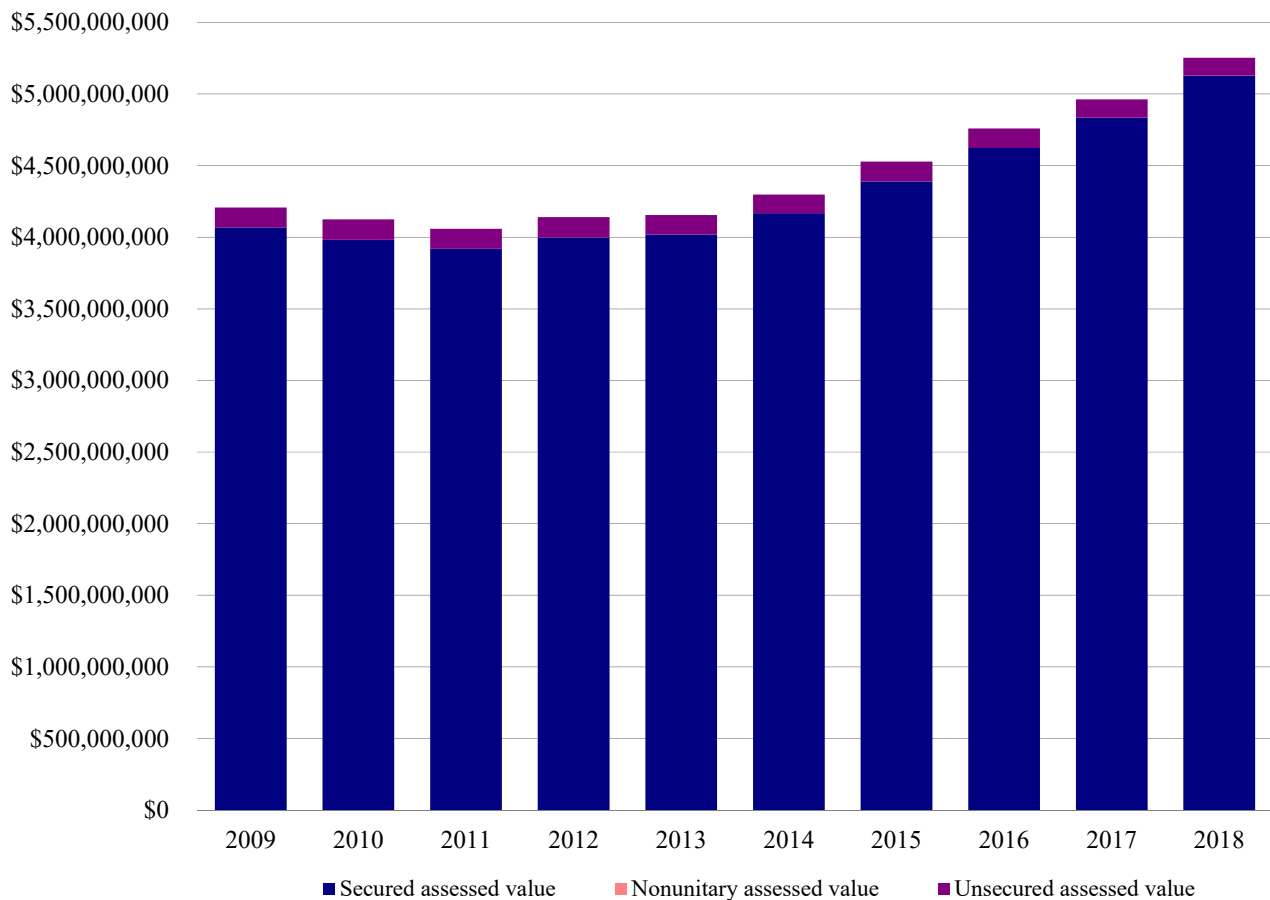
CITY OF COVINA, CALIFORNIA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes ⁽¹⁾	Sales Taxes	Transient Occupancy Taxes	Property Transfer Taxes	Business License Taxes	Utility Users Taxes	Franchise Taxes	Total
2009	16,920,696	7,306,177	340,175	113,113	349,109	5,274,912	1,314,360	31,618,542
2010	13,618,538	5,914,184	356,027	133,114	368,913	4,977,443	1,148,788	26,517,007
2011	18,617,610	4,978,892	317,594	92,818	337,613	4,722,506	3,238,200	32,305,233
2012	13,701,328	5,323,574	316,609	124,226	373,299	4,553,173	1,314,343	25,706,552
2013	13,779,975	5,835,052	394,909	132,670	260,722	5,065,228	1,465,788	26,934,344
2014	11,725,280	5,643,574	100,878	157,945	415,362	5,055,632	1,480,237	24,578,908
2015	12,913,803	6,569,382	348,148	159,795	326,818	5,033,846	1,549,731	26,901,523
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



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

Fiscal Year	Assessed Value ⁽¹⁾				Total Effective Rate (2)
	Secured	Nonunitary	Unsecured	Total	
2009	4,068,752,819	381,710	138,563,298	4,207,697,827	1.3422%
2010	3,981,772,274	381,710	142,877,822	4,125,031,806	1.3644%
2011	3,919,278,191	401,800	138,965,796	4,058,645,787	1.3943%
2012	3,998,495,677	401,800	141,788,741	4,140,686,218	1.3968%
2013	4,019,604,449	401,800	135,484,540	4,155,490,789	1.4036%
2014	4,168,222,632	401,800	129,212,504	4,297,836,936	1.4047%
2015	4,391,097,348	401,800	136,165,789	4,527,664,937	1.4125%
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%



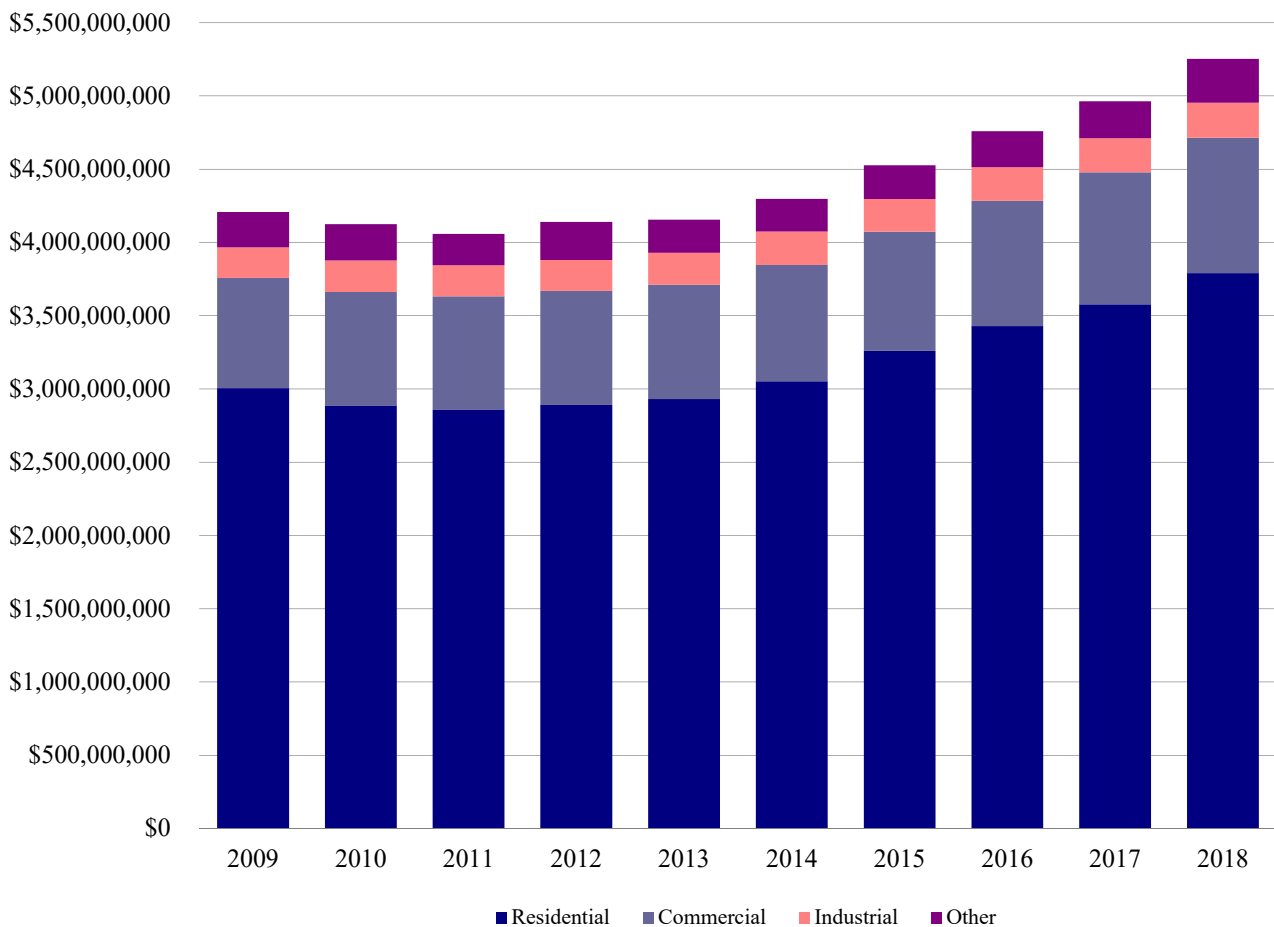
⁽¹⁾ Net of exemptions

⁽²⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies

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

Fiscal Year	Assessed Value ⁽¹⁾					Total Effective Rate (2)
	Residential	Commercial	Industrial	Other	Total	
2009	3,005,135,149	752,579,095	209,086,234	240,897,349	4,207,697,827	1.3422%
2010	2,887,006,374	774,649,712	215,229,621	248,146,099	4,125,031,806	1.3644%
2011	2,859,945,639	772,436,342	212,367,095	213,896,711	4,058,645,787	1.3943%
2012	2,890,966,936	778,029,259	211,825,282	259,864,741	4,140,686,218	1.3968%
2013	2,930,723,686	780,928,877	217,974,525	225,863,701	4,155,490,789	1.4036%
2014	3,051,809,271	794,611,256	228,672,928	222,743,481	4,297,836,936	1.4047%
2015	3,259,575,794	813,796,268	223,545,046	230,747,829	4,527,664,937	1.4125%
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%



⁽¹⁾ Net of exemptions

⁽²⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies

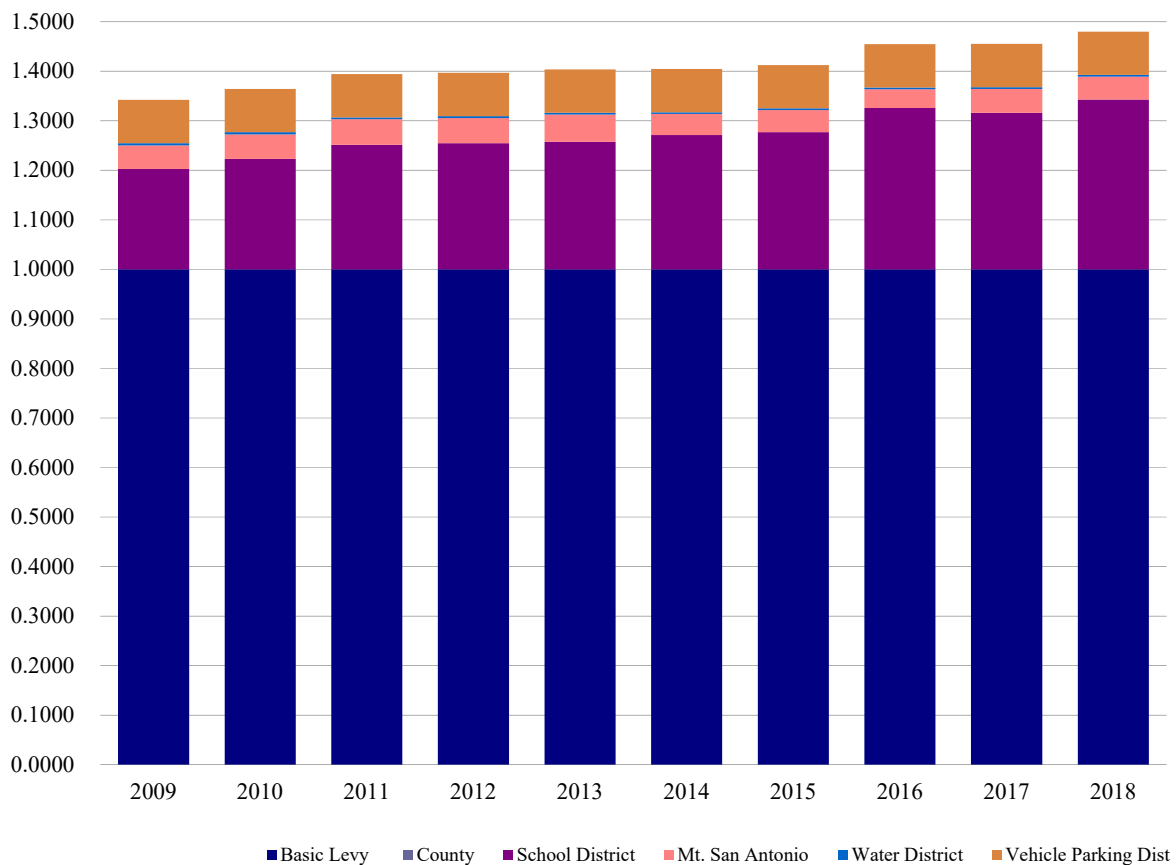
CITY OF COVINA, CALIFORNIA

Property Tax Rates ⁽¹⁾

Direct and Overlapping Governments

Last Ten Fiscal Years

Fiscal Year	Basic Levy ⁽²⁾	County			School District ⁽³⁾	Community College District ⁽⁴⁾	Water District	Vehicle Parking District	Total Effective Rate ⁽⁵⁾
		General	Flood Control	Total					
2009	1.0000	0.0000	0.0000	0.0000	0.2027	0.0477	0.0043	0.0875	1.3422
2010	1.0000	0.0000	0.0000	0.0000	0.2230	0.0497	0.0043	0.0875	1.3644
2011	1.0000	0.0000	0.0000	0.0000	0.2516	0.0515	0.0037	0.0875	1.3943
2012	1.0000	0.0000	0.0000	0.0000	0.2547	0.0509	0.0037	0.0875	1.3968
2013	1.0000	0.0000	0.0000	0.0000	0.2577	0.0549	0.0035	0.0875	1.4036
2014	1.0000	0.0000	0.0000	0.0000	0.2713	0.0425	0.0035	0.0875	1.4047
2015	1.0000	0.0000	0.0000	0.0000	0.2770	0.0446	0.0035	0.0875	1.4125
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



⁽¹⁾ Per \$100 of assessed value

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

⁽³⁾ Azusa Unified School District, Charter Oak Unified School District and Covina Valley Unified School District .

⁽⁴⁾ Citrus Community College District and Mt. San Antonio Community College District .

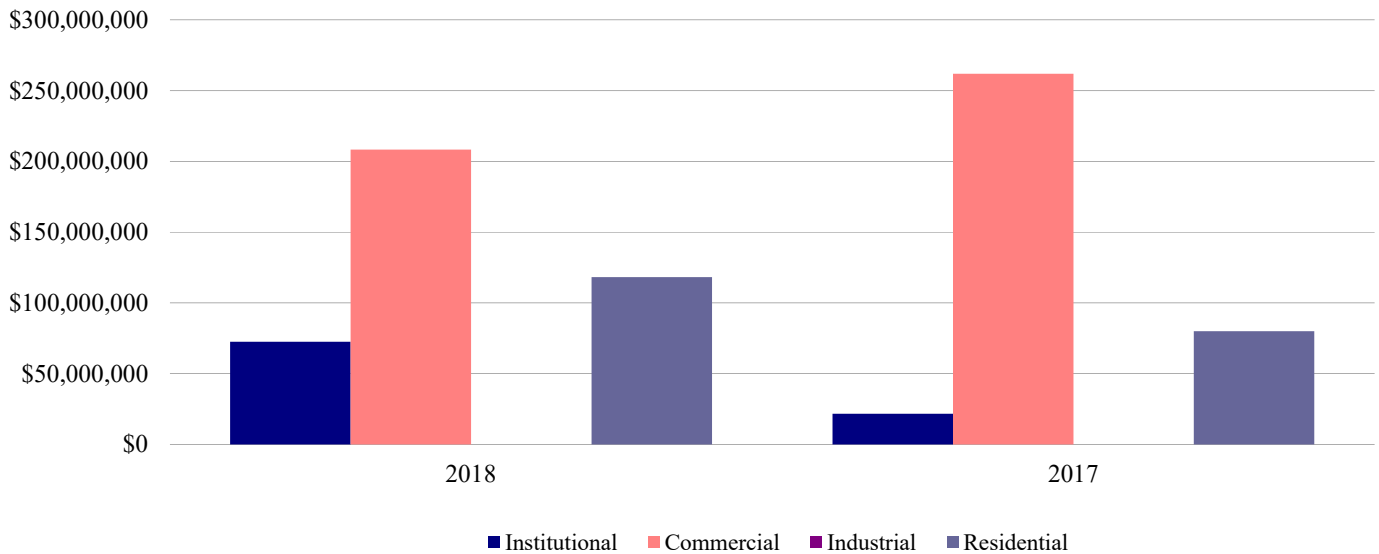
⁽⁵⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical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

Source: Los Angeles County/Hdl Companies .

CITY OF COVINA, CALIFORNIA
Principal Property Owners
June 30, 2018

Taxpayer	Primary Use	2018			2017		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾
Ikea Property Inc	Commercial	\$ 66,268,966	1	1.26%	\$ 65,035,868	1	1.31%
KIR Covina Limited Partnership	Commercial	53,176,822	2	1.01%	51,900,154	2	1.05%
Covina Grand Apartments LLC	Residential	51,200,137	3	0.97%	34,796,217	5	0.70%
Citrus Valley Health partners Inc	Institutional	50,408,905	4	0.96%			
SRGMF II North Grand Covina LLC	Residential	46,015,900	5	0.88%	45,154,300	3	0.91%
FNL of Covina Partners LLC	Commercial	31,948,241	6	0.61%	31,321,810	6	0.63%
UIMC Covina LLC	Commercial	28,816,000	7	0.55%	27,720,000	8	0.56%
Time Warner Inc	Commercial	28,146,910	8	0.54%	27,765,075	7	0.56%
CCP Covina 4003 LP	Institutional	22,109,095	9	0.42%	21,675,586	9	0.44%
Covina 023 Woods 206 LP	Residential	20,931,790	10	0.40%			
LVGEM Hotel Corporation	Commercial			0.00%	37,361,200	4	0.75%
Haemonetics Manufacturing Inc	Commercial			0.00%	20,833,228	10	0.42%
				0.00%			
Total		<u>\$ 399,022,766</u>		<u>7.60%</u>	<u>\$ 363,563,438</u>		<u>7.33%</u>

Principal Property Owners

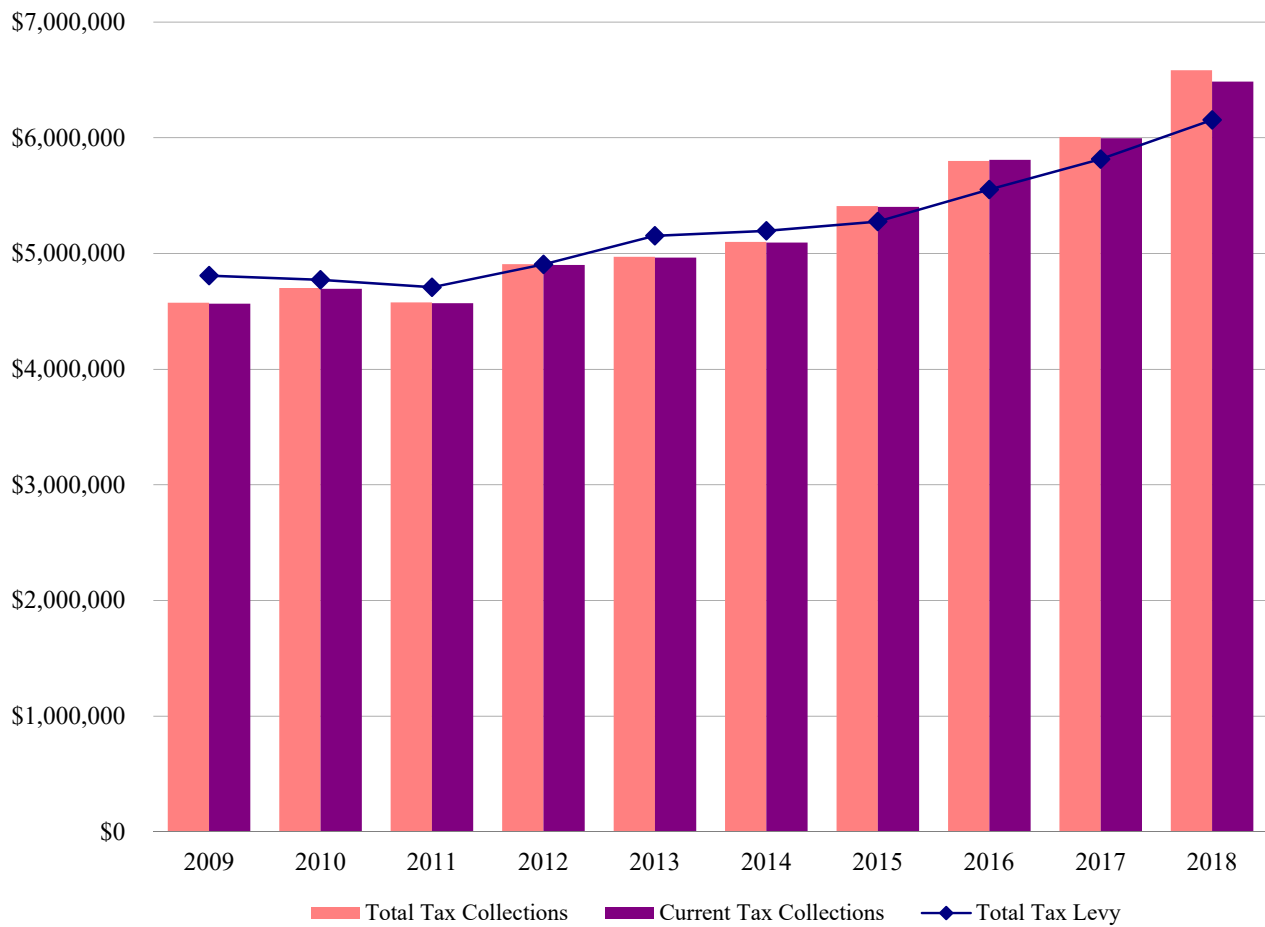


⁽¹⁾ Total assessed valuation of taxable property exclusive of exemptions.

Source: Los Angeles County/Hdl Companies

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

Fiscal Year	Total Tax Levy ⁽²⁾	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2009	4,808,286	4,566,246	95.0%	8,333	4,574,579	95.1%
2010	4,772,267	4,694,992	98.4%	6,766	4,701,758	98.5%
2011	4,708,050	4,570,061	97.1%	7,093	4,577,154	97.2%
2012	4,905,372	4,901,258	99.9%	6,561	4,907,819	100.0%
2013	5,152,608	4,965,009	96.4%	6,505	4,971,514	96.5%
2014	5,195,545	5,095,292	98.1%	5,745	5,101,037	98.2%
2015	5,276,198	5,403,432	102.4%	6,191	5,409,623	102.5%
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%



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

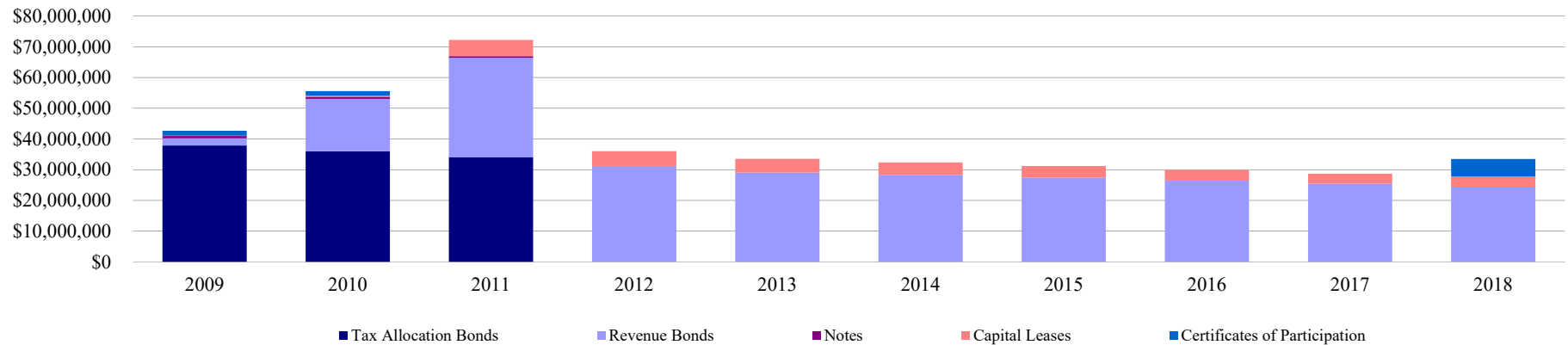
⁽²⁾ Includes secured and unsecured property tax levies exclusive of homeowner exemption, supplemental roll and in-lieu motor vehicle licenses.

Source: Los Angeles County.

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

Fiscal Year	Governmental Activities					Business Activities			Total	Percentage of Personal Income ⁽¹⁾	Percentage of Debt Per Capita ⁽¹⁾
	Tax Allocation Bonds ⁽²⁾	Certificates of Participation	Revenue Bonds	Notes	Capital Leases	Certificates of Participation	Revenue Bonds	Capital Leases			
2009	37,892,429	-	2,319,020	761,693	81,974	1,606,948	-	-	42,662,064	2.77%	0.12%
2010	36,012,009	-	1,897,216	656,516	403,320	1,442,283	15,164,121	-	55,575,465	2.09%	0.09%
2011	34,112,825	-	1,455,412	543,360	310,752	-	30,842,494	4,963,503	72,228,346	1.63%	0.07%
2012	-	-	993,608	-	212,881	-	30,167,457	4,665,191	36,039,137	3.26%	0.13%
2013	-	-	506,804	-	109,404	-	28,556,637	4,355,402	33,528,247	3.70%	0.14%
2014	-	-	-	-	-	-	28,342,757	4,033,567	32,376,324	3.88%	0.15%
2015	-	-	-	-	-	-	27,419,747	3,764,539	31,184,286	4.00%	0.16%
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	-	24,465,711	2,875,238	33,495,267	3.77%	0.15%

Outstanding Debt by Type-Last Ten Fiscal Years



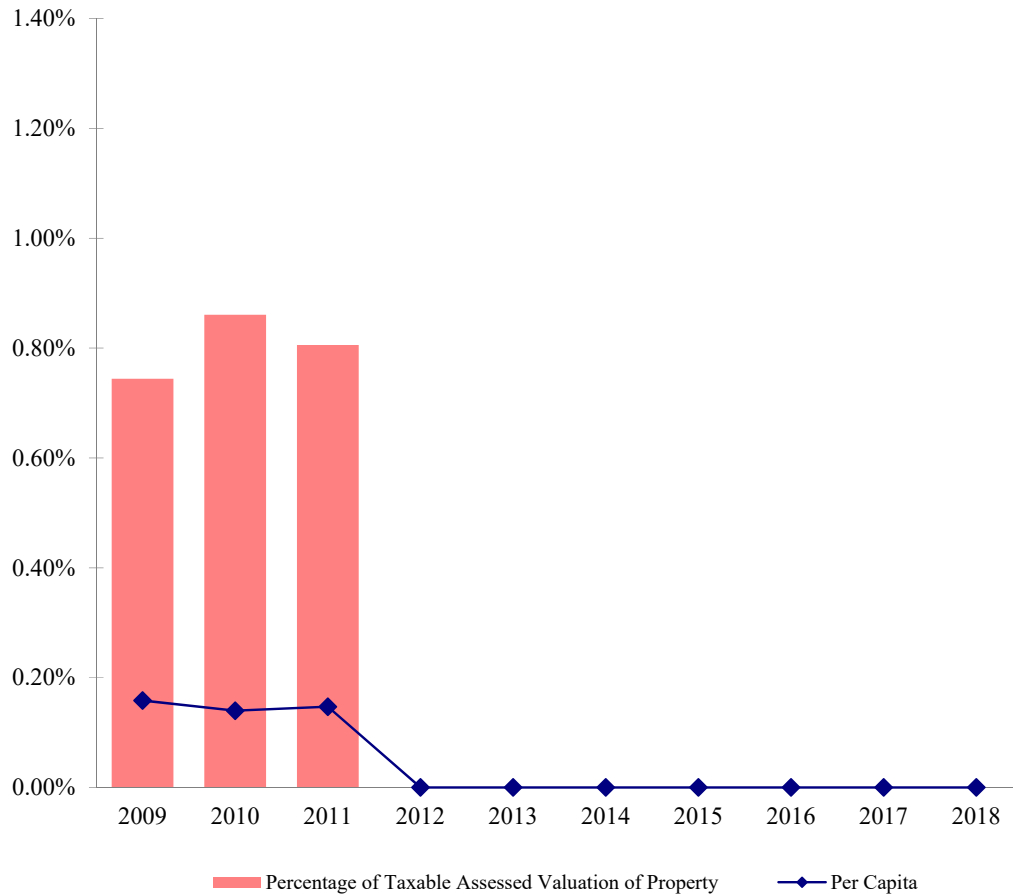
Note: Details regarding the City's outstanding debt can be found in the *notes to the financial statements*.

⁽¹⁾ See Demographic Statistics on page 157.

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

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

Fiscal Year	Tax Allocation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Taxable Assessed Valuation ⁽¹⁾ of Property	Per Capita ⁽²⁾
2009	37,892,429	6,584,875	31,307,554	0.74%	0.16%
2010	36,012,009	505,354	35,506,655	0.86%	0.14%
2011	34,112,825	1,418,394	32,694,431	0.81%	0.15%
2012	-	-	-	0.00%	0.00%
2013	-	-	-	0.00%	0.00%
2014	-	-	-	0.00%	0.00%
2015	-	-	-	0.00%	0.00%
2016	-	-	-	0.00%	0.00%
2017	-	-	-	0.00%	0.00%
2018	-	-	-	0.00%	0.00%



⁽¹⁾ See Assessed Value of Taxable Property-Last Ten Fiscal Years on page 146.

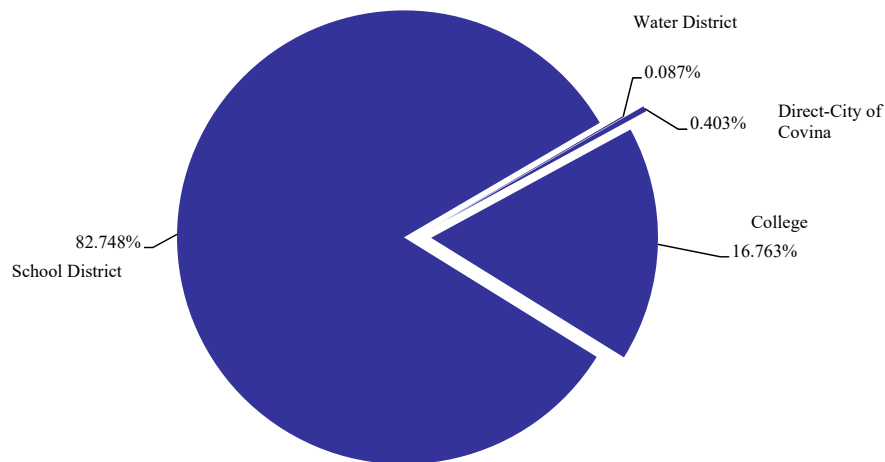
⁽²⁾ See Demographic Statistics on page 157.

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

CITY OF COVINA, CALIFORNIA
Direct and Overlapping Governmental Activities Bonded Debt
As of June 30, 2018

Jurisdiction	Net General Activities Bonded and Capital Lease Debt Outstanding	Percentage Applicable to City of Covina ⁽²⁾	Amount Applicable to City of Covina
Direct-City of Covina ⁽¹⁾	\$ 496,571	100.000%	\$ 496,571
Overlapping:			
Water District:			
Metropolitan Water District	29,354,442	0.364%	106,805
College:			
Citrus CCD DS 2004 2009 Series C	4,695,302	0.348%	16,350
Citrus CCD DS Refunding Bond Series 2013	10,910,000	0.348%	37,992
Citrus CCD DS 2004 Series 2014D	18,918,096	0.348%	65,879
Citrus CCD DS 2004, 2015 Series E	9,805,000	0.348%	34,144
Citrus CCD DS Ref Bonds 2015 Series A	48,185,000	0.348%	167,795
Mt. San Antonio CCD DS 2008 Series 13A	200,306,691	5.919%	11,856,761
Mt. San Antonio CCD DS 2008 Series 2013B	7,350,000	5.919%	435,069
Mt. San Antonio CCD DS 2013 Series A	63,210,000	5.919%	3,741,592
Mt. San Antonio CCD DS 2013 Series B	37,010,000	5.919%	2,190,734
Mt. San Antonio CCD DS 2008 Series 2015C	16,750,000	5.919%	991,483
Mt. San Antonio CCD DS 2015 Ref Bonds	19,130,000	5.919%	1,132,363
School District:			
Azusa Unified 2002 Series 2007	29,911,748	1.452%	434,353
Azusa Unified Refund Bond 2002 Series 2011	15,720,000	1.452%	228,273
Azusa Unified 2014 Series A	24,135,000	1.452%	350,468
Azusa Unified Refund Bond 2016	212,220,000	1.452%	3,081,680
Azusa Unified 2014 Series B	25,000,000	1.452%	363,029
Charter Oak Unified 2012 Series A	25,535,000	38.031%	9,711,198
Charter Oak Unified 2015 Ref Bonds	10,095,000	38.031%	3,839,222
Charter Oak Unified 2012 Series B	10,000,000	38.031%	3,803,093
Charter Oak Unified Ref 2017	3,175,000	38.031%	1,207,482
Covina Valley Unified 2001 Series B	11,762,939	42.142%	4,957,144
Covina Valley Unified 2006, 07 Series B	1,818,265	42.142%	766,254
Covina Valley Unified 2001 Refund 2010 Ser A	10,320,000	42.142%	4,349,060
Covina Valley Unified 2012 Series A	26,235,000	42.142%	11,055,967
Covina Valley Unified 2013 Ref Bonds	37,840,000	42.142%	15,946,552
Covina Valley Unified 2012 Series B	36,145,000	42.142%	15,232,244
Covina Valley Unified 2012 Series C	16,970,000	42.142%	7,151,506
Covina Valley Unified 2012 Series D	46,410,000	42.142%	19,558,126
Subtotal overlapping debt			122,812,617
Total direct and overlapping debt			\$ 122,812,617

Amount Applicable to City of Covina

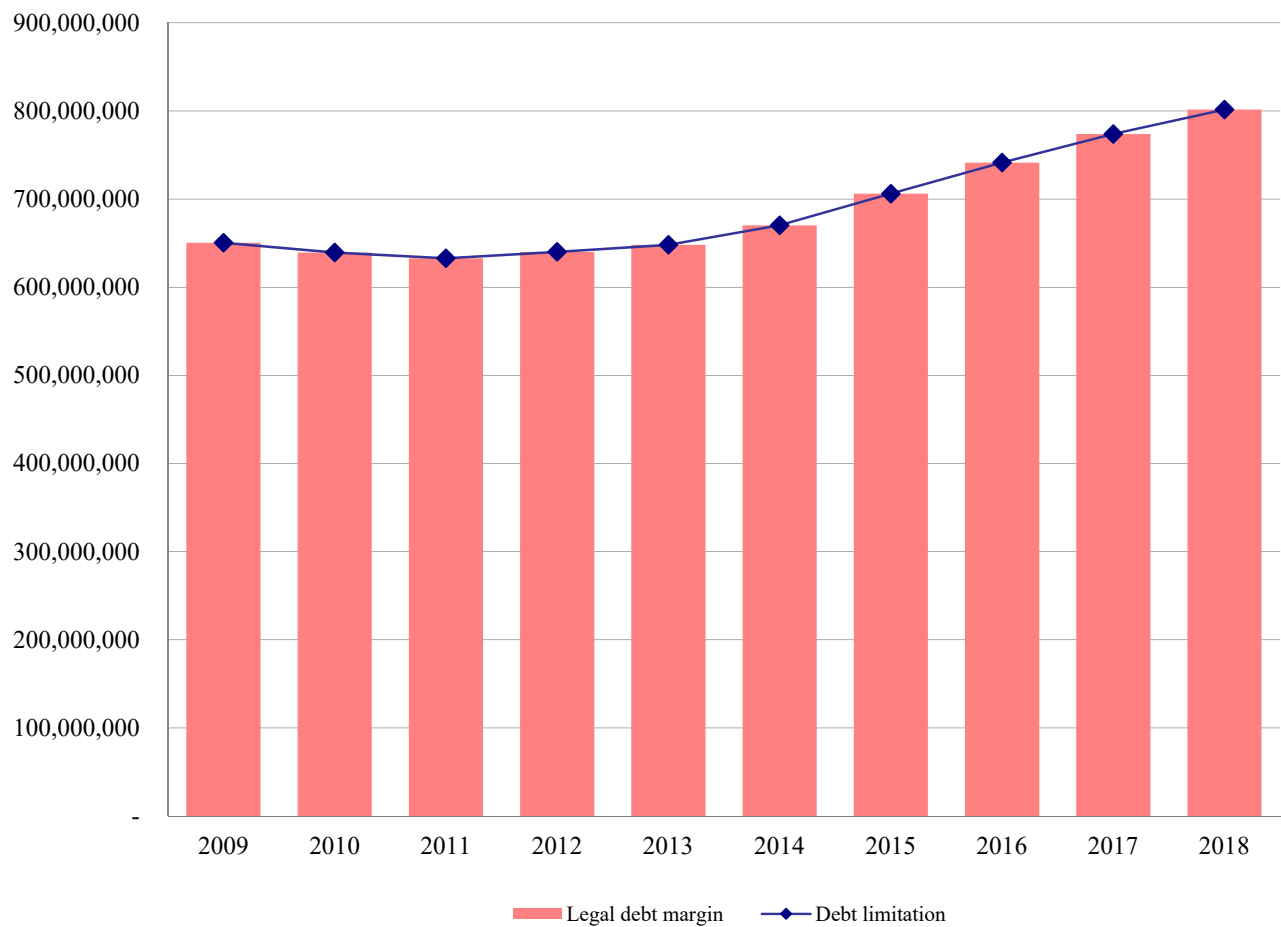


⁽¹⁾ Includes governmental activities debt reported in the Ratios of Outstanding Debt by Type on page 151.

⁽²⁾ 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

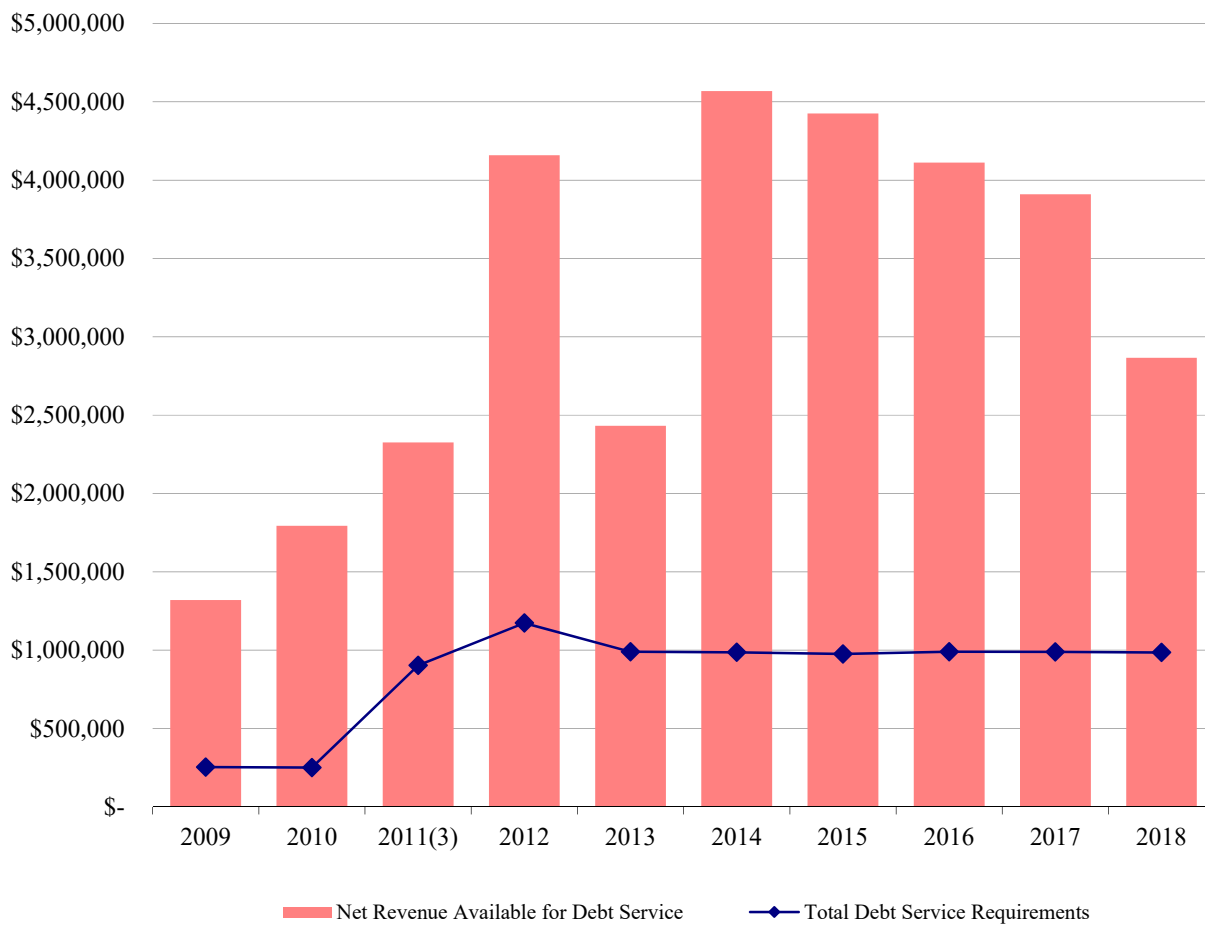
CITY OF COVINA, CALIFORNIA
Legal Debt Margin Information
Last Ten Fiscal Years

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
2009	4,207,697,827	129,666,573	4,337,364,400	650,604,660	-	650,604,660
2010	4,125,031,806	138,099,508	4,263,131,314	639,469,697	-	639,469,697
2011	4,058,645,787	160,679,668	4,219,325,455	632,898,818	-	632,898,818
2012	4,140,686,218	127,379,664	4,268,065,882	640,209,882	-	640,209,882
2013	4,155,490,789	166,019,257	4,321,510,046	648,226,507	-	648,226,507
2014	4,297,836,936	171,312,269	4,469,149,205	670,372,381	-	670,372,381
2015	4,527,664,937	180,062,301	4,707,727,238	706,159,086	-	706,159,086
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



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

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2009	5,544,739	4,225,309	1,319,430	165,000	89,148	254,148	5.19
2010	6,680,855	4,887,609	1,793,246	170,000	81,190	251,190	7.14
2011 ⁽³⁾	8,905,849	6,580,727	2,325,122	180,000	722,912	902,912	2.58
2012	10,545,532	6,387,102	4,158,430	425,000	748,263	1,173,263	3.54
2013	10,933,333	8,501,999	2,431,334	250,000	740,263	990,263	2.46
2014	13,339,122	8,771,194	4,567,928	255,000	731,412	986,412	4.63
2015	11,350,293	6,924,720	4,425,573	265,000	710,708	975,708	4.54
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



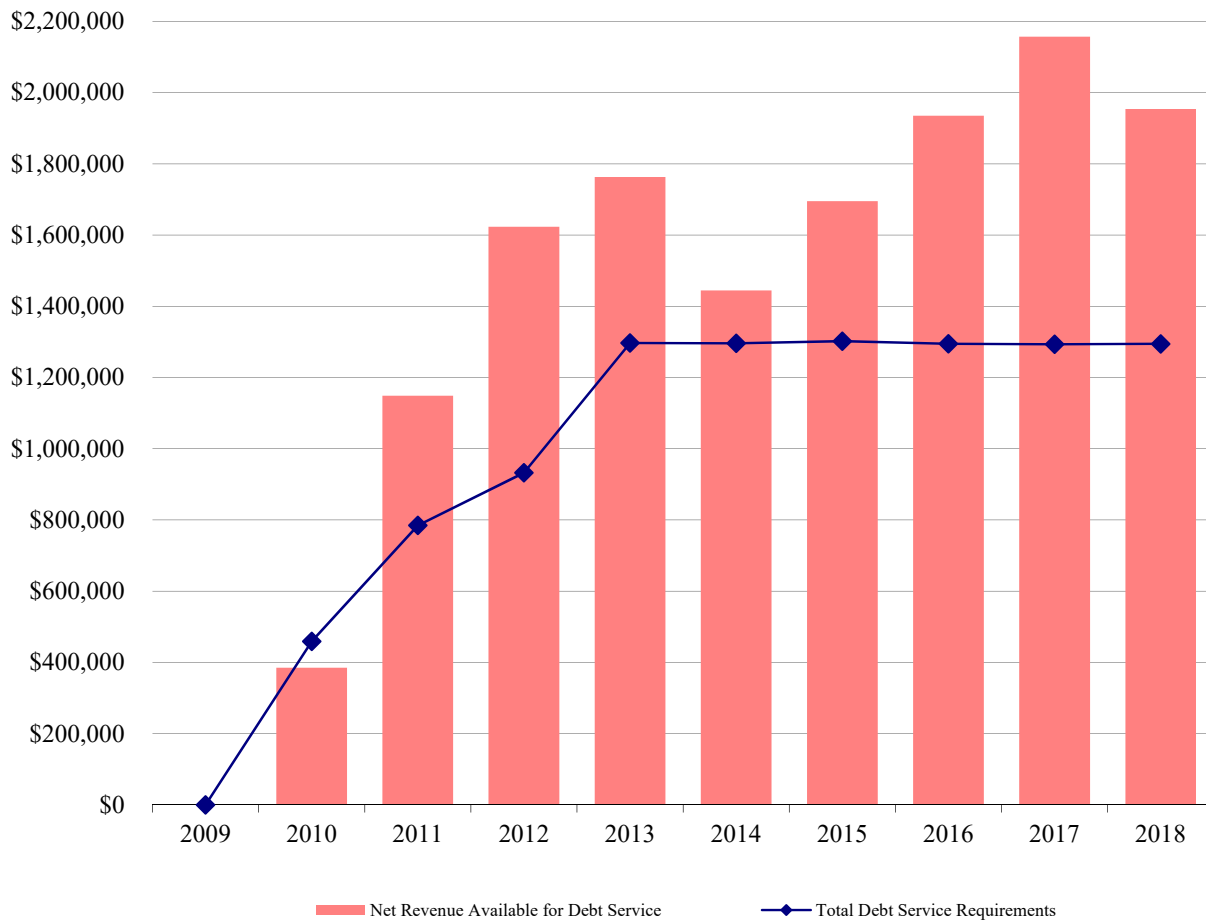
⁽¹⁾ Total revenues (including investment earnings) excluding joint venture investment income and gain on sale of capital assets.

⁽²⁾ Total operating expenses exclusive of depreciation.

⁽³⁾ Includes revenue bonds issued in this year.

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

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



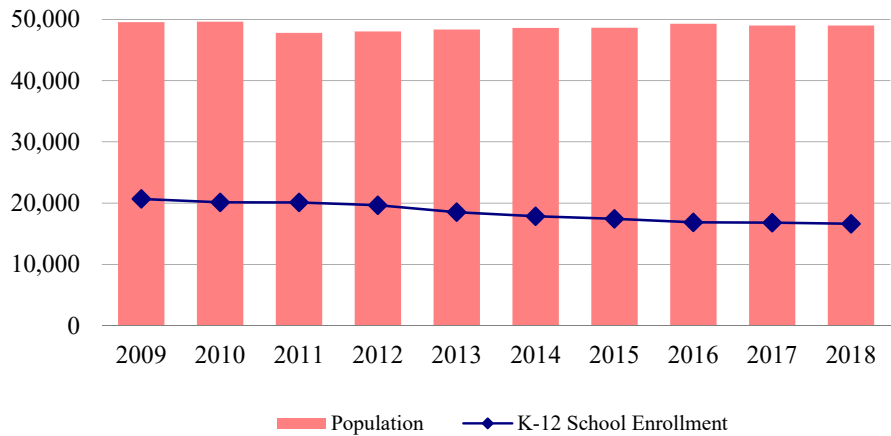
⁽¹⁾ Total revenues (including investment earnings) excluding gain on sale of capital assets.

⁽²⁾ Total operating expenses exclusive of depreciation.

CITY OF COVINA, CALIFORNIA
Demographic and Economic Statistics

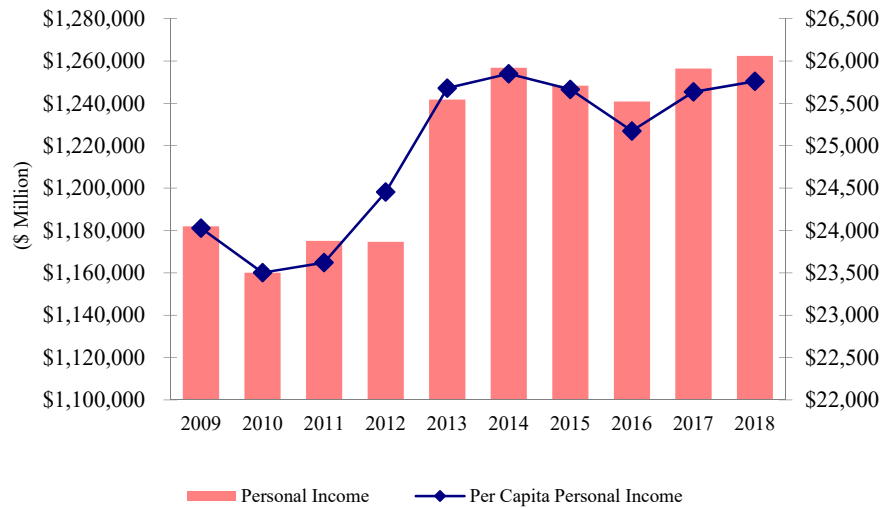
Last Ten Fiscal Years

Year	Population ⁽¹⁾	K-12 School Enrollment ⁽²⁾
2009	49,541	20,688
2010	49,622	20,123
2011	47,796	20,115
2012	48,038	19,659
2013	48,357	18,524
2014	48,619	17,864
2015	48,640	17,432
2016	49,291	16,860
2017	49,011	16,806
2018	49,006	16,627



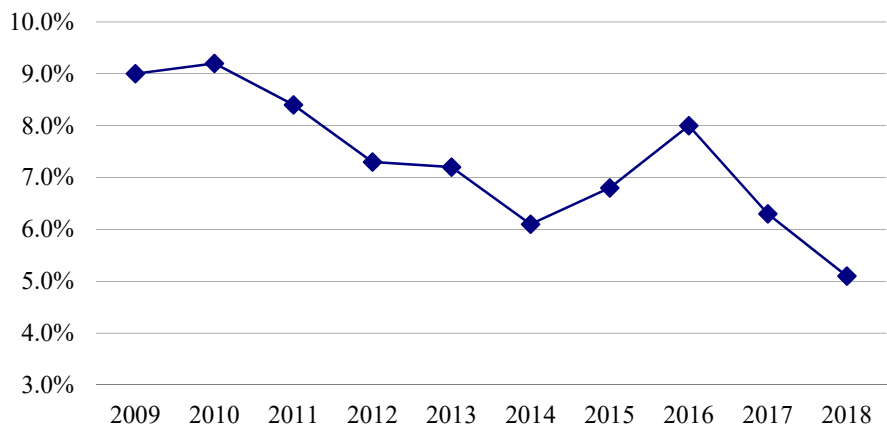
Last Ten Fiscal Years

Year	Personal Income ⁽³⁾ (\$ Thousand)	Per Capita Personal Income ⁽³⁾
2009	1,181,934	24,026
2010	1,160,074	23,502
2011	1,175,121	23,621
2012	1,174,673	24,453
2013	1,241,808	25,680
2014	1,256,801	25,850
2015	1,248,346	25,665
2016	1,240,869	25,174
2017	1,256,462	25,636
2018	1,262,424	25,760



Last Ten Fiscal Years

Year	Unemployment Rate ⁽⁴⁾
2009	9.0%
2010	9.2%
2011	8.4%
2012	7.3%
2013	7.2%
2014	6.1%
2015	6.8%
2016	8.0%
2017	6.3%
2018	5.1%



⁽¹⁾ State Department of Finance.

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

⁽³⁾ HdL, Coren & Cone.

⁽⁴⁾ State Employment Development Department.

CITY OF COVINA, CALIFORNIA

Principal Employers

As of June 30, 2018

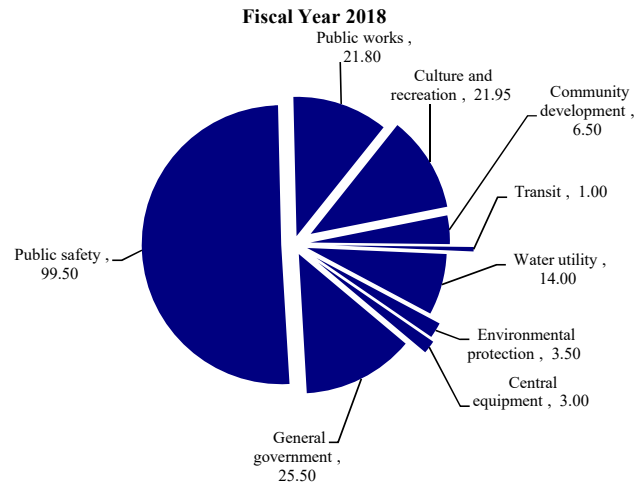
Employer	2018			2017		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Covina Valley Unified School District	1,579	1	10.90%	1,725	1	12.93%
Citrus Valley Health Partners-Intercommunity	954	2	6.59%	900	2	6.75%
Charter Oak Unified School District	700	3	4.83%	552	3	4.14%
Wal-Mart	293	4	2.02%	293	4	2.20%
Ikea U.S. West, Inc.	268	5	1.85%	268	5	2.01%
City of Covina	253	6	1.75%	256	6	1.92%
Vitas Innovative Hospice Care	230	7	1.59%	230	7	1.72%
Lereta, LLC	229	8	1.58%	229	8	1.72%
Healthcare Partners Affiliates Medical Group	224	9	1.55%	224	9	1.68%
Composites Horizons LLC	223	10	1.54%	223	10	1.67%
	<u>4,953</u>		<u>34.21%</u>	<u>4,900</u>		<u>36.74%</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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
General government	30.00	25.00	26.00	27.00	30.00	29.50	23.56	20.56	28.00	25.50
Public safety	104.00	94.50	93.50	91.00	94.00	94.50	99.50	100.50	112.00	99.50
Public works	22.00	20.00	26.50	28.00	25.50	26.50	19.50	19.50	25.00	21.80
Culture and recreation	65.00	41.50	38.50	65.50	57.00	56.50	43.18	43.41	30.94	21.95
Community development	17.00	8.50	2.00	2.50	6.00	5.00	14.50	16.50	7.00	6.50
Transit	2.00	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Redevelopment and housing	7.00	8.00	5.50	3.50	-	-	-	-	-	-
Water utility	11.00	12.50	12.50	12.00	10.00	12.00	14.00	14.00	14.00	14.00
Environmental protection	3.00	3.00	3.00	3.50	2.50	3.50	3.75	3.75	4.00	3.50
Central equipment	3.00	3.50	4.50	4.50	4.00	4.50	5.50	5.50	3.00	3.00
Management information systems	4.00	1.50	4.50	4.50	5.00	5.50	6.00	6.00	1.00	-
Total full-time equivalent positions	268.00	219.50	218.00	243.00	235.00	238.50	230.49	230.72	225.94	196.75

Source: Finance Department Budget



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Finance:										
Payroll checks issued	3,939	4,174	4,175	4,291	6,961	7,038	7,694	7,569	7,369	7,566
Accounts payable checks issued	9,207	9,290	9,283	8,591	7,498	7,093	6,374	5,729	5,281	5,296
Purchase orders issued	7,003	7,259	7,054	2,715	921	707	506	538	453	440
Community Development Block Grant (CDBG):										
Businesses assisted	2	3	4	6	6	2	4	-	-	-
Jobs created	0	24	9	4	13	14	12	-	-	-
Houses rehabilitated	6	1	-	7	3	6	4	3	2	1
Housing:										
Transitional House-Number of people served	13	15	23	14	18	14	17	17	22	11
Covenants-Monitoring affordable units	398	483	483	487	504	460	460	460	460	460
Public Safety										
Police:										
Physical arrests	3,157	3,160	3,041	3,070	2,805	2,322	2,987	2,038	676	3,005
Parking violations	16,096	15,537	11,900	11,786	12,603	10,831	9,367	8,380	10,062	3,035
Traffic violations	7,174	6,976	5,874	5,772	5,449	4,475	3,314	1,711	5,426	12,063
Fire:										
Number of calls answered	3,537	3,919	3,856	3,996	4,306	4,283	4,643	4,751	4,681	4,641
Inspections	1,512	2,250	1,066	802	2,319	2,279	2,279	1,389	2,583	1,472
Culture and Recreation										
Parks and Recreation:										
Leaders-in-Training participants	70	61	67	73	67	54	75	57	66	51
Youth sports participants	2,390	2,890	2,594	2,240	1,863	1,945	1,312	916	1,199	1,130
Leisure lifestyle classes participants	7,450	7,900	7,350	6,398	6,555	6,694	5,920	6,457	5,041	4,520
Cultural excursion program participants	380	478	530	494	543	489	580	565	595	406
Summer evening event attendees	23,650	25,950	27,250	25,950	25,000	25,000	25,000	25,000	16,975	17,170
Senior service participants (fee based)								3,202	2,296	1,036
Senior nutrition program meals served	12,300	15,530	15,920	15,522	15,539	16,565	18,336	14,641	12,798	11,642
Special events	53,000	53,000	53,000	53,000	53,000	53,000	53,000	50,000	50,000	50,000
Aquatic participants	5,400	7,780	7,911	8,244	9,620	10,716	8,750	6,446	8,134	6,011
Day Camp Participants								745	842	682
Library:										
Circulation										
Books/Audiobooks/CD'S	149,068	151,051	144,535	134,775	126,668	127,254	111,236	102,019	100,913	99,434
DVD's	13,787	12,740	13,351	11,255	9,729	9,065	7,500	5,806	4,987	4,141
Toys								978	2,588	3,436
E-books										1,381
Total Circulation	162,855	163,791	157,886	146,030	134,993	136,319	118,736	108,803	108,488	108,392
Gate Count	292,085	279,949	234,562	240,350	230,478	222,129	206,514	194,182	189,432	189,021
Computer Services										
Number of hours	24,437	22,804	16,172	14,787	14,220	14,976	13,860	10,782	10,374	12,825
Number of users	24,365	24,194	20,941	19,860	18,156	20,772	18,751	13,946	13,190	19,848
Library Cards										
City Residents - Newly Issued	2,663	2,558	2,221	2,219	2,125	2,197	1,760	1,520	1,427	1,413
Non-City Residents - Newly Issued	2,809	2,327	2,202	2,580	2,682	2,713	2,118	1,679	1,594	1,257
Total Number of Current Library Cards	⁽²⁾	⁽²⁾	⁽²⁾	⁽²⁾	⁽²⁾	25,031	28,909	32,108	35,129	37,927
Library materials added										
Books	3,858	5,236	2,729	2,797	3,169	4,903	3,439	2,580	2,866	2,475
CDs	35	287	183	112	120	86	298	222	196	131
Audiobooks	106	185	131	97	115	159	128	88	83	129
DVD's	346	394	263	232	194	221	181	150	215	155
Toys								119	99	97
Total Materials Added	4,345	6,102	3,306	3,238	3,598	5,369	4,046	3,159	3,459	2,987
Library Programs/Services										
Storytime participants	1,476	1,297	1,911	4,318	2,339	2,060	1,397	1,756	1,649	1,542
Adult/Young Adult program participants	485	1,260	690	700	540	895	423	464	470	536
Children's program participants	1,289	1,693	1,486	1,602	1,582	3,222	3,014	4,264	5,351	7,343
Summer Reading Program participants	902	859	1,096	890	890	702	620	705	799	848
Joint Summer Reading program participants			671	951	1,006	1,079	1,079	811	1,153	1,468
In-N-Out Cover-to-Cover Reading Program						181	202	240	252	274
Outreach (Class Visits on and off-site, number of participants)										546
Homework Help Tutors	⁽²⁾	⁽²⁾	21*	23*	16*	21*	12*	11	15	10
Homework Help Participants	⁽²⁾	⁽²⁾	677	1,132	1,410	1,120	738	997	529	418
Library volunteer hours ⁽³⁾	15,611	8,640	10,826	11,454	12,065	11,766	13,535	14,251	13,754	8,693

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Literacy										
Number of tutors	(2)	(2)	(2)	37	36	29	27	23	23	22
Number of adults served	(2)	(2)	(2)	91	105	101	97	79	79	92
Number of children served	(2)	(2)	(2)	46	40	52	37	31	39	43
Reference Questions										
Adult/Circulation	21,592	17,985	11,354	9,808	12,055	20,907	20,436	21,418	22,561	20,281
Childrens	10,116	14,396	8,005	9,135	6,885	8,862	6,918	6,650	5,738	7,839
Total Reference Questions	31,708	32,381	19,359	18,943	18,940	29,769	27,354	28,068	28,299	28,120
Planning										
Planning reviews	462	336	320	465	254	281	610	1,733	1,820	1,911
Permits issued	707	443	400	422	1,911	2,204	2,253	1,344	1,411	1,482
Inspections	(2)	(2)	(2)	(2)	416	471	531	192	230	242
Building										
Building reviews	462	336	320	336	350	450	503	1,362	561	792
Permits issued	707	443	400	1,080	1,060	1,599	1,658	3,494	1,514	894
Inspections	3,115	3,682	3,400	5,441	5,375	6,078	6,029	4,464	3,038	5,137
Transit										
Average daily parking customers (station & structure paid)	760	765	742	886	823	821	845	747	(2)	(2)
Average monthly parking customers (structure paid)									1,296	688
Dial-A-Cab participants (monthly average)	1,307	1,432	1,515	1,639	1,981	1,920	1,918	1,158	1,454	1,584
Subsidized bus passes (monthly average)	87	75	77	60	44	53	53	28	52	48
Code Enforcement										
Total Inspections	5,368	7,991	10,034	13,919	5,591	4,601	4,434	1,840	1,902	2,956
Signs removed from public right of way	533	575	528	3,516	661	1,053	1,083	522	233	153
Industrial Waste Inspections	0	12	593	488	133	724	413	1	2	220
Water Utility										
Average daily consumption (gallons)	6,120,192	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
Meter reads	50,039	51,926	54,423	101,008	102,768	106,430	103,851	103,490	(2)	2,291
Meter replacements	1,053	849	168	73	14	74	6	88	(2)	32
Consumer responses	2,889	2,593	1,715	7,298	7,975	4,765	12,703	5,805	(2)	350
Service line repairs	148	99	87	99	83	111	62	48	(2)	59
Main line repairs	53	48	43	46	57	38	34	45	(2)	49
Street Maintenance										
Traffic sign remove/replace/install	261	787	244	565	1,392	234	92	185	153	118
Potholes repaired	1,047	1,782	1,928	1,502	2,415	2,738	4,058	3,629	4,645	3,802
Curb painted (lf)	20,681	42,446	27,653	51,424	22,884	10,117	15,436	17,860	37,370	16,960
Utility cuts repaired	156	104	81	24	5	15	-	(2)	(2)	20
Trees trimmed	565	375	703	352	305	474	799	2,163	231	255
Equipment Maintenance										
Preventative maintenance service	309	359	478	568	536	475	492	367	325	284
Safety inspections	423	372	474	626	564	516	563	425	371	320
New Tires	(2)	(2)	(2)	142	145	127	122	82	117	98
Tire repairs	262	327	243	253	248	282	315	177	183	164
Work orders completed	(2)	(2)	(2)	1,243	1,194	1,043	1,345	829	681	631
Environmental Protection										
Refuse collected (tons/month)	2,680	2,642	2,559	2,601	2,242	2,222	2,334	2,363	2,482	2,450
Recyclables collected (tons/month)	202	193	192	198	188	188	188	192	185	162
Green waste collected (tons/month)	550	546	542	536	525	483	469	463	462	457
Compressed natural gas sold (gallon equivalents)	18,542	25,462	22,704	19,093	13,865	59,351	28,080	33,845	30,999	30,182

⁽¹⁾ Information provided by various departments

⁽²⁾ Information not available.

⁽³⁾ Combination of Homework Help volunteer hours and Total volunteer hours.

* Revised

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Buildings-civic center	1	1	1	1	1	1	1	1	1	1
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	26	26	26	27	26	24	23	23	20	20
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Arterial streets (miles)	35	35	35	35	35	35	35	35	35	35
Residential streets (miles)	82	82	82	82	82	82	81	87	81	81
Curb and gutter (miles)	240	240	240	240	240	240	240	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
Traffic signals	60	60	60	60	60	60	60	65	65	65
Sanitary sewer (miles)	121	121	121	121	121	121	121	121	121	121
Storm water catch basins	71	71	71	71	82	82	82	82	71	112
Street trees	9,589	9,576	9,563	9,347	9,325	9,325	9,325	9,465	9,485	9,473
Parking structure (spaces)	125	125	125	125	125	125	125	110	110	110
Culture and recreation										
Parks and recreation:										
Park acreage	57	53	53	53	53	53	51	54	54	54
Parks	9	8	8	8	8	8	9	9	9	9
Horse-walking trails	1	1	1	1	1	1	1	1	1	1
Nature trails	1	1	1	1	1	1	1	1	1	1
Playground areas	8	8	8	8	8	8	8	9	9	9
Swimming pools	2	2	2	2	2	2	2	2	2	2
Softball fields	3	3	3	3	3	3	3	3	3	3
Baseball fields	3	3	3	3	3	3	3	3	3	3
Basketball courts	10	10	10	10	10	10	10	10	10	10
Roller hockey rinks	2	2	2	2	2	2	2	2	2	2
Tennis courts	3	3	3	3	3	3	3	3	3	3
Buildings and centers	12	12	12	12	12	12	12	13	13	13
Library buildings	1	1	1	1	1	1	1	1	1	1
Transit										
Parking structure (vehicle spaces)	655	655	655	655	655	655	655	665	665	665
Parking lot (secured bicycle spaces)	36	36	36	36	36	36	-	40	40	40
Transit vehicles	4	5	5	5	5	5	5	5	5	5
Housing										
Transitional housing	1	1	1	1	1	1	1	1	1	1
Water utility										
Reservoirs	8	8	8	8	9	9	9	9	9	9
Pump stations	6	6	6	6	7	7	7	6	6	6
Water mains (miles)	102	102	102	102	102	102	102	102	102	102
Service meters	8,329	8,437	8,703	8,552	8,650	8,650	8,650	8,633	8,623	8,623
Fire hydrants	1,037	1,043	1,057	1,057	1,059	1,059	1,059	992	1,059	1,059

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

⁽²⁾ Information not available.

City of Covina, California
Continuing Disclosure
Water System

Summary of Operations										
	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Water Purchased (in acre-feet)										
Covina Irrigating Company (CIC)	6,523.71	6,773.21	5,303.01	6,059.89	5,868.75	4,686.30	4,429.00	4,166.26	4,756.72	5,068.03
Three Valley Muni Water Dist(MWD)	33.25	29.50	148.50	-	238.50	1,427.10	931.00	467.20	198.00	62.70
Total Purchased	6,556.96	6,802.71	5,451.51	6,059.89	6,107.25	6,113.40	5,360.00	4,633.46	4,954.72	5,130.73
Potable Water Sold (in acre-feet)	6,563.21	6,313.76	5,418.59	5,410.57	5,479.33	5,738.46	4,986.00	4,418.34	4,508.53	4,909.82
Change from previous year	-6.46%	-3.80%	-14.18%	-0.15%	1.27%	4.73%	-13.11%	-11.39%	2.04%	8.90%
Population	49,541	49,622	47,796	48,038	48,357	48,619	49,002	48,984	49,011	49,006
Cost of CIC Water \$/a-f	\$ 280.00	\$ 310.00	\$ 425.00	\$ 425.00	\$ 450.00	\$ 475.00	\$ 475.00	\$ 495.00	\$ 495.00	\$ 530.00
Cost of MWD Water \$/a-f	528.00	692.00	754.00	793.00	849.00	875.00	879.41	906.76	981.67	987.00

Number of Water Accounts⁽¹⁾	8,329	8,178	8,532	8,606	8,583	8,635	8,550	8,638	8,642	8,656
---	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

Water System Fund Revenues and Expenses ⁽²⁾										
	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Operating Revenue										
Charges for Services	5,460,462	6,625,803	8,872,848	10,515,236	10,902,689	13,337,157	10,896,780	10,436,434	11,011,015	11,138,975
Operating Expenses										
Source & supply	1,567,518	2,135,247	3,194,055	2,943,016	3,325,059	3,944,941	3,146,588	2,707,841	2,849,099	3,190,768
Production & storage	570,553	446,230	511,794	507,877	645,858	497,422	556,304	911,509	1,072,317	2,224,760
Transmission & distribution	925,845	960,513	1,207,591	1,423,143	1,531,620	1,394,900	1,732,307	613,017	1,604,822	1,790,159
Customer acct & collections	377,026	424,001	640,413	857,370	1,182,150	1,082,024	1,061,295	1,363,414	1,474,373	1,347,476
Administrative & general	784,365	921,618	1,026,874	655,696	835,384	904,636	638,819	798,833	238,355	(68,719)
Depreciation	443,133	464,462	1,056,167	783,715	779,081	867,235	957,051	953,511	964,403	1,006,332
Total Operating Expenses	4,668,440	5,352,071	7,636,894	7,170,817	8,299,152	8,691,158	8,092,364	7,348,125	8,203,369	9,490,776
Net Revenues	792,022	1,273,732	1,235,954	3,344,419	2,603,537	4,645,999	2,804,416	3,088,309	2,807,646	1,648,199
1999 Bond Installment Payments	254,148	251,190	218,555	-	-	-	-	-	-	-
2010 Bond Installment Payments	-	-	192,308	1,173,262	990,262	986,413	710,708	990,113	988,713	985,413
Coverage	3.12	5.07	3.01	2.85	2.63	4.71	3.95	3.12	2.84	1.67

Water Rates ⁽¹⁾										
	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/19*	
Minimum Charge:										
5/8" & 3/4"	\$ 28.48	\$ 29.65	\$ 30.87	\$ 31.90	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	
1"	41.94	43.78	45.71	47.33	49.44	49.44	49.44	49.44	49.44	
1-1/2"	64.36	67.32	70.43	73.04	76.43	76.43	76.43	76.43	76.43	
2"	102.31	105.38	108.54	111.80	115.15	115.15	115.15	115.15	115.15	
3"	191.84	197.59	203.52	209.63	215.92	215.92	215.92	215.92	215.92	
4"	319.71	329.30	339.18	349.36	359.84	359.84	359.84	359.84	359.84	
6"	639.44	658.44	678.39	698.74	719.70	719.70	719.70	719.70	719.70	
8"	eliminated									
Charge per hundred cubic feet (hcf):										
Single Family (0-16 ccf)	2.25	2.37	2.49	2.58	2.71	2.71	2.71	2.71	2.71	
Single Family (17+ ccf)	2.51	2.64	2.77	2.88	3.02	3.02	3.02	3.02	3.02	
Multi-Family (0-12 ccf)	2.25	2.37	2.49	2.58	2.71	2.71	2.71	2.71	2.71	
Multi-Family (13+ ccf)	2.46	2.59	2.71	2.82	2.96	2.96	2.96	2.96	2.96	
Commercial/Institutional	2.62	2.76	2.89	3.01	3.16	3.16	3.16	3.16	3.16	
Industrial/Manufacturing	2.28	2.39	2.51	2.61	2.74	2.74	2.74	2.74	2.74	
Irrigation/Landscaping	2.62	2.76	2.89	3.01	3.16	3.16	3.16	3.16	3.16	
City/Miscellaneous	2.29	2.40	2.52	2.62	2.75	2.75	2.75	2.75	2.75	
Capital Improvements Projects Fee:										
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"	eliminated									
Private Fire Standby Service:										
4"	18.57	19.31	20.08	20.88	21.71	21.71	21.71	21.71	21.71	
6"	53.93	56.09	58.33	60.66	63.09	63.09	63.09	63.09	63.09	
8"	114.94	119.54	124.32	129.29	134.46	134.46	134.46	134.46	134.46	
10"	206.69	214.96	223.56	232.50	241.80	241.80	241.80	241.80	241.80	

* Information presented is current as of 11/14/18

Largest Water Accounts ⁽¹⁾						
Customer	Type of Business	Consumption (in acre-feet)	% of total consumption	Revenue Received	% of total water sales	
Covina School District	Governmental	122.89	2.50%	\$235,674.70	2.03%	
Charter Oak Unified School Dist	Governmental	87.96	1.79%	\$135,056.56	1.16%	
Inter-Comm Health SVC	Commercial	82.88	1.69%	\$144,222.72	1.24%	
Nijar Realty Prop 189	Commercial	62.07	1.26%	\$135,116.33	1.16%	
City of Covina	Governmental	42.81	0.87%	\$175,510.95	1.51%	
Miracle Mile Properties LP	Multiple Family	34.21	0.70%	\$54,441.55	0.47%	
Lvgem Hotel Corporation	Commercial	22.82	0.46%	\$42,420.13	0.36%	
BRE DDE Retail Holdings III LLC	Commercial	21.82	0.44%	\$74,673.62	0.64%	
Rayne Soft Water Service	Commercial	21.75	0.44%	\$34,074.65	0.29%	
Sonrise Christian School	Commercial	18.40	0.37%	\$32,641.56	0.28%	
TOTALS		517.63	10.54%	\$ 1,063,833	9.15%	

GRAND TOTAL CONSUMPTION 4,909.82

GRAND TOTAL SALES \$ 11,626,024

(1) Information obtained from Water information system

(2) Information obtained from Covina Comprehensive Annual Financial Report

**City of Covina, California
Continuing Disclosure
Wastewater System**

	Sewer Fund Revenues and Expenses									
	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
<u>Operating Revenue</u>										
Special Assessments	532,693	970,717	1,464,430	1,750,240	2,263,321	2,213,642	2,596,318	2,683,503	2,760,749	2,833,092
<u>Operating Expenses</u>										
General & Administrative	270,453	688,638	435,948	164,835	522,657	784,732	919,254	785,109	661,138	1,013,663
Depreciation	-	12,527	25,461	28,319	42,314	110,795	167,735	167,735	167,735	167,735
Total Operating Expenses	270,453	701,165	461,409	193,154	564,971	895,527	1,086,989	952,844	828,873	1,181,398
Net Revenues	262,240	269,552	1,003,021	1,557,086	1,698,350	1,318,115	1,509,329	1,730,659	1,931,876	1,651,694
2009 Installment Payments	-	459,193	685,931	932,806	1,296,869	1,296,056	1,298,981	1,294,781	1,293,363	1,294,469
Coverage	-	0.59	1.46	1.67	1.31	1.02	1.16	1.34	1.49	1.28
	Sewer Rates ⁽¹⁾									
	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018		
	5.50	7.06	8.62	8.62	10.36	10.57	10.88	11.21		

⁽¹⁾ Monthly Rates