

CITY OF COVINA, CALIFORNIA

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2019



Walter Allen, III, Mayor

***John C. King
Mayor Pro Tem***

***Jorge A. Marquez
Council Member***



***Patricia Cortez
Council Member***

***Victor Linares
Council Member***

Brian Saeki, City Manager

Prepared by the City of Covina Finance Department

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City Manager

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INTRODUCTORY SECTION

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CITY OF COVINA, CALIFORNIA
Elected and Administrative Officials
2018-2019

<u>Elected Officials</u>	<u>Term Expires</u>
Mayor: Walter Allen, III	March 2020
Mayor Pro Tem: Peggy A. Delach John C. King	October 2018 March 2022
Council Members: Jorge A. Marquez Patricia Cortez Victor Linares	March 2022 March 2020 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: Christopher Marcarello	June 2018
Parks and Recreation Director: Amy Hall-McGrade	July 1983
Community Development Director: Brian Lee	June 2015
Chief Deputy City Clerk: Nicole Alvarez	May 2015

* Appointed by City Council

** Appointed by Los Angeles County Fire District

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CITY OF COVINA

125 East College Street • Covina, California 91723-2199

February 10, 2020

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, 2019 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. White Nelson Diehl Evans LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2019. 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 2018-19 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 48,876 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 as well as a voter-approved transaction and use tax measure which increased the sales tax rate from 9.5% to 10.25%. 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

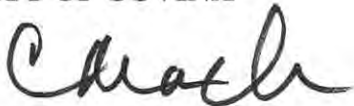
- 1. The City Manager shall be responsible for the preparation and submission of the program-based budget.*
- 2. The City Manager shall be authorized to make the appropriate changes to adhere to the budget policy.*
- 3. Staff shall report to the City Council 30 days after the end of each fiscal quarter 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



Christopher Marcarello
Interim City Manager

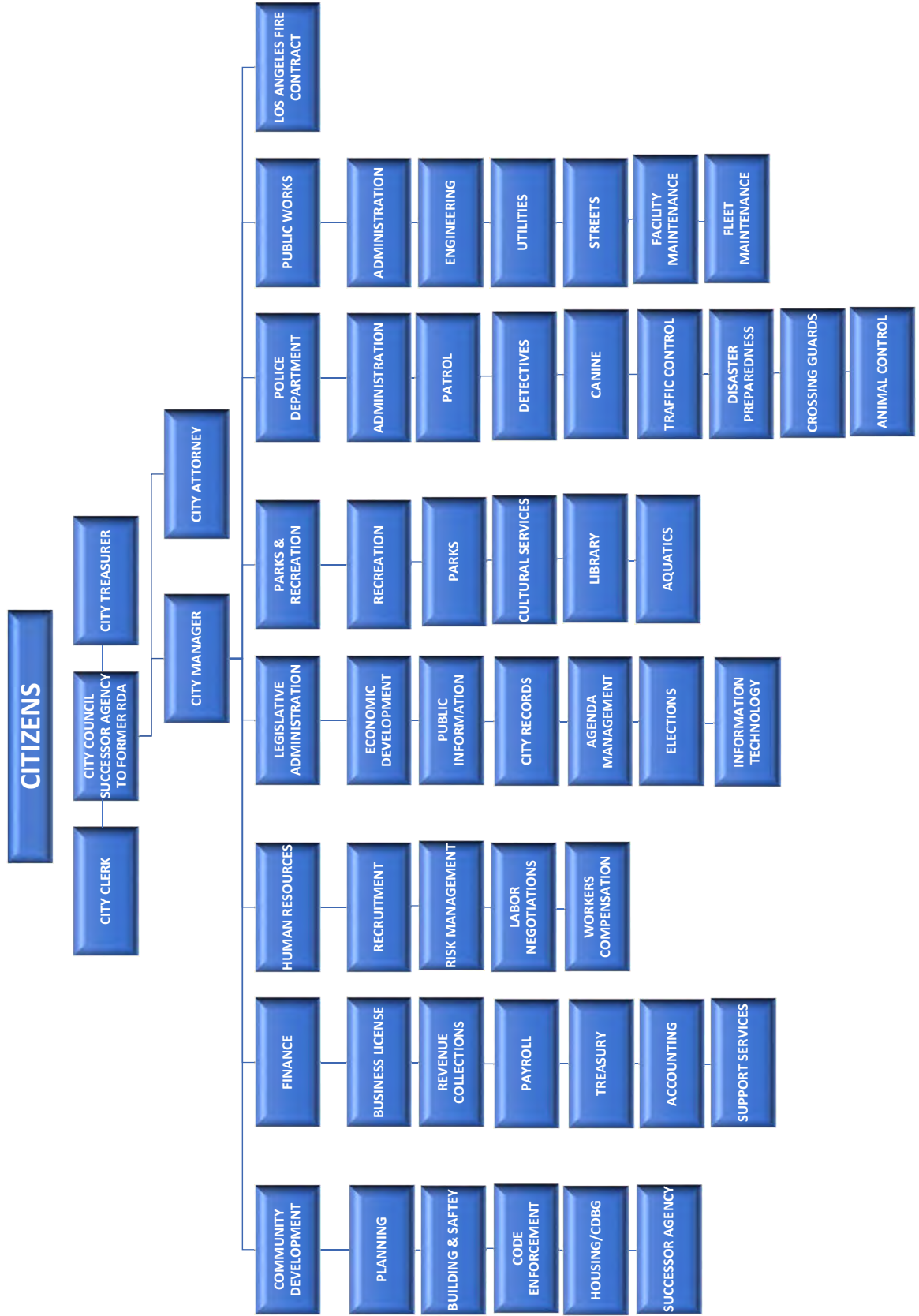


Anita Agramonte
Administrative Services Director

CITY OF COVINA

ORGANIZATIONAL CHART

FISCAL YEAR 2018-2019



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of City Council
of the City of Covina
Covina, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Covina (the City) as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 basic financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Covina as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the City restated the net position of the governmental activities and fund balances for the governmental funds at July 1, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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, the combining and individual fund financial statements and schedules (supplementary information) and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020, 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 the City's internal control over financial reporting and compliance.

White Nelson Nick Evans LLP

Irvine, California

February 10, 2020

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Management's Discussion and Analysis

The following discussion and analysis of the City of Covina's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019. 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 \$100,081,578. The Governmental Activities have a deficit unrestricted net position of \$46,481,365. Business-type Activities have unrestricted net position of \$18,672,662.
- * The City's net position for governmental and business-type activities increased by \$5,165,939 or 5.44% from the previous fiscal year.
- * The total cost of all City activities was \$61,474,143 for the current fiscal year. Net cost of all activities was \$27,718,976.
- * During the current fiscal year, the City's governmental activities net revenues exceeded net expenditures by \$4,347,311.
- * In the City's business-type activities, net revenues exceeded net expenditures by \$818,628.
- * The total fund balance of the City's governmental funds was \$28,968,669 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 \$733,789 for the fiscal year.
- * The total fund balance of the General Fund was \$10,030,939 as of June 30, 2019. The total of this amount is nonspendable, restricted, committed or assigned and is not available for spending at the City's discretion (see note 14 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, the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities

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

Management's Discussion and Analysis (Continued)

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City's enterprise funds account for the Water Utility, Environmental Protection and Sewer. *Internal service funds* are used to accumulate and allocate costs internally among various City functions. The City's internal service funds account for Information Technology, Central Equipment, Workers' Compensation, and Public Liability. These services predominately benefit governmental and 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 internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

Management's Discussion and Analysis (Continued)

Fiduciary Funds

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

The government-wide financial statements exclude fiduciary funds.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total Net Position

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

As detailed in the *Government-Wide Financial Statements-Statement of Net Position*, the City's total net position for governmental and business-type activities was \$100 million at the close of the fiscal year, which is an increase of \$5.2 million or 5.44% from the previous fiscal year.

The largest portion of that net position, \$103.7 million, is in capital assets (land, buildings and structures, infrastructure, and machinery and equipment) less any related debt outstanding used to acquire those assets. Capital assets are acquired for the purpose of providing services and infrastructure and are unavailable for future spending. Resources needed to repay related debt outstanding must be provided from other sources before liquidating capital assets to satisfy these liabilities.

Additionally, \$24.2 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 \$27.8 million.

Governmental Activities

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

The net position of the governmental activities represents 55.38% of the City's total net position. As reflected in the following table, restricted governmental activities net position decreased by \$2.7 million (13.63%) from the previous fiscal year. This portion of net position is subject to external restrictions relating to public safety, public works, culture and recreation, transit and redevelopment and housing.

Governmental Activities Net Position

	2019	2018
Current and other assets	\$ 46,661,260	\$ 52,662,798
Capital assets	84,702,076	75,277,959
Deferred outflows	12,185,709	13,110,665
Total Assets and deferred outflows	<u>143,549,045</u>	<u>141,051,422</u>
Long-term liabilities outstanding	77,438,263	75,061,486
Other liabilities	6,685,672	4,394,115
Deferred inflows	3,995,798	4,391,348
Total Liabilities and deferred inflows	<u>88,119,733</u>	<u>83,846,949</u>
Net position:		
Net Investment in capital assets	84,857,338	74,766,840
Restricted	17,053,339	19,745,277
Unrestricted	(46,481,365)	(43,430,116)
Total net position	<u><u>\$ 55,429,312</u></u>	<u><u>\$ 51,082,001</u></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 the Statement of Activities. Note that there has been a \$6 million restatement to net position. This is predominantly due to removal of accounts previously recorded as revenue for notes and loans receivable. This and other restatements are reflected in Note 22 of the *Notes to the Financial Statements*.

Revenues	2019	2018
Program revenues:		
Charges for services	\$ 7,783,444	\$ 7,967,354
Operating grants and contributions	7,962,987	7,540,661
Capital grants and contributions	4,308,857	2,579,102
General revenues:		
Property taxes	13,123,606	12,575,318
Sales taxes - intergovernmental unrestricted	10,753,877	8,950,753
Utility users taxes	4,590,983	4,573,428
Other taxes	2,456,836	2,568,705
Investment earnings	883,542	144,176
Gain/(Loss) on sale of capital assets	15,129	-
Miscellaneous	12,562	-
Total Revenues	51,891,823	46,899,497
Expenses		
General government	2,082,578	1,370,482
Public safety	29,863,536	30,579,038
Public works	7,468,025	6,792,606
Culture and recreation	4,434,960	5,027,721
Community development	1,738,982	2,217,024
Transit	1,176,235	1,212,960
Redevelopment and housing	492,737	1,042,797
Interest on long term debt	287,459	-
Total expenses	47,544,512	48,242,628
Increase (Decrease) in net position before transfers		
Change in net position	4,347,311	(1,343,131)
Beginning net position	57,204,473	62,153,708
Restatements	(6,122,472)	(3,606,104)
Ending net position	\$ 55,429,312	\$ 57,204,473

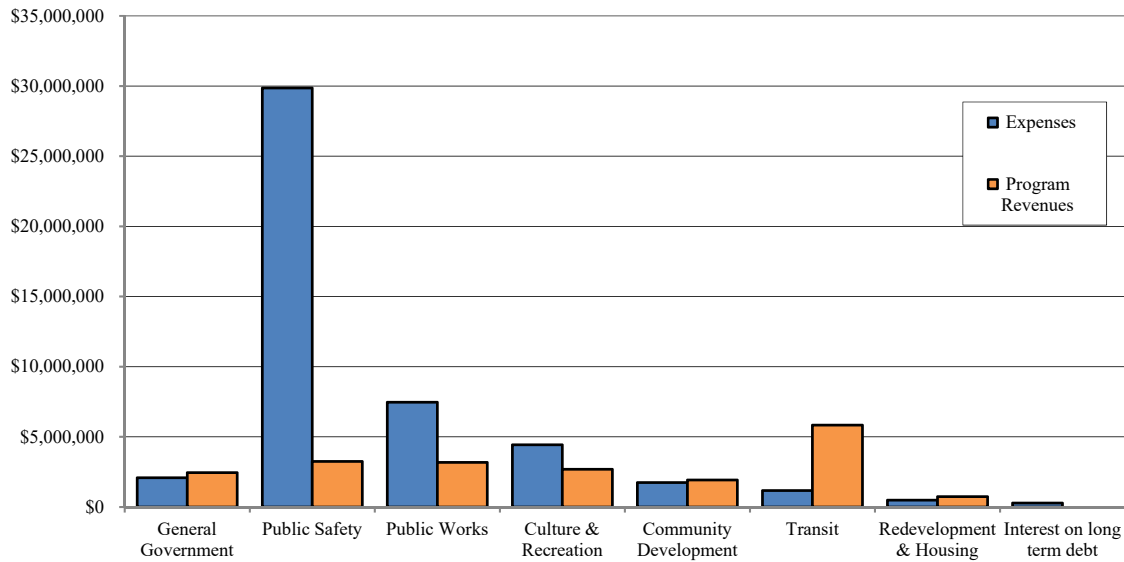
As reflected above, the City's net revenues exceeded net expenditures of governmental activities by \$4.3 million. Compared to the previous year, 2019 revenues show an increase of \$5 million while expenses decreased by \$698,000.

The majority of the revenue increase is due to an increase in capital grants and contributions of \$1.7 million. Sales tax revenue increased by \$1.8 million primarily due to adoption of a voter approved transaction and use tax measure which increased the sales tax rate from 9.5% to 10.25% effective April 1st, 2019. Property taxes increased by \$548,000 while other taxes decreased by \$254,000. Investment earnings increased by \$739,000. Decreased redevelopment and housing costs are attributable to prior year Senior Center design and demolition costs in the Community Development Block Grant (CDBG) fund which did not recur in 2019.

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, Community Development, 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.

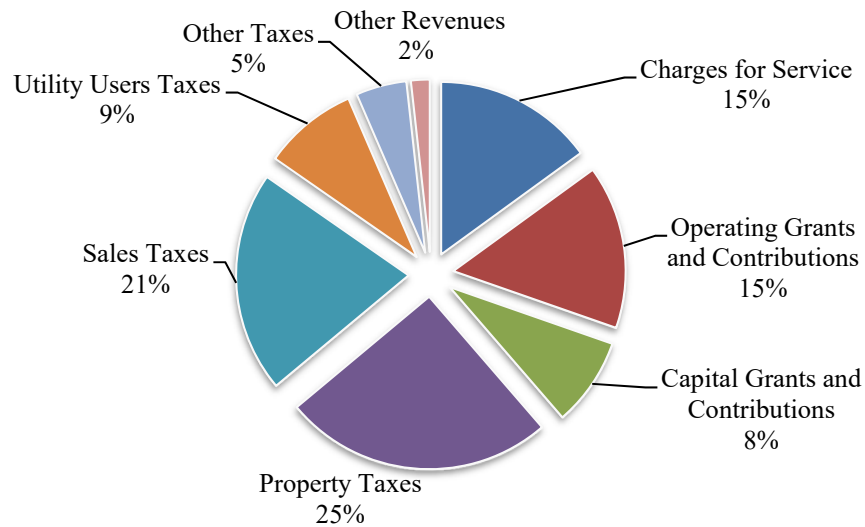
Management's Discussion and Analysis (Continued)

Expenses and Program Revenues-Governmental Activities



As reflected on the following graph, taxes, operating grants and contributions, and charges for services provide 90% 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.

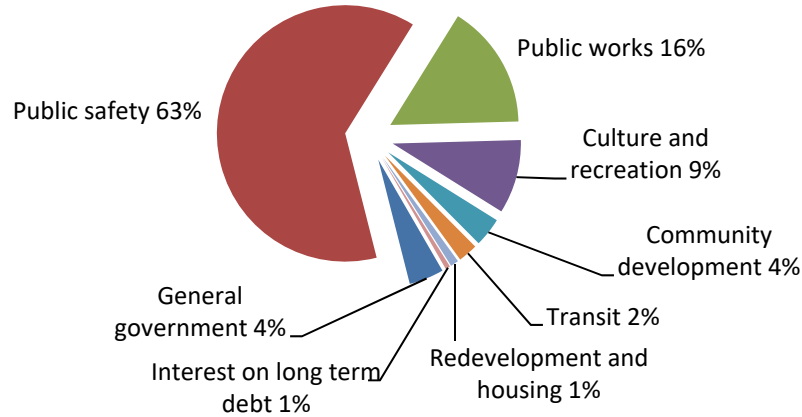
Revenue Sources-Governmental Activities



The next graph demonstrates governmental activity expenditures by function/program. Note that public safety and public works represent 79% of the governmental activities' expenditures; this is consistent with the City's highest priority of citizen safety and well-being. Culture and recreation represent 9% 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 2018 and 2019. Current year detail can be found in the *Government-Wide Financial Statements, Statement of Net Position*.

Business-Type Activities Net Position

	2019	2018
Current and other assets	\$ 42,269,856	\$ 43,858,096
Capital assets	36,879,191	35,512,895
Deferred outflows of resources	693,995	1,182,802
Total assets and deferred outflows	79,843,042	80,553,793
Long-term liabilities outstanding	33,382,251	34,324,736
Other liabilities	1,704,639	1,981,290
Deferred inflows of resources	103,886	414,129
Total liabilities	35,190,776	36,720,155
Net position		
Net Investment in capital assets	18,856,666	17,635,065
Restricted	7,122,938	5,613,256
Unrestricted	18,672,662	20,585,317
Total net position	\$ 44,652,266	\$ 43,833,638

The net position of the business-type activities represents 44.62% of the City's total net position and increased by \$819,000 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

	2019	2018
Revenues		
Program Revenues:		
Charges for services	\$ 13,699,879	\$ 15,142,189
Operating grants and contributions	-	-
Capital grants and contributions	-	-
General revenues-investment earnings	1,048,380	1,272,763
Total Revenues	<u>14,748,259</u>	<u>16,414,952</u>
Expenses		
Water Utility	10,289,222	12,815,344
Environmental Protection	1,195,439	1,109,212
Sewer	2,444,970	1,757,186
Total Expenses	<u>13,929,631</u>	<u>15,681,742</u>
Change in net position before transfers	<u>818,628</u>	<u>733,210</u>
Transfers in (out)	-	-
Change in net position	<u>\$ 818,628</u>	<u>\$ 733,210</u>

As reflected above, the City's business-type program expenses exceeded program revenues (charges for services) by \$230,000. Total business-type program revenues decreased by \$1.4 million from the prior fiscal year. This reflects a \$1.6 million decrease in water service charges due in large part to the write-off of old account balances. This decrease is slightly offset by increases in environmental charges for services of \$20,000 and in sewer charges for services of \$90,000.

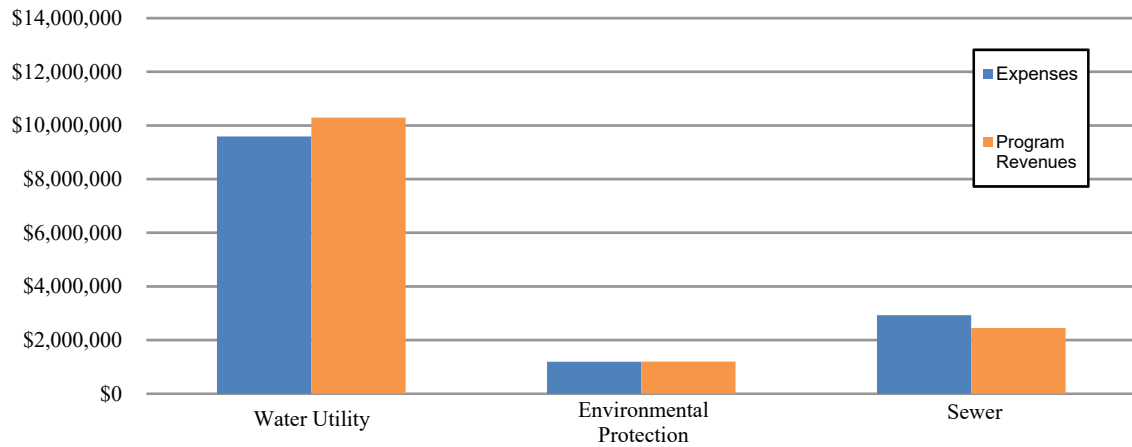
Environmental and Sewer charges for services were sufficient to cover both operating and interest expenses for the respective functions during the fiscal year. Water charges for services covered all regular operating expenses; however, interest expense contributed to a \$703,000 deficit in Water Utility activities.

Total business-type expenses decreased by \$1.8 million from the previous fiscal year; a major factor is a decrease of \$2.5 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 decrease is attributable to major capital projects completed in the prior fiscal year and reduced cost allocation. Sewer utility expenditures, which include general and administrative, depreciation and bond interest expenses increased by \$688,000. Environmental Protection expenses include general and administrative, environmental services, and waste management. These expenses increased by \$86,000 from the prior year.

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

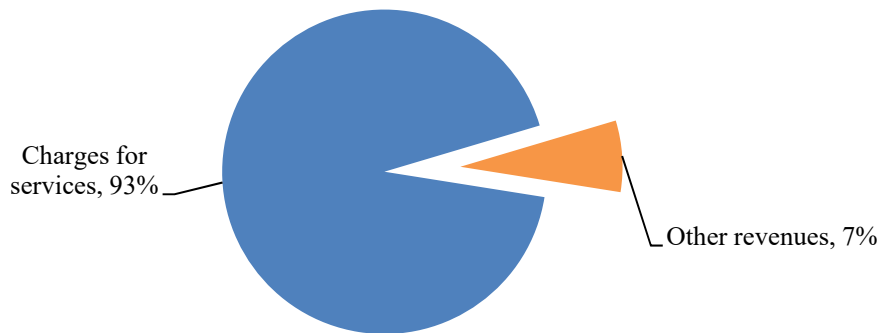
Management's Discussion and Analysis (Continued)

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.

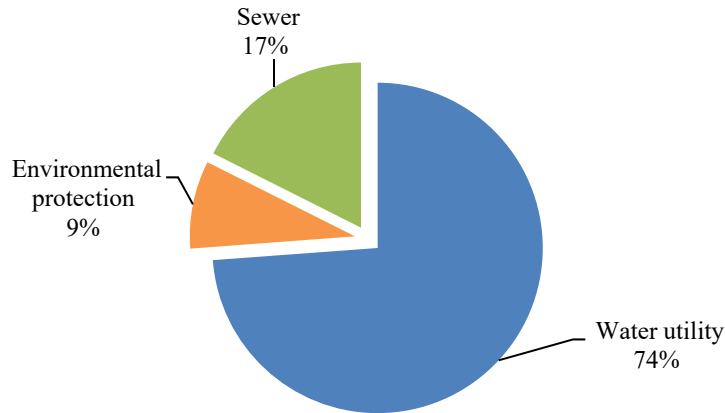
Revenues by Source - Business-type Activities



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

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.

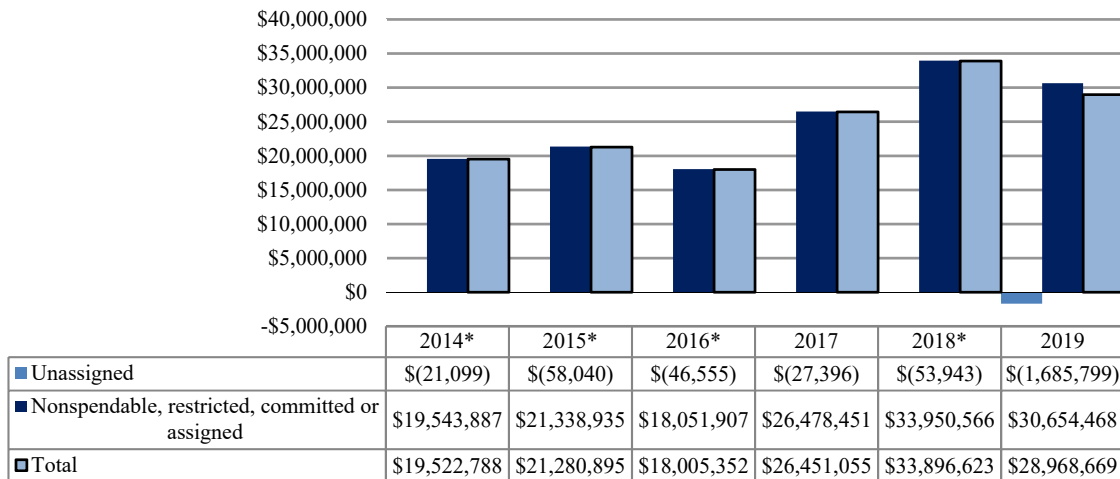
Governmental Funds

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, 2019, the City's governmental funds reported combined fund balances of \$28,968,669, a decrease of \$6.8 million from the prior fiscal year. This reflects a prior period adjustment detailed in Note 22 of *Notes to the Financial Statements*. 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 14 of *Notes to the Financial Statements*.

The following is a summary of fund balances of the governmental funds for fiscal years 2014-2019:

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 2018-19 was \$10 million and is classified as follows: \$2.6 million non-spendable, \$7 million committed, \$386,000 restricted, and \$43,000 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 27% 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 \$734,000 during the fiscal year. The increase is primarily a result of increases in the sales tax rate and investment earnings.

The Park Development capital projects fund is a major fund of the City. The total fund balance of this fund is \$111,000 which is assigned and not *available for spending* at the City's discretion. Compared to the previous year, the Park Development capital projects fund reflects a decrease of \$355,000 due to the Senior Center construction project and other improvements.

Transportation capital projects fund is also a major fund of the City. This fund has a deficit fund balance of \$1.5 million which is unrestricted; this decrease to fund balance reflects grant revenues which will be received after the fiscal year end.

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 \$14.8 million in the fiscal year from \$17.7 million in the prior year. Environmental Protection fund unrestricted net position increased to \$1.35 million from \$1.29 million in the prior year. The Sewer enterprise fund unrestricted net position increased to \$4.2 million from \$3.7 million in the prior year. Other factors concerning the finances of these three funds are addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

Appropriation differences between the original budget and the final budget are \$2,303,470 which represents a 6% increase. The most significant budgetary appropriation increases include mid-year adjustments totaling \$2 million which included appropriations of \$1 million transfer to internal service funds and \$661,000 to public safety for overtime, vacation leave and animal control fees. It also included an increase of \$203,000 in community development for personnel and code enforcement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2019, is \$121.6 million (net of accumulated depreciation). Capital assets include buildings and structures, improvements other than buildings, domain infrastructure, water system infrastructure, sanitary sewer infrastructure, machinery and equipment, and construction in progress. The following table is a summary of capital assets (net of accumulated depreciation) at June 30, 2019 and 2018.

Management's Discussion and Analysis (Continued)

Capital Assets (net of depreciation)		
	2019	2018
Governmental activities		
Land	\$10,902,638	\$10,851,900
Buildings and structures	17,869,644	18,153,784
Improvements other than buildings	5,704,293	5,779,295
Public domain infrastructure	30,562,347	29,305,145
Sanitary sewer infrastructure	1,907,028	1,971,765
Machinery and equipment	3,699,641	3,793,570
Construction in progress	14,056,485	5,422,500
Total governmental activities	<u>84,702,076</u>	<u>75,277,959</u>
Business-type activities		
Land	377,408	377,408
Buildings and structures	9,188,109	9,434,849
Improvements other than buildings	192,831	140,484
Water system infrastructure	24,235,175	21,158,552
Machinery and equipment	1,126,355	1,046,729
Construction in progress	1,759,313	3,354,873
Total business-type activities	<u>36,879,191</u>	<u>35,512,895</u>
Total capital assets	<u>\$ 121,581,267</u>	<u>\$ 110,790,854</u>

Total capital assets, net of depreciation, increased from the prior year by \$10.8 million. This is due largely to construction in progress (CIP) in governmental type activities which increased, net of depreciation, by \$8.6 million. The CIP increase includes Senior Center construction of \$6.6 million and street improvements of \$7.9 million; this increase is offset by projects completed in the course of the year which were reclassified from CIP to capital assets. Note 8 of *Notes to the Financial Statements* provide additional capital asset information.

Debt Administration

At the end of the fiscal year, the City had total long-term debt outstanding of \$110.8 million. This includes notes, capital lease, revenue bonds payable, other post-employment benefits and net pension liabilities. The following is summary of the outstanding debt (net of unamortized charges) at June 30, 2019 and 2018:

Outstanding Debt (net of unamortized charges)		
	2019	2018
Governmental activities		
Compensated absences	\$ 3,803,544	\$ 3,679,919
Claims and judgments	7,138,000	7,682,193
Certificates of participation payable (COP)	5,471,187	5,657,747
Capital lease payable	496,571	496,571
Section 108 loan	2,375,000	-
Postemployment benefit obligation	6,415,602	6,074,022
Net pension liability	51,738,359	51,471,034
Total governmental activities	<u>77,438,263</u>	<u>75,061,486</u>
Business-type activities		
Compensated absences	438,250	350,113
Capital lease payable	2,549,111	2,875,238
Revenue bonds payable	23,407,697	24,465,711
Net pension liability	6,987,193	6,633,676
Total business-type activities	<u>33,382,251</u>	<u>34,324,738</u>
Total outstanding debt	<u>\$ 110,820,514</u>	<u>\$ 109,386,224</u>

Management's Discussion and Analysis (Continued)

The increase in long-term debt from 2018 to 2019 in governmental activities was \$2.4 million. The primary factor is the Section 108 loan for the Senior and Community Center construction project in the amount of \$2.4 million. Other factors include increases of \$124,000 in compensated absences, \$267,000 to pension liability, and \$342,000 to the City's other post-employment benefit (OPEB) obligation. These increases are offset by decreases in certificates of participation payable (COP) of \$187,000 and claims and judgments of \$544,000.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City applied sound budgeting practices and considered new residential and retail development in formulating a balanced budget for Fiscal Year 2019-20. Prudent, cost-saving budget practices will continue into future years.

The conservative budget policies put in place by Council direction, emphasized by the City Manager and supported by staff, as well as the voter approved transaction and use tax measure have enabled the City of Covina to remain fiscally solvent. As reflected on Note 14 of *Notes to the Financial Statements*, the City maintains an emergency contingency reserve of \$7 million, or 18.54% of General Fund expenditures; this is 1.46% 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 intergovernmental revenues, as well as a substantial increase in tax revenue reflecting the voter-approved transaction and use tax measure which increased the sales tax rate from 9.5% to 10.25%. The budget also reflects a slight decrease in charges for services, while fines and forfeitures are budgeted to remain constant.

REQUESTS FOR INFORMATION

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

CITY OF COVINA
STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments	\$ 30,247,284	\$ 25,548,979	\$ 55,796,263
Cash and investments - restricted	5,449,032	7,978,784	13,427,816
Receivables:			
Interest	190,081	36,059	226,140
Accounts	1,065,196	1,501,621	2,566,817
Due from other governments	5,032,013	40,884	5,072,897
Other	-	-	-
Loans and notes	292,446	-	292,446
Internal balances	1,244,557	(1,244,557)	-
Inventories	60,030	74,579	134,609
Prepays and deposits	907,250	-	907,250
Due from successor agency	2,173,371	-	2,173,371
Investment in Covina Irrigating Company:	-	8,333,507	8,333,507
Capital assets:			
Not being depreciated	24,959,123	2,136,721	27,095,844
Being depreciated, net	59,742,953	34,742,470	94,485,423
TOTAL ASSETS	131,363,336	79,149,047	210,512,383
DEFERRED OUTFLOWS OF RESOURCES:			
OPEB related	2,201,654	-	2,201,654
Pension related	9,984,055	693,995	10,678,050
TOTAL DEFERRED OUTFLOWS OF RESOURCES	12,185,709	693,995	12,879,704
LIABILITIES:			
Accounts payable	4,785,426	657,281	5,442,707
Deposits payable	484,395	640,851	1,125,246
Accrued liabilities	659,263	62,115	721,378
Interest payable	35,968	344,392	380,360
Due to other governments	292,446	-	292,446
Unearned revenue	428,174	-	428,174
Noncurrent liabilities			
Due within one year	1,619,850	1,588,936	3,208,786
Due in more than one year:			
Long-term liabilities	17,664,452	24,806,122	42,470,574
Net pension liability	51,738,359	6,987,193	58,725,552
Total other post-employment benefit liability	6,415,602	-	6,415,602
TOTAL LIABILITIES	84,123,935	35,086,890	119,210,825
DEFERRED INFLOWS OF RESOURCES:			
Unamortized gain on refunding	-	44,501	44,501
Pension related	3,175,736	59,385	3,235,121
OPEB related	820,062	-	820,062
TOTAL DEFERRED INFLOWS OF RESOURCES	3,995,798	103,886	4,099,684
NET POSITION:			
Net investment in capital assets	84,857,338	18,856,666	103,714,004
Restricted for:			
Public safety	301,712	-	301,712
Public works	5,145,140	-	5,145,140
Capital projects	-	7,122,938	7,122,938
Culture and recreation	366,607	-	366,607
Transit	7,003,355	-	7,003,355
Redevelopment and housing	4,236,525	-	4,236,525
Unrestricted (deficit)	(46,481,365)	18,672,662	(27,808,703)
TOTAL NET POSITION	\$ 55,429,312	\$ 44,652,266	\$ 100,081,578

See accompanying notes to basic financial statements.

CITY OF COVINA

STATEMENT OF ACTIVITIES

For the year ended June 30, 2019

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 2,082,578	\$ 2,192,160	\$ 258,515	\$ -
Public safety	29,863,536	1,727,746	1,517,515	-
Public works	7,468,025	802,080	2,035,786	340,972
Culture and recreation	4,434,960	834,854	175,290	1,678,491
Community development	1,738,982	1,771,843	-	149,106
Transit	1,176,235	226,255	3,469,660	2,140,288
Redevelopment and housing	492,737	228,506	506,221	-
Interest on long term debt	287,459	-	-	-
Total governmental activities	47,544,512	7,783,444	7,962,987	4,308,857
Business-type activities:				
Water utility	10,289,222	9,586,220	-	-
Environmental protection	1,195,439	1,190,124	-	-
Sewer utility	2,444,970	2,923,535	-	-
Total business-type activities	13,929,631	13,699,879	-	-
Total	\$ 61,474,143	\$ 21,483,323	\$ 7,962,987	\$ 4,308,857

General revenues:

Taxes:

Property taxes (net of pass-through payments)

Sales taxes, intergovernmental, unrestricted

Transient occupancy taxes

Property transfer taxes

Business license taxes

Utility users taxes

Franchise taxes

Investment earnings

Investment gain in Covina Irrigating Company

Miscellaneous

Gain on sale of capital assets

Total general revenues

Change in net position

Net position - beginning of year as restated

Net position - end of year

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ 368,097	\$ -	\$ 368,097
(26,618,275)	-	(26,618,275)
(4,289,187)	-	(4,289,187)
(1,746,325)	-	(1,746,325)
181,967	-	181,967
4,659,968	-	4,659,968
241,990	-	241,990
(287,459)	-	(287,459)
(27,489,224)	-	(27,489,224)
-	(703,002)	(703,002)
-	(5,315)	(5,315)
-	478,565	478,565
-	(229,752)	(229,752)
(27,489,224)	(229,752)	(27,718,976)
13,123,606	-	13,123,606
10,753,877	-	10,753,877
240,946	-	240,946
217,332	-	217,332
372,756	-	372,756
4,590,983	-	4,590,983
1,625,802	-	1,625,802
883,542	594,051	1,477,593
-	454,329	454,329
12,562	-	12,562
15,129	-	15,129
31,836,535	1,048,380	32,884,915
4,347,311	818,628	5,165,939
51,082,001	43,833,638	94,915,639
<u>\$ 55,429,312</u>	<u>\$ 44,652,266</u>	<u>\$ 100,081,578</u>

CITY OF COVINA
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2019

ASSETS	General Fund	Park Development	Transportation
Cash and investments	\$ 3,069,582	\$ 2,499,282	\$ -
Cash and investments - restricted	-	-	-
Receivables:			
Interest	190,081	-	-
Utility user tax	334,566	-	-
Accounts	450,892	-	-
Loans	-	-	-
Notes	-	-	-
Due from other governments	2,839,331	242,109	1,456,310
Due from other funds	2,962,826	-	-
Due from successor agency	1,725,120	-	-
Prepaid expenditures	895,500	-	-
TOTAL ASSETS	<u>\$ 12,467,898</u>	<u>\$ 2,741,391</u>	<u>\$ 1,456,310</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 746,507	\$ 2,267,036	\$ 113,928
Accrued liabilities	512,986	75,878	2,049
Deposits payable	307,905	89,171	-
Due to other funds	-	-	1,340,332
Due to other governments	-	-	-
Advances from other funds	420,426	-	-
Unearned revenue	427,556	-	-
TOTAL LIABILITIES	<u>2,415,380</u>	<u>2,432,085</u>	<u>1,456,309</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	21,579	197,833	1,456,309
FUND BALANCES (Note 14):			
Nonspendable	2,620,620	-	-
Restricted	385,692	-	-
Committed	6,981,901	-	-
Assigned	42,726	111,473	-
Unassigned	-	-	(1,456,308)
TOTAL FUND BALANCES	<u>10,030,939</u>	<u>111,473</u>	<u>(1,456,308)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,467,898</u>	<u>\$ 2,741,391</u>	<u>\$ 1,456,310</u>

Other Governmental Funds	Total Governmental Funds
\$ 17,349,782	\$ 22,918,646
5,449,032	5,449,032
-	190,081
-	334,566
176,924	627,816
292,446	292,446
-	-
494,263	5,032,013
	2,962,826
448,251	2,173,371
5,631	901,131
<u>\$ 24,216,329</u>	<u>\$ 40,881,928</u>

\$ 1,598,711	\$ 4,726,182
50,096	641,009
87,319	484,395
1,622,494	2,962,826
292,446	292,446
-	420,426
618	428,174
<u>3,651,684</u>	<u>9,955,458</u>

<u>282,080</u>	<u>1,957,801</u>
----------------	------------------

5,631	2,626,251
20,506,425	20,892,117
-	6,981,901
-	154,199
<u>(229,491)</u>	<u>(1,685,799)</u>
<u>20,282,565</u>	<u>28,968,669</u>

<u>\$ 24,216,329</u>	<u>\$ 40,881,928</u>
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CITY OF COVINA

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

June 30, 2019

Fund balances for governmental funds	\$ 28,968,669
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore are not reported in the fund financial statements. This amount does not include \$1,459,547 of internal service funds net capital assets.

Capital assets not being depreciated	\$ 24,959,123	
Capital assets being depreciated	167,286,369	
Accumulated depreciation	<u>(109,002,963)</u>	83,242,529

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2019 are:

Loan payable	(2,375,000)	
Bonds payable	(5,240,000)	
Bond premium	(231,187)	
Compensated absences	(3,552,414)	
Accrued interest	<u>(35,968)</u>	(11,434,569)

Pension and OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred outflows of resources - pension related	9,762,889	
Deferred inflows of resources - pension related	(3,156,811)	
Net pension liability	(49,511,641)	
Deferred outflows of resources - OPEB related	2,201,654	
Deferred inflows of resources - OPEB related	(820,062)	
Total OPEB liability	<u>(6,415,602)</u>	(47,939,573)

Internal Service funds are used by management to charge the costs of certain activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in governmental in the Statement of Net Position.

634,455

Receivables that are measurable but not available are recorded as deferred inflows of resources under the modified accrual basis of accounting.

1,957,801

Net position of governmental activities	<u>\$ 55,429,312</u>
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CITY OF COVINA

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

For the year ended June 30, 2019

	General Fund	Park Development	Transportation
REVENUES:			
Property taxes	\$ 12,985,073	\$ -	\$ -
Sales tax, intergovernmental	10,753,877	-	-
Transient occupancy taxes	240,946	-	-
Property transfer taxes	217,332	-	-
Business license taxes	371,348	-	-
Utility user taxes	4,590,983	-	-
Franchise taxes	1,625,802	-	-
Licenses and permits	1,307,877	-	-
Intergovernmental	909,797	1,480,658	994,251
Charges for services	4,584,793	-	-
Fines and forfeits	926,644	-	-
Special assessments	-	-	-
Investment earnings	901,137	-	-
Other	559,021	-	-
TOTAL REVENUES	39,974,630	1,480,658	994,251
EXPENDITURES:			
Current:			
General government	1,790,386	-	-
Public safety	27,998,297	-	-
Public works	2,015,998	-	-
Culture and recreation	4,033,866	-	-
Community development	1,811,923	-	-
Transit	-	-	-
Redevelopment and housing	-	-	-
Capital outlay	-	6,368,714	2,418,000
Debt service:			
Issuance costs	-	45,544	-
Principal retirement	-	-	-
Interest and fiscal charges	686	-	-
TOTAL EXPENDITURES	37,651,156	6,414,258	2,418,000
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,323,474	(4,933,600)	(1,423,749)
OTHER FINANCING SOURCES (USES):			
Transfers in	80,127	2,078,770	-
Transfers out	(1,669,812)	-	(32,559)
Debt issuance	-	2,500,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,589,685)	4,578,770	(32,559)
NET CHANGE IN FUND BALANCE	733,789	(354,830)	(1,456,308)
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	9,297,150	466,303	-
FUND BALANCES - END OF YEAR	\$ 10,030,939	\$ 111,473	\$ (1,456,308)

Other Governmental Funds	Total Governmental Funds
\$ 138,322	\$ 13,123,395
-	10,753,877
-	240,946
-	217,332
1,408	372,756
-	4,590,983
-	1,625,802
-	1,307,877
6,003,443	9,388,149
415,829	5,000,622
-	926,644
533,047	533,047
380,755	1,281,892
11,679	570,700
<u>7,484,483</u>	<u>49,934,022</u>
-	1,790,386
303,765	28,302,062
2,075,456	4,091,454
248,353	4,282,219
40,257	1,852,180
887,211	887,211
517,758	517,758
6,731,868	15,518,582
-	45,544
300,000	300,000
232,795	233,481
<u>11,337,463</u>	<u>57,820,877</u>
<u>(3,852,980)</u>	<u>(7,886,855)</u>
263,909	2,422,806
(2,158,954)	(3,861,325)
-	2,500,000
<u>(1,895,045)</u>	<u>1,061,481</u>
(5,748,025)	(6,825,374)
<u>26,030,590</u>	<u>35,794,043</u>
<u>\$ 20,282,565</u>	<u>\$ 28,968,669</u>

CITY OF COVINA

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

For the year ended June 30, 2019

Net change in fund balances - total governmental funds \$ (6,825,374)

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

Governmental funds report capital outlays as expenditures and do not include capital contributions. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense and capital contributions are recognized as revenue. This is the amount by which capital outlay exceeded depreciation expense in the current period and the amount of capital contributions received. This does not include internal service funds activity of \$243,981 in additions and \$335,309 in depreciation expense.

Capital outlay	\$ 15,158,402	
Deletions	(2,420)	
Depreciation expense	<u>(4,765,618)</u>	10,390,364

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Issuance of debt	(2,500,000)	
Principal payments	300,000	
Amortization premium on bonds	<u>11,560</u>	(2,188,440)

Pension expense reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related changes in pension amounts for deferred outflows of resources and deferred inflows of resources.

(1,422,945)

Other postemployment benefit expense reported in the governmental funds includes payment of premiums for the current year. In the Statement of Activities, pension expense includes the change in the total other postemployment benefit liability and OPEB related deferred inflows of resources.

630,017

Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.

Changes in interest payable for the current year		(19,994)
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Internal service funds are used by management to charge costs of activities involved in rendering services to departments within the City. The changes in net position of the internal service funds are included in the Statement of Activities.

1,921,481

Compensated absences are not reported in the governmental funds until such amounts become due and payable.

(95,599)

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements. This amount represents the change during the fiscal year.

1,957,801

Change in net position of governmental activities

\$ 4,347,311

CITY OF COVINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2019

	Business-Type Activities			Governmental Activities
	Water Utility	Environmental	Sewer	Internal Service Funds
ASSETS:				
CURRENT ASSETS:				
Cash and investments	\$ 17,631,910	\$ 2,165,731	\$ 5,751,338	\$ 25,548,979
Cash and investments with fiscal agent	998,469	-	6,980,315	7,978,784
Interest receivable	-	-	36,059	36,059
Accounts receivable, net	1,267,123	233,428	1,070	1,501,621
Due from other governments	-	-	40,884	40,884
Prepaid expenses	-	-	-	-
Inventories	74,579	-	-	74,579
TOTAL CURRENT ASSETS	19,972,081	2,399,159	12,809,666	35,180,906
NONCURRENT ASSETS:				
Investment in Covina Irrigating Company	8,333,507	-	-	8,333,507
Advance to General Fund	420,426	-	-	420,426
Capital assets:				
Capital assets, not depreciated	2,118,924	-	17,797	2,136,721
Capital assets, depreciated, net	27,461,169	852,369	6,428,932	34,742,470
TOTAL NONCURRENT ASSETS	38,334,026	852,369	6,446,729	45,633,124
TOTAL ASSETS	58,306,107	3,251,528	19,256,395	80,814,030
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred amount on pension plans	501,999	83,534	108,462	693,995
TOTAL DEFERRED OUTFLOWS OF RESOURCES	501,999	83,534	108,462	693,995
LIABILITIES:				
CURRENT LIABILITIES:				
Accounts payable	543,501	38,310	75,470	657,281
Accrued liabilities	48,261	6,480	7,374	62,115
Deposits payable	465,900	174,951	-	640,851
Interest payable	210,909	-	133,483	344,392
Compensated absences	108,317	25,482	14,922	148,721
Capital lease payable	342,202	-	-	342,202
Claims payable	-	-	-	-
Revenue bonds payable	335,631	-	762,382	1,098,013
TOTAL CURRENT LIABILITIES	2,054,721	245,223	993,631	3,293,575
NONCURRENT LIABILITIES:				
Compensated absences	211,883	39,545	38,101	289,529
Capital lease payable	2,206,909	-	-	2,206,909
Revenue bonds payable	12,408,254	-	9,901,430	22,309,684
Claims payable	-	-	-	-
Net pension liability	5,054,168	841,026	1,091,999	6,987,193
TOTAL NONCURRENT LIABILITIES	19,881,214	880,571	11,031,530	31,793,315
TOTAL LIABILITIES	21,935,935	1,125,794	12,025,161	35,086,890
DEFERRED INFLOWS OF RESOURCES:				
Deferred amounts on pension plans	42,956	7,148	9,281	59,385
Unamortized gain on refunding	44,501	-	-	44,501
TOTAL DEFERRED INFLOWS OF RESOURCES	87,457	7,148	9,281	103,886
NET POSITION:				
Net investment in capital assets	15,241,065	852,369	2,763,232	18,856,666
Restricted for capital projects	6,759,016	-	363,922	7,122,938
Unrestricted	14,784,633	1,349,751	4,203,261	20,337,645
TOTAL NET POSITION	\$ 36,784,714	\$ 2,202,120	\$ 7,330,415	46,317,249
Some amounts reported for business-type activities in the statement of activities are different to reflect the consolidation of internal service fund activities related to enterprise funds				(1,664,983)
NET POSITION OF BUSINESS-TYPE ACTIVITIES				\$ 44,652,266

See accompanying notes to the basic financial statements.

CITY OF COVINA

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

For the year ended June 30, 2019

	Business-Type Activities				Governmental Activities
	Water Utility	Environmental	Sewer	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:					
Water sales	\$ 9,279,200	\$ -	\$ -	\$ 9,279,200	\$ 3,240,102
Environmental fees	-	1,190,124	-	1,190,124	266,599
Sewer fees	-	-	2,923,535	2,923,535	-
Fire line fees	307,020	-	-	307,020	-
TOTAL OPERATING REVENUES	9,586,220	1,190,124	2,923,535	13,699,879	3,506,701
OPERATING EXPENSES:					
General and administrative	1,872,999	407,828	1,721,983	4,002,810	1,794,860
Vehicle and equipment operation	-	-	-	-	936,264
Utility billing	629,419	-	-	629,419	-
Customer service	674,566	-	-	674,566	-
Sales promotion	414	-	-	414	-
Source and supply	3,116,482	-	-	3,116,482	-
Production and storage	928,941	-	-	928,941	-
Transmission and distribution	1,096,437	-	-	1,096,437	-
Street sweeping	-	173,455	-	173,455	-
Environmental services	-	201,006	-	201,006	-
Industrial waste	-	34,554	-	34,554	-
Waste management	-	343,431	-	343,431	-
Depreciation	1,131,906	21,555	168,680	1,322,141	335,309
TOTAL OPERATING EXPENSES	9,451,164	1,181,829	1,890,663	12,523,656	3,066,433
OPERATING INCOME	135,056	8,295	1,032,872	1,176,223	440,268
NONOPERATING REVENUES (EXPENSES):					
Investment income	290,488	33,375	270,188	594,051	-
Interest expense	(814,747)	-	(548,534)	(1,363,281)	-
Investment gain - CIC	454,329	-	-	454,329	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(69,930)	33,375	(278,346)	(314,901)	-
INCOME BEFORE TRANSFERS	65,126	41,670	754,526	861,322	440,268
TRANSFERS:					
Transfers in (Note 4)	-	-	-	-	1,438,519
TOTAL TRANSFERS	-	-	-	-	1,438,519
CHANGE IN NET POSITION	65,126	41,670	754,526	861,322	1,878,787
NET POSITION AT BEGINNING OF YEAR	36,719,588	2,160,450	6,575,889		(2,909,315)
NET POSITION AT END OF YEAR	\$ 36,784,714	\$ 2,202,120	\$ 7,330,415		\$ (1,030,528)
Some amounts reported for business-type activities in the statements of activities are different to reflect the consolidation of internal service fund activities related to enterprise funds				(42,694)	
				<u>\$ 818,628</u>	

CITY OF COVINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2019

	Business-Type Activities			Governmental Activities
	Water Utility	Environmental	Sewer	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from user departments	\$ 10,826,114	\$ 1,173,482	\$ 2,939,772	\$ 14,939,368
Cash payments to suppliers of goods and services	(7,348,427)	(544,328)	(945,461)	(8,838,216)
Cash payments to employees for services	(1,052,056)	(396,525)	(553,249)	(2,001,830)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	2,425,631	232,629	1,441,062	4,099,322
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	100,113	-	-	100,113
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	100,113	-	-	100,113
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(2,660,965)	-	(27,472)	(2,688,437)
Principal paid	(641,127)	-	(737,382)	(1,378,509)
Interest paid	(831,258)	-	(555,518)	(1,386,776)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,133,350)	-	(1,320,372)	(5,453,722)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	290,488	33,375	261,352	585,215
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,317,118)	266,004	382,042	(669,072)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19,947,497	1,899,727	12,349,611	34,196,835
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 18,630,379</u>	<u>\$ 2,165,731</u>	<u>\$ 12,731,653</u>	<u>\$ 33,527,763</u>
CASH AND CASH EQUIVALENTS:				
Current Assets:				
Cash and investments	\$ 17,631,910	\$ 2,165,731	\$ 5,751,338	\$ 25,548,979
Cash and investments with fiscal agent	998,469	-	6,980,315	7,978,784
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 18,630,379</u>	<u>\$ 2,165,731</u>	<u>\$ 12,731,653</u>	<u>\$ 33,527,763</u>

(Continued)

CITY OF COVINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(CONTINUED)

For the year ended June 30, 2019

	Business-Type Activities				Governmental Activities
	Water Utility	Environmental	Sewer	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income	\$ 135,056	\$ 8,295	\$ 1,032,872	\$ 1,176,223	\$ 440,268
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	1,131,906	21,555	168,680	1,322,141	335,309
Changes in operating assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
(Increase) decrease in accounts receivable	1,239,894	(16,642)	(1,070)	1,222,182	(12,272)
(Increase) decrease in due from other governments	-	-	17,307	17,307	-
(Increase) decrease in inventory of materials	(5,165)	-	-	(5,165)	-
(Increase) decrease in prepaid items	5,202	-	-	5,202	(5,365)
(Increase) decrease in deferred outflows of resources on pension plans	372,877	65,103	50,827	488,807	120,166
Increase (decrease) in accounts payable	(476,072)	(4,723)	(486)	(481,281)	(725,780)
Increase (decrease) in accrued liabilities	11,489	846	404	12,739	-
Increase (decrease) in deposits payable	34,188	173,541	-	207,729	(1,750)
(Increase) decrease in deferred inflows of resources	(228,945)	(39,047)	(40,224)	(308,216)	(87,157)
Increase (decrease) in compensated absences	57,727	16,297	14,113	88,137	28,026
Increase (decrease) in net pension liability	147,474	7,404	198,639	353,517	312,374
Increase (decrease) in claims payable	-	-	-	-	(544,193)
NET CASH PROVIDED (USED) BY OPERATING OPERATING ACTIVITIES	<u>\$ 2,425,631</u>	<u>\$ 232,629</u>	<u>\$ 1,441,062</u>	<u>\$ 4,099,322</u>	<u>\$ (140,374)</u>

CITY OF COVINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019

	Private- Purpose Trust	Agency Funds
ASSETS:		
Cash and investments	\$ 3,940,013	\$ 1,375
Cash and investments - fiscal agent	2,865,952	-
Accounts receivable	32,409	1,388
Interest receivable	9,441	-
Prepaid expenses	34,234	-
Land held for resale	2,805,065	-
Capital assets, not being depreciated	148,881	-
	<u>9,835,995</u>	<u>\$ 2,763</u>
TOTAL ASSETS		
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred amount on refunding	95,416	\$ -
	<u>95,416</u>	<u>-</u>
TOTAL DEFERRED OUTFLOWS		
LIABILITIES		
Accounts payable and accrued liabilities	2,187,690	-
Accrued liabilities	2,917	-
Due to association	-	2,763
Interest payable	46,503	-
Noncurrent liabilities (Note 21):		
Due within one year	2,231,684	-
Due in more than one year	14,132,282	-
	<u>18,601,076</u>	<u>\$ 2,763</u>
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES:		
Deferred amount on refunding	217,142	
	<u>217,142</u>	
TOTAL DEFERRED INFLOWS OF RESOURCES		
NET POSITION:		
Held for dissolution of community redevelopment agency	<u>\$ (8,886,807)</u>	

CITY OF COVINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2019

	Private- Purpose Trust
ADDITIONS:	
Property tax revenue	\$ 3,145,699
Charges for services	237,519
Investment earnings	240,731
Sale of property	427,810
Other	69,444
TOTAL ADDITIONS	<u>4,121,203</u>
DEDUCTIONS:	
General and administrative	277,609
Interest and fiscal charges	701,198
Capital contribution to the City of Covina	50,741
Program expenses	<u>2,180,957</u>
TOTAL DEDUCTIONS	<u>3,210,505</u>
CHANGE IN NET POSITION	910,698
NET POSITION - BEGINNING OF YEAR	<u>(9,797,505)</u>
NET POSITION - END OF YEAR	<u><u>\$ (8,886,807)</u></u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

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

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

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

Fund Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major governmental funds:

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

Park Development Fund - This capital projects fund accounts for federal and state grant monies used for parkland acquisition and development.

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are charges for the City water utility, 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.

D. New Accounting Pronouncements

Current Year Standards

GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018, and did not impact the City.

GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018, and did not significantly impact the City.

Pending Accounting Standards

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

- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.
- GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Encumbrances

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

F. Use of Estimates

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

G. Cash and Cash Equivalents

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

H. Investments

Investments are stated at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment elements, including interest and changes in fair value, are aggregated and reported as investment earnings in the financial statements.

I. Inventories and Prepaid Items

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

J. Compensated Absences

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

K. Capital Assets

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

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

L. Leased Property

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

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

<u>Lessee</u>	<u>Address Leased</u>	<u>Type of Property</u>	<u>Lease Term Beginning/Ending</u>	<u>Rent</u>
Verizon Wireless	3047 N. Roycove Dr.	Communications Site	Month to Month	\$ 1,528
Sprint/Nextel**	3047 N. Roycove Dr.	Communications Site	Month to Month	3,200
T-Mobile	3047 N. Roycove Dr.	Communications Site	Month to Month	2,400
The Mena co. dba Giovanni's	114 E. Italia	Commercial	6/15/18-6/15/21	1,424
Bank of America	212 E. Badillo St.	ATM Site	12/4/18-12/3/23	4,312
AT&T	559 N. Citrus	Communications Site	9/3/18-9/3/23	3,042
Verizon Wireless	701 N. Sunflower	Communications Site	8/23/18-8/23/23	3,000

**Sprint/Nextel actually 1 company

M. Capitalization of Leases

Certain leases have been capitalized, where appropriate, in accordance with the GASB Statement No. 13, *Accounting for Leases*.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Claims and Judgments

The accrual for workers' compensation and general liability claims is based upon an actuarial review of the past experience which has been modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2019 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.

O. Pensions

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

P. Other Postemployment Benefits (OPEB)

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

Q. Net Position

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

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

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law or enabling legislation.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following item that qualifies for reporting in this category:

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

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

- Deferred gain on refunding, net of accumulated amortization reported in the fiduciary private-purpose trust fund. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows related to pensions and OPEB for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plan.

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Charges over Appropriations

For the fiscal year ended June 30, 2019, expenditures exceeded appropriations in the following programs:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other Governmental Funds:			
Shoppers Lane Parking District Special Revenue Fund	\$ 7,085	\$ 7,502	\$ (417)
Other Grants Special Revenue Fund	417,765	463,908	(46,143)

Funds with deficit balances were as follows:

	<u>Amount</u>
Transportation Capital Projects Fund	\$ (1,456,308)
Other Governmental Funds:	
Other Grants Special Revenue Fund	\$ (70,456)

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

NOTE 3 - CASH AND INVESTMENTS

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2019, 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	\$ 30,247,284	\$ 25,548,979	\$ 3,940,013	\$ 1,375	\$ 59,737,651
Cash and investments - restricted	5,449,032	7,978,784	2,865,952	-	16,293,768
Total cash and investments	<u>\$ 35,696,316</u>	<u>\$ 33,527,763</u>	<u>\$ 6,805,965</u>	<u>\$ 1,375</u>	<u>\$ 76,031,419</u>
Cash and investments as of June 30, 2019:					
consist of the following:					
Cash on hand					\$ 7,900
Deposits with financial institutions					2,719,604
Deposits with fiscal agent					3,553,353
Investments					<u>69,750,562</u>
Total cash and investments					<u>\$ 76,031,419</u>

Authorized Investments

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

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

Investments Authorized by Debt Agreements

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 3 - 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 24 months. The investments held by bond trustees are primarily invested in highly liquid money market mutual funds, and thus are not highly sensitive to interest rate fluctuations. The following table provides information concerning interest rate risk as of June 30, 2019.

	Fair Value	12 Months or Less	13 to 36 Months
Investment type:			
State investment pool (LAIF)	\$ 34,900,310	\$ 34,900,310	\$ -
U.S. Treasury securities	19,484,290	1,323,861	18,160,429
Money market mutual funds	73,129	73,129	-
Held by bond trustee:	-		
State investment pool (LAIF)	5,652,882	5,652,882	-
Money market mutual funds	9,639,951	9,639,951	-
Total	<u>\$ 69,750,562</u>	<u>\$ 51,590,133</u>	<u>\$ 18,160,429</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 from Standard & Poor's as of fiscal year end for each investment type:

	Fair Value	Minimum Credit Rating	AAA	Not Required to be Rated or Not Rated
Investment type:				
State investment pool (LAIF)	\$ 34,900,310	N/A	\$ -	\$ 34,900,310
U.S. Treasury securities	19,484,290	N/A	-	19,484,290
Money market mutual funds	73,129	AAA	73,129	-
Held by bond trustee:				
State investment pool (LAIF)	5,652,882	N/A	-	5,643,221
Money market mutual funds	9,639,951	N/A	9,639,951	-
Total	<u>\$ 69,750,562</u>	N/A	<u>\$ 9,713,080</u>	<u>\$ 60,027,821</u>

NOTE 3 - 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, money market mutual funds and external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

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

As of June 30, 2019, all 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 its pro rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on LAIF accounting records and recorded on an amortized basis.

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

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

The City pool investment has the following recurring fair value measurements as of June 30, 2019:

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. Treasury securities	\$ 19,484,290	\$ -	\$ 19,484,290	\$ -
Total Investments Measured at Fair Value	19,484,290	\$ -	\$ 19,484,290	\$ -
Investments:				
State investment pool (LAIF)*	40,553,192			
Money market mutual funds*	9,713,080			
Total Pooled Investments	\$ 69,750,562			

* Not subject to fair value measurement hierarchy.

NOTE 4 - INTERFUND TRANSACTIONS

A. Interfund Balances

Operating receivables between funds are classified as due from or due to other funds. Negative individual fund cash and investment balances are offset by a due from other funds in the General Fund with a due to other funds set up in those funds owing the General Fund. The following are due from and due to balances as of June 30, 2019:

Receivable Fund	Payable Fund	Amount
General	Transportation	\$ 1,340,332
	Other Governmental Funds	1,622,494
		\$ 2,962,826

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 4 - INTERFUND TRANSACTIONS (CONTINUED)

A. Interfund Balances (Continued)

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, 2019.

Transfers In Fund	Transfers Out Fund	Amount
General	Other Governmental Funds	\$ 80,127
Park Development Fund	Other Governmental Funds	2,078,770
Other Governmental Funds	General	231,293
Other Governmental Funds	Transportation Capital Projects	32,559
Other Governmental Funds	Other Governmental Funds	57
Internal Service Fund	General	1,438,519
Total		<u>\$ 3,861,325</u>

B. Advances To/Advances from Other Funds

Advances to/from other funds are noncurrent interfund loans and are offset by a nonspendable fund balance indication in applicable governmental funds to indicate they are not in spendable form. The following are advances to/from other funds as of June 30, 2019:

Receivable Fund	Payable Fund	Amount
Water Utility	General	<u>\$ 420,426</u>

C. Internal Balances

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

NOTE 5 - PROPERTY TAXES

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

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

NOTE 6 - NOTES RECEIVABLE

The former Agency entered into agreement with Covina Gardens, KBS, L.P., a California Limited Partnership (Developer) to effectuate the Redevelopment Plan for the Covina Revitalization Project No. 1 by providing for the rehabilitation of residential rental housing development existing on a site acquired by the Developer which will maintain the supply and availability of low and moderate income housing, including very low-income units. The former Agency provided assistance to the Developer in the form of notes secured by a second deed of trust in the amount not to exceed \$4,742,000. The interest rate range is 2% per year, and notes receivable are due in 55 years. At June 30, 2019, the City has recorded an allowance for the balance of \$5,494,194 for principal of 4,742,000 and accrued interest of \$752,194 as management is not certain if this amount will be collected.

NOTE 7 - LOANS RECEIVABLE

The City's Community Development Block Grant (CDBG) program provides low-income housing and economic assistance to qualifying households and businesses. The loans do not require monthly repayment. In addition to CDBG loans, first-time homebuyer loans made by the former Covina Redevelopment Agency are now administered by the Housing Authority. The loans for the first-time homebuyer and for down payment assistance bear interest from 1.5% to 6.875%. The first-time home buyer loans are forgiven after 45 consecutive years of occupying the home purchased, while the down payment assistance is forgiven after 20 years of occupying the home purchased. The housing rehabilitation program loan is secured by a deed of trust on the property and is due upon sale or transfer of the title of the property. The outstanding balance as of June 30, 2019, of all loans was \$1,804,545. Due to the forgiveness feature of these loans the City has established an allowance for uncollectible loans in the amount of \$1,512,099.

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 8 - CAPITAL ASSETS

Governmental Activities

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance July 1, 2018, as restated	Additions	Deletions	Transfers	Transfers from Successor Agency	Balance June 30, 2019
Governmental activities:						
Capital assets, not depreciated:						
Land	\$ 10,851,900	\$ -	\$ -	\$ -	\$ 50,738	\$ 10,902,638
Construction in progress	4,547,581	14,904,659	(5,395,755)	-	-	14,056,485
Total capital assets, not depreciated	15,399,481	14,904,659	(5,395,755)	-	50,738	24,959,123
Capital assets, depreciated:						
Buildings and structures	29,694,048	316,440	(96,933)	-	-	29,913,555
Improvements other than buildings	10,193,930	331,636	-	-	-	10,525,566
Public domain infrastructure	109,544,165	4,490,373	-	-	-	114,034,538
Sanitary sewer infrastructure	6,221,681	-	-	-	-	6,221,681
Machinery and equipment	12,620,405	720,960	(1,649,402)	-	-	11,691,963
Total capital assets, depreciated	168,274,229	5,859,409	(1,746,335)	-	-	172,387,303
Less accumulated depreciation for:						
Buildings and structures	(11,540,264)	(598,157)	94,510	-	-	(12,043,911)
Improvements other than buildings	(4,414,635)	(406,638)	-	-	-	(4,821,273)
Public domain infrastructure	(80,239,020)	(3,233,171)	-	-	-	(83,472,191)
Sanitary sewer infrastructure	(4,249,916)	(64,737)	-	-	-	(4,314,653)
Machinery and equipment	(8,826,835)	(798,224)	1,632,737	-	-	(7,992,322)
Total accumulated depreciation	(109,270,670)	(5,100,927)	1,727,247	-	-	(112,644,350)
Total capital assets, depreciated, net	59,003,559	758,482	(19,088)	-	-	59,742,953
Total capital assets, net	\$ 74,403,040	\$ 15,663,141	\$ (5,414,843)	\$ -	\$ 50,738	\$ 84,702,076

Depreciation expense was charged to the following categories:

Governmental activities:	
General government	\$ 283,276
Public safety	394,445
Public works	3,456,443
Culture and recreation	328,371
Transit	303,083
Internal service funds charged to programs	335,309
Total governmental activities	<u>\$ 5,100,927</u>

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 8 - CAPITAL ASSETS (CONTINUED)

Business-Type Activities

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Business-type activities:					
Capital assets, not depreciated:					
Land	\$ 377,408	\$ -	\$ -	\$ -	\$ 377,408
Construction in progress	3,354,873	2,522,731	(4,118,291)	-	1,759,313
Total capital assets, not depreciated	3,732,281	2,522,731	(4,118,291)	-	2,136,721
Capital assets, depreciated:					
Buildings and structures	12,478,080	-	-	-	12,478,080
Improvements other than buildings	240,226	65,466	-	-	305,692
Water system infrastructure	32,106,191	4,021,185	-	-	36,127,376
Machinery and equipment	2,824,713	197,346	-	-	3,022,059
Total capital assets, depreciated	47,649,210	4,283,997	-	-	51,933,207
Less accumulated depreciation for:					
Buildings and structures	(3,043,231)	(246,740)	-	-	(3,289,971)
Improvements other than buildings	(99,742)	(13,119)	-	-	(112,861)
Water system infrastructure	(10,947,639)	(944,562)	-	-	(11,892,201)
Machinery and equipment	(1,777,984)	(117,720)	-	-	(1,895,704)
Total accumulated depreciation	(15,868,596)	(1,322,141)	-	-	(17,190,737)
Total capital assets, depreciated, net	31,780,614	2,961,856	-	-	34,742,470
Total capital assets, net	\$ 35,512,895	\$ 5,484,587	\$ (4,118,291)	\$ -	\$ 36,879,191

Depreciation expense was charged to the following categories.

Business-type activities:	
Water utility	\$ 1,131,906
Environmental protection	21,555
Sewer	168,680
Total business-type activities	<u>\$ 1,322,141</u>

At June 30, 2019, \$6,759,016 and \$363,922 are committed for capital projects related to the water system and sewer systems, respectively.

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 9 - PENSION PLANS

The following is a summary of pension related items for the year ended June 30, 2019:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 26,699,250	\$ 2,651,872	\$ 226,918	\$ 2,830,152
CalPERS Safety	32,026,302	8,026,178	3,008,203	4,205,653
	<u>\$ 58,725,552</u>	<u>\$ 10,678,050</u>	<u>\$ 3,235,121</u>	<u>\$ 7,035,805</u>

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

A. General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 9 - PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

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

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.5%@55	2.0%@62
Benefit vesting schedule	5 Years of service	5 Years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 62
Monthly benefits, as a % of eligible compensation	2.0% - 2.7%	2.0% - 2.7%
Required employee contribution rates	8.00%	8.00%
Required employer contribution rates:		
Normal cost rate	9.703%	9.703%
Payment of unfunded liability	\$ 1,454,801	\$ -

	Safety		
	Prior to December 31, 2010	On or after January 1, 2011 and prior to January 1, 2013	On or After January 1, 2013
Hire date			
Benefit formula	3.0%@50	3%@55	2.7%@57
Benefit vesting schedule	5 Years of service	5 Years of service	5 Years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3%	2.4% - 3%	2.0% - 2.7%
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates:			
Normal cost rate	21.418%	19.520%	12.729%
Payment of unfunded liability	\$ 741,770	\$ -	\$ 238

NOTE 9 - PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Employees Covered

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	231
Inactive employees entitled to but not yet receiving benefits	300
Active employees	<u>111</u>
Total	<u><u>642</u></u>

Contributions

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

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

NOTE 9 - PENSION PLANS (CONTINUED)

B. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2017, actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	(1)	(1)
Mortality Rate Table	(2)	(2)
Post-Retirement Benefit Income	(3)	(3)

(1) Varies by entry age and service.

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

(3) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

Long-Term Expected Rate of Return

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

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

NOTE 9 - PENSION PLANS (CONTINUED)

B. Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

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

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

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

Discount Rate

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

Subsequent Events

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 9 - PENSION PLANS (CONTINUED)

C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2017 (Measurement Date)	<u>\$ 87,990,996</u>	<u>\$ 60,837,185</u>	<u>\$ 27,153,811</u>
Changes in the Year:			
Service cost	1,347,039	-	1,347,039
Interest on the total pension liability	6,146,087	-	6,146,087
Differences between expected and actual experience	90,424	-	90,424
Changes in assumptions	(479,050)	-	(479,050)
Changes in benefit terms	-	-	-
Plan to plan resource movement	-	(148)	148
Contribution - employer	-	2,064,731	(2,064,731)
Contribution - employee	-	666,102	(666,102)
Net investment income	-	5,103,206	(5,103,206)
Administrative expenses	-	(94,801)	94,801
Other miscellaneous expense	-	(180,029)	180,029
Benefit payments, including refunds of employee contributions	(4,633,255)	(4,633,255)	-
Net Changes	<u>2,471,245</u>	<u>2,925,806</u>	<u>(454,561)</u>
Balance at June 30, 2018 (Measurement Date)	<u>\$ 90,462,241</u>	<u>\$ 63,762,991</u>	<u>\$ 26,699,250</u>

Proportionate Share of Net Pension Liability

As of June 30, 2019 (measurement date of June 30, 2018), the City reported \$32,026,302 for its proportionate share of the net pension liability for the Safety Plan.

NOTE 9 - PENSION PLANS (CONTINUED)

C. Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability (Continued)

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Safety Plan as of the measurement dates ended June 30, 2017 and 2018 was as follows:

	<u>Safety (PERF C)</u>
Proportion - June 30, 2017	0.312090%
Proportion - June 30, 2018	0.332350%
Change - Increase (Decrease)	0.020260%

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

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 38,938,357	\$ 48,836,116
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 26,699,250	\$ 32,026,302
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 16,697,300	\$ 18,253,669

Pension Plan Fiduciary Net Position

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 9 - PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2019, the City recognized pension expense of \$2,830,152 and \$4,205,653 for the Miscellaneous and Safety Plans, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,386,725	\$ -	\$ 2,360,587	\$ -
Differences between expected and actual experience	42,832	-	688,137	(2,610)
Change in assumptions	-	(226,918)	3,142,339	(423,958)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	1,618,282	(2,581,635)
Net differences between projected and actual earnings on plan investments	222,315	-	216,833	-
Total	<u>\$ 2,651,872</u>	<u>\$ (226,918)</u>	<u>\$ 8,026,178</u>	<u>\$ (3,008,203)</u>

\$2,386,725 and \$2,360,587 reported as deferred outflows of resources related to contributions subsequent to the measurement date, for the Miscellaneous and Safety Plans, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety
2020	\$ 635,701	\$ 2,395,548
2021	196,367	1,308,944
2022	(623,559)	(825,273)
2023	(170,280)	(221,831)
2024	-	-
Thereafter	-	-

Payable to the Pension Plan

At June 30, 2019, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 10 - COMPENSATED ABSENCES

For governmental funds, accumulated vacation and sick leave benefits payable at June 30, 2019, was \$3,803,544. The short-term portion of \$1,050,806 and long-term portion of 2,572,738 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 \$251,130, of which \$53,072 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 \$438,250 of which \$148,721 represents the current portion. The total amount is recorded within the respective proprietary funds and business-type activities of the government-wide statements.

NOTE 11 - RISK MANAGEMENT

Workers' Compensation and General Liability

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

The City established general liability and workers' compensation internal service funds. The funds have cash and investments of \$4,081,484 and \$1,146,007, 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, 2019, total actual and estimated claims and judgments payable were as follows:

General liability	\$ 6,041,000
Workers' compensation	<u>1,097,000</u>
Total	<u><u>\$ 7,138,000</u></u>

The following are changes in the claims and judgments liability for fiscal years 2019 and 2018:

	Fiscal Year Ended June 30	
	2019	2018
Claims and judgements, beginning of fiscal year	\$ 7,682,193	\$ 3,773,632
Claims incurred (including IBNRs)	5,256,370	5,369,623
Claims paid	<u>(5,800,563)</u>	<u>(1,461,062)</u>
Claims and judgements, end of fiscal year	<u><u>\$ 7,138,000</u></u>	<u><u>\$ 7,682,193</u></u>

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 12 - CAPITALIZED LEASE OBLIGATIONS

Water Equipment

The City entered into a capital lease with Bank of America for water equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date in the City's capital assets. The future minimum lease obligation and the net present value of these payments as of June 30, 2019, are as follows:

Fiscal Years Ending June 30	Amount
2020	\$ 462,228
2021	462,228
2022	462,228
2023	462,228
2024	462,228
2025-2026	<u>693,339</u>
Total minimum lease payments	3,004,479
Less: amount representing interest	<u>(455,368)</u>
Present value of minimum lease payment	<u>\$ 2,549,111</u>

The value of the assets acquired by the capital lease was \$2,065,774 as of June 30, 2019, net of accumulated depreciation of \$2,701,397.

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, 2019, are as follows:

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 13 - LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liabilities for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Restatements	Additions	Deletions	Balance June 30, 2019	Current Portion
Governmental activities:						
Other long-term liabilities						
Compensated absences	\$ 3,679,919	\$ -	\$ 1,324,942	\$ (1,201,317)	\$ 3,803,544	\$ 1,050,806
Claims and judgments	7,682,193	-	5,256,370	(5,800,563)	7,138,000	-
Other debt						
Certificates of participation payable (COP)	5,415,000	-	-	(175,000)	5,240,000	180,000
Unamortized premium on COP	242,747	-	-	(11,560)	231,187	11,560
Direct borrowings and placements						
Capital lease payable	496,571	-	-	-	496,571	252,484
Section 108 loan	-	-	2,500,000	(125,000)	2,375,000	125,000
Total long-term liabilities, net	<u>\$ 17,516,430</u>	<u>\$ -</u>	<u>\$ 9,081,312</u>	<u>\$ (7,313,440)</u>	<u>\$ 19,284,302</u>	<u>\$ 1,619,850</u>

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Current Portion
Business-type activities	\$ -	\$ -	\$ -	\$ -	\$ -
Other long-term liabilities					
Compensated absences	350,113	282,203	(194,066)	438,250	148,721
Direct borrowings and placements					
Capital lease payable	2,875,238	-	(326,127)	2,549,111	342,202
Other debt					
Revenue bonds payable	24,420,000	-	(1,060,000)	23,360,000	1,100,000
Unamortized premium on revenue bonds	129,518	-	(5,632)	123,886	5,631
Unamortized discount on revenue bonds	(83,807)	-	7,618	(76,189)	(7,618)
Total long-term liabilities, net	<u>\$ 27,691,062</u>	<u>\$ 282,203</u>	<u>\$ (1,578,207)</u>	<u>\$ 26,395,058</u>	<u>\$ 1,588,936</u>

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

Governmental Activities

Transportation Revenue Certificates of Participation, Series 2017 A

In August 2017, \$5,625,000 of 2017 Series A certificates of participation bonds were issued to provide funding to repair, upgrade or re-construct residential streets that are in poor to fair condition. The bonds mature annually through 2039, in amounts ranging from \$175,000 to \$355,000. Interest rates vary from 2.0% to a maximum of 5.0% and are payable semiannually on December 1 and June 1. At June 30, 2019, the outstanding balance of these bonds was \$5,240,000.

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 13 - LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

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

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

Fiscal Years Ending June 30	Principal	Interest	Total
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	1,125,000	701,176	1,826,176
2025-2029	1,370,000	464,300	1,834,300
2030-2034	1,625,000	209,770	1,834,770
2035-2039	355,000	11,094	366,094
	<u>\$ 5,240,000</u>	<u>\$ 2,082,242</u>	<u>\$ 7,322,242</u>

Section 108 Loan Payable

The County of Los Angeles provided funds under an interim agreement to loan \$2,500,000 to the City to provide funds for Covina Senior and Community Center. The advance under the interim agreement was replaced by a Section 108 loan under the Community Development Block Grant Program of the Department of Housing and Urban Development. The City makes annual principal amount of \$125,000 commencing August 1, 2018 and annually thereafter and semiannual interest payments on August 1 and February 1 each Year. At June 30, 2019, the outstanding loan balance was \$2,375,000.

Fiscal Years Ending June 30	Principal	Interest	Total
2020	\$ 125,000	\$ 58,813	\$ 183,813
2021	125,000	66,995	191,995
2022	125,000	63,795	188,795
2023	125,000	60,596	185,596
2024	125,000	57,369	182,369
2025-2029	625,000	235,492	860,492
2030-2034	625,000	139,703	764,703
2035-2038	500,000	35,413	535,413
	<u>\$ 2,375,000</u>	<u>\$ 718,176</u>	<u>\$ 3,093,176</u>

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 13 - LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities

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 \$14,095,450. Principal and interest paid for the current fiscal year and total customer net revenues were \$1,292,900 and \$2,923,535, 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, 2019 was \$10,740,000.

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
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	5,045,000	1,351,791	6,396,791
2025-2029	2,415,000	131,553	2,546,553
	<u>\$ 10,740,000</u>	<u>\$ 3,355,450</u>	<u>\$ 14,095,450</u>

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 13 - LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Revenue Bonds Payable, Water Enterprise Fund

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

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

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

The bonds are secured by a pledge of the net revenues received by the City for water sales. Total principal and interest remaining to be paid on the bonds is \$21,522,184. Principal and interest paid for the current year and total customer net revenues were \$986,613 and \$9,279,200 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, 2019 was \$12,620,000.

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
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	2,160,000	2,753,375	4,913,375
2025-2029	2,775,000	2,117,896	4,892,896
2030-2034	3,610,000	1,254,551	4,864,551
2035-2039	2,680,000	226,326	2,906,326
	<u>\$ 12,620,000</u>	<u>\$ 8,902,184</u>	<u>\$ 21,522,184</u>

NOTE 14 - FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific Purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balances for governmental funds are made up of the following:

Nonspendable Fund Balance - Nonspendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash (for example, inventories, prepaid amounts and due from successor agency in the General Fund).

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

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

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

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

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

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 14 - FUND BALANCES (CONTINUED)

General Fund Nondepartmental Reserve Requirements

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

	General Fund	Park Development	Transportation	Nonmajor Governmental	Total
Nonspendable					
Due from successor agency	\$ 1,725,120	\$ -	\$ -	\$ -	\$ 1,725,120
Prepaid expenses	895,500	-	-	5,631	901,131
Total	2,620,620	-	-	5,631	2,626,251
Restricted					
Redevelopment and housing	-	-	-	4,236,525	4,236,525
Community development	-	-	-	3,150,242	3,150,242
Law enforcement	71,028	-	-	324,697	395,725
Street and transportation projects	-	-	-	10,833,803	10,833,803
Air quality projects	-	-	-	105,699	105,699
Assessment districts	-	-	-	1,149,965	1,149,965
Culture and recreation	314,664	-	-	609,166	923,830
Other capital projects	-	-	-	96,328	96,328
Total	385,692	-	-	20,506,425	20,892,117
Committed					
Emergency contingency	6,981,901	-	-	-	6,981,901
Assigned					
Culture and recreation	-	111,473	-	-	111,473
Other capital projects	42,726	-	-	-	42,726
Total	42,726	111,473	-	-	154,199
Unassigned	-	-	(1,456,308)	(229,491)	(1,685,799)
Total	\$ 10,030,939	\$ 111,473	\$ (1,456,308)	\$ 20,282,565	\$ 28,968,669

NOTE 15 - CONTINGENCIES

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 16 - JOINT VENTURE

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

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

Complete financial statements for Covina Irrigating Company can be obtained from the Company. Summarized audited information for the fiscal year ended June 30, 2019, is as follows:

Operating revenues	\$ 12,070,563
Operating expenses	<u>(10,860,756)</u>
Operating income	1,209,807
Nonoperating income (loss)	<u>(132,943)</u>
Net income	<u>\$ 1,076,864</u>
Total assets	<u>\$ 26,207,625</u>
Total liabilities	\$ 7,333,047
Total fund equity	<u>18,874,578</u>
Total liability and fund equity	<u>\$ 26,207,625</u>

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

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

NOTE 17 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

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

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

A. General Information about the OPEB Plan (Continued)

Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at the June 30, 2018, measurement date:

Active plan members	162
Inactive employees or beneficiaries currently receiving benefit payments	<u>137</u>
Total	<u><u>299</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 toward the cost of each retiree's overage. For the fiscal year ended June 30, 2019, the City makes contributions based on an actuarially determined rate.

B. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions

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

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

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

B. Net OPEB Liability (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. This has resulted in a blended discount rate of 3.65%, which takes into account the long-term expected rate of 4.5% and the Bond Buyer 20-Bond GO Index municipal bond rate of 3.62%.

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

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

C. Change in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2017	\$ 6,557,946	\$ 483,924	\$ 6,074,022
Changes Recognized for the Measurement Period:			
Service cost	173,634	-	173,634
Interest on the total OPEB liability	285,949	-	285,949
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(963,933)	-	(963,933)
Changes of assumptions	1,264,415	-	1,264,415
Contribution from the employer	-	411,596	(411,596)
Net investment income	-	9,519	(9,519)
Administrative expenses	-	(2,630)	2,630
Benefit payments	(411,596)	(411,596)	-
Net changes during July 1, 2017 to June 30, 2018	348,469	6,889	341,580
Balance at June 30, 2018 (Measurement Date)	\$ 6,906,415	\$ 490,813	\$ 6,415,602

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

Plan's Net OPEB Liability (Asset)		
Discount Rate	Current	Discount Rate
-1%	Discount Rate	+1%
\$ 7,175,081	\$ 6,415,602	\$ 5,768,947

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

	1% Decrease (5.0%) Decreasing to 4.0%)	Current Trend (6.0%) Decreasing to 5.0%)	1% Increase (7.0%) Decreasing to 6.0%)
Net OPEB Liability	\$ 5,975,403	\$ 6,415,602	\$ 6,962,656

Subsequent Events

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

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

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$485,632. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,114,048	\$ -
Differences between actual and expected experience	-	(820,062)
Change in assumptions	1,075,696	-
Differences between projected and actual earnings	11,910	-
Total	\$ 2,201,654	\$ (820,062)

The change in assumptions are amortized over the expected average remaining service life. The expected average remaining service life for the 2018 measurement period is 4.6 years.

\$1,114,048 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2020	\$ 47,826
2021	47,826
2022	47,826
2023	47,826
2024	44,848
Thereafter	31,392

E. Payable to the OPEB Plan

At June 30, 2019, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

NOTE 18 - REBATABLE ARBITRAGE

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 19 - RELATED PARTY TRANSACTIONS

The City entered into an agreement with Covina Irrigating Company (CIC) for the pumping, treating and delivering the water to City reservoirs. During the fiscal year, the City paid \$2,768,917 to the Covina Irrigating Company for the services of pumping, treating and delivery of water.

NOTE 20 - ENCUMBRANCES

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

As of June 30, 2019, total governmental fund encumbrance balances for the City are as follows:

General fund	\$ 105,657
Park Development fund	661,429
Transportation fund	87,433
Nonmajor governmental fund	<u>2,061,319</u>
Total governmental funds	<u>\$ 2,915,838</u>

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

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

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Current Portion
Advances from City of Covina	\$ 3,692,117	\$ -	\$ (1,518,746)	\$ 2,173,371	\$ -
Compensated absences	37,463	21,586	(17,829)	41,220	15,857
Tax allocation bonds	15,261,600	-	(2,470,000)	12,791,600	2,100,621
Accreted interest	300,054	73,086	-	373,140	-
Unamortized premium on tax allocation bonds	<u>1,099,839</u>	<u>-</u>	<u>(115,204)</u>	<u>984,635</u>	<u>115,206</u>
Total long-term liabilities, net	<u>\$ 20,391,073</u>	<u>\$ 94,672</u>	<u>\$ (4,121,779)</u>	<u>\$ 16,363,966</u>	<u>\$ 2,231,684</u>

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

Long-Term Liabilities (Continued)

Tax Allocation Revenue Bonds of 2004 Series B

On November 1, 2004, the Agency issued \$9,610,000 Tax Allocation Revenue Bonds of 2004, Series B. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 2.74% to 3.94%. The bonds are taxable and payment of principal on the bonds began December 1, 2005, and they are due on December 1 each year until 2023. The outstanding principal balance as of June 30, 2019 was \$1,700,000.

Tax Allocation Revenue Refunding Bonds of 2013, Series E

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

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

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

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

The outstanding principal balance of the bonds at June 30, 2019, is \$10,541,600. The accreted interest amount outstanding on the Capital appreciation bonds is \$373,140.

Tax Allocation Revenue Refunding Bonds of 2014, Series E

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

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

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

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

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

Long-Term Liabilities (Continued)

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

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

The outstanding principal balance of the bonds at June 30, 2019, is \$550,000.

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

Fiscal Year Ending June 30	Principal	Interest	Total
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>\$ 12,791,600</u>	<u>\$ 2,060,918</u>	<u>\$ 14,852,518</u>

NOTE 22 - RESTATEMENT OF NET POSITION AND FUND BALANCES

Net position of the governmental activities was restated as of July 1, 2018.

	Amount
Net position before restatement - July 1, 2018	\$ 57,204,473
To increase net position for revenue received in the prior year, which was reported as unearned	461,890
To decrease net position for amounts that have not been reported as capital assets	(874,919)
To increase net position for advances due from successor agency as unavailable	1,435,530
To remove amounts recorded as revenue for the government-wide statements for notes and loans receivable including accrued interest which is not collectible	(7,144,973)
Net position as restated - July 1, 2018	<u>\$ 51,082,001</u>

CITY OF COVINA
Notes to Basic Financial Statements
June 30, 2019

NOTE 22 - RESTATEMENT OF NET POSITION AND FUND BALANCES (CONTINUED)

Fund balances were restated as of July 1, 2018:

	<u>Amount</u>
General Fund balance before restatement - July 1, 2018	\$ 8,835,260
To increase fund balance for property tax received in prior years, which was incorrectly reported as unearned	<u>461,890</u>
General Fund balance as restated - July 1, 2018	<u><u>\$ 9,297,150</u></u>
	<u>Amount</u>
Other Governmental Funds:	
Housing Authority Special Revenue Funds - before restatement- July 1, 2018	\$ 2,950,789
To increase fund balances for advances due from successor agency which was reported as unavailable	<u>1,435,530</u>
Housing Authority Special Revenue Funds - as restated July 1, 2018	<u><u>\$ 4,386,319</u></u>

NOTE 23 - SUBSEQUENT EVENTS

In August 2019, the City, through the Covina Public Financing Authority, issued \$9,930,000 2019 Taxable Wastewater Revenue Refunding Bonds (2019 Bonds) for the purpose of refunding the Sewer Revenue Bonds issued in 2009 and paying issuance costs related to the 2019 Bonds. Interest on the 2019 Bonds will be payable October 1 and April 1, and principal is payable October 1 commencing October 1, 2019.

Other events occurring after June 30, 2019, have been evaluated for possible adjustments to the financial statements or disclosure as of February 10, 2020, which is the date these financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COVINA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

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

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no significant changes in assumptions.

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

CITY OF COVINA

SCHEDULE OF CONTRIBUTIONS – CALPERS

Last Ten Fiscal Years*

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

Notes to Schedule:

Valuation Date	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	50 years (2%@55, 2.7%@55), 52 years (2%@62) (4)				
Mortality	Morality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board. (4)				

(1) Level percentage of payroll, closed

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

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

(4) The valuation for June 30, 2012, 2013, 2014 and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017 and 2018 respectively) included the same actuarial assumptions

CITY OF COVINA

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last Ten Fiscal Years*

Fiscal year ended	Safety				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.33235%	0.31209%	0.30397%	0.27732%	0.41430%
Plan's proportionate share of the net pension liability	\$ 32,026,302	\$ 30,950,899	\$ 26,302,740	\$ 19,035,092	\$ 15,540,223
Plan's covered payroll	\$ 6,325,051	\$ 8,767,983	\$ 7,464,609	\$ 6,609,596	\$ 6,609,596
Plan's proportionate share of the net pension liability as a percentage of covered payroll	506.34%	353.00%	352.37%	287.99%	235.12%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	85.14%	85.14%	79.48%	81.50%	84.45%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no significant changes in assumptions.

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

CITY OF COVINA
SCHEDULE OF CONTRIBUTIONS
Last Ten Fiscal Years*

Fiscal year ended	Safety				
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 2,360,587	\$ 1,969,480	\$ 1,730,321	\$ 1,549,717	\$ 1,241,075
Contributions in relation to the actuarially determined contributions	<u>(2,360,587)</u>	<u>(1,969,480)</u>	<u>(1,730,321)</u>	<u>(1,549,717)</u>	<u>(1,241,075)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,548,655	\$ 6,325,051	\$ 8,767,983	\$ 7,464,609	\$ 6,609,596
Contributions as a percentage of covered payroll	36.05%	31.14%	19.73%	20.76%	18.78%

Notes to Schedule:

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine

Contribution Rates:					
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Market Value	Market Value	Market Value	Market Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

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

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

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

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

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

CITY OF COVINA

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

Last Ten Fiscal Years*

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

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The fiscal year ended June 30, 2018 is the first year of implementation. For fiscal year ended June 30, 2019, discount rate was changed to 3.65% from 4.50%, inflation rate was changed to 3.0% from 2.75 and health care trend was changed to 6% in 2018 decreasing to 5% in 2028 and later from 4%.

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

CITY OF COVINA

OTHER POSTEMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

Fiscal year ended	6/30/2019	6/30/2018
Actuarially determined contribution	\$ 497,668	\$ 409,995
Contributions in relation to the actuarially determined contributions	(1,114,048)	(409,995)
Contribution deficiency (excess)	<u>\$ (616,380)</u>	<u>\$ -</u>
Covered employee payroll	17,042,879	\$ 13,316,004
Contributions as a percentage of covered employee payroll	6.54%	3.08%
Notes to Schedule:		
Valuation Date	6/30/2018	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:		
Actuarial cost method	Entry-age normal, level percentage of payroll	
Amortization method	Closed period, level percent of pay	
Discount rate	3.65%	4.50%
Inflation	2.75%	2.75%
Mortality rate	(1)	(1)
Healthcare trend rate	(2)	(2)

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

(2) 4% for 2017, 6% for 2018 trending to 5% by 2028 and later

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

CITY OF COVINA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
BUDGETARY FUND BALANCE, JULY 1, AS RESTATED	\$ 9,297,150	\$ 9,297,150	\$ 9,297,150	\$ -
Resources (inflows):				
Property taxes	12,160,000	12,321,000	12,985,073	664,073
Sales tax, intergovernmental	9,500,000	10,510,000	10,753,877	243,877
Transient occupancy taxes	200,000	200,000	240,946	40,946
Property transfer taxes	200,000	200,000	217,332	17,332
Business license taxes	340,000	340,000	371,348	31,348
Utility user taxes	4,700,000	4,640,000	4,590,983	(49,017)
Franchise taxes	1,510,000	1,535,000	1,625,802	90,802
Licenses and permits	1,435,000	1,021,000	1,307,877	286,877
Intergovernmental	647,360	890,218	909,797	19,579
Charges for services	3,913,378	4,108,583	4,584,793	476,210
Fines and forfeits	934,000	917,000	926,644	9,644
Investment earnings	138,000	150,500	901,137	750,637
Miscellaneous	297,488	465,949	559,021	93,072
Transfers in	611,467	611,594	80,127	(531,467)
Amounts available for appropriation	45,883,843	47,207,994	49,351,907	2,143,913
Charges to appropriations (outflows):				
Current:				
General government	1,297,212	1,351,186	1,790,386	(439,200)
Public safety	27,503,614	28,354,441	27,998,297	356,144
Public works	2,187,995	2,261,980	2,015,998	245,982
Culture and recreation	4,230,607	4,278,612	4,033,866	244,746
Community development	1,626,921	1,809,540	1,811,923	(2,383)
Debt service:				
Principal retirement	100,113	100,113	-	100,113
Interest and fiscal charges	686	686	686	-
Transfers out	231,293	1,325,353	1,669,812	(344,459)
Total charges to appropriation	37,178,441	39,481,911	39,320,968	160,943
BUDGETARY FUND BALANCE, JUNE 30	\$ 8,705,402	\$ 7,726,083	\$ 10,030,939	\$ 2,304,856

See accompanying note to required supplementary information.

NOTE 1 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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SUPPLEMENTARY INFORMATION

Other Governmental Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other Governmental Funds
Non-Major Governmental Funds

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.

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

Measure R Fund was 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.

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

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

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

CITY OF COVINA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2019

	Community Development Block Grant	Proposition A	Law Enforcement
ASSETS			
Cash and investments	\$ -	\$ 2,927,176	\$ 123,095
Cash and investments - restricted	-	-	-
Receivables:			
Accounts	-	10,483	-
Loans	292,446	-	-
Due from other governments	65,801	-	4,484
Due from successor agency	-	-	-
Prepaid expenditures	-	-	-
TOTAL ASSETS	\$ 358,247	\$ 2,937,659	\$ 127,579
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 43,270	\$ 81,853	\$ 1,741
Accrued liabilities	679	2,229	1,954
Deposits payable	-	-	-
Due to other governments	292,446	-	-
Due to other funds	21,852	-	-
Unearned revenue	-	15	-
TOTAL LIABILITIES	358,247	84,097	3,695
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	-	4,484
FUND BALANCES (DEFICITS):			
Nonspendable	-	-	-
Restricted for:			
Redevelopment and housing	-	-	-
Community development	-	-	-
Law enforcement	-	-	123,884
Transportation and street projects	-	2,853,562	-
Air quality projects	-	-	-
Assessment districts	-	-	-
Culture and recreation	-	-	-
Other capital projects	-	-	-
Unassigned	-	-	(4,484)
TOTAL FUND BALANCES (DEFICITS)	-	2,853,562	119,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 358,247	\$ 2,937,659	\$ 127,579

Narcotics Seizure	State Gas Tax	Proposition C	Air Quality Improvement	Municipal Parking District
\$ 182,315	\$ 1,374,579	\$ 1,676,043	\$ 89,220	\$ 750,562
-	-	-	-	-
-	-	-	16,479	2,672
-	-	-	-	-
-	-	-	17,820	1,393
-	-	-	-	-
-	-	-	-	-
<u>\$ 182,315</u>	<u>\$ 1,374,579</u>	<u>\$ 1,676,043</u>	<u>\$ 123,519</u>	<u>\$ 754,627</u>
\$ 3	\$ 279,554	\$ 329,100	\$ -	\$ 17,390
-	-	26,831	-	747
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3</u>	<u>279,554</u>	<u>355,931</u>	<u>-</u>	<u>18,137</u>
-	-	-	17,820	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
182,312	1,095,025	1,320,112	-	-
-	-	-	105,699	-
-	-	-	-	736,490
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>182,312</u>	<u>1,095,025</u>	<u>1,320,112</u>	<u>105,699</u>	<u>736,490</u>
<u>\$ 182,315</u>	<u>\$ 1,374,579</u>	<u>\$ 1,676,043</u>	<u>\$ 123,519</u>	<u>\$ 754,627</u>

CITY OF COVINA

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2019

	Lighting Assessment District	Landscaping Assessment District	Community Facilities District
ASSETS			
Cash and investments	\$ 60,616	\$ 316,020	\$ 96,727
Cash and investments - restricted	-	-	-
Receivables:			
Accounts	-	-	-
Loans	-	-	-
Due from other governments	1,478	1,492	2,393
Due from successor agency	-	-	-
Prepaid expenditures	-	-	-
TOTAL ASSETS	\$ 62,094	\$ 317,512	\$ 99,120
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 17,030	\$ 6,593	\$ 7,000
Accrued liabilities	-	1,383	-
Deposits payable	22,375	22,375	3,500
Due to other governments	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
TOTAL LIABILITIES	39,405	30,351	10,500
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	-	-
FUND BALANCES (DEFICITS):			
Nonspendable	-	-	-
Restricted for:			
Redevelopment and housing	-	-	-
Community development	-	-	-
Law enforcement	-	-	-
Transportation and street projects	-	-	-
Air quality projects	-	-	-
Assessment districts	22,689	287,161	88,620
Culture and recreation	-	-	-
Other capital projects	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES (DEFICITS)	22,689	287,161	88,620
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 62,094	\$ 317,512	\$ 99,120

Shoppers Lane Parking District	Measure M	TDA Grant	Other Grants	Road Rehabilitation and Maintenance
\$ 14,420	\$ 855,143	\$ -	\$ -	\$ 926,158
-	-	-	-	-
1,188	-	18,913	30,760	-
-	-	-	-	-
-	-	-	209,764	160,388
-	-	-	-	-
-	-	4,500	1,131	-
<u>\$ 15,608</u>	<u>\$ 855,143</u>	<u>\$ 23,413</u>	<u>\$ 241,655</u>	<u>\$ 1,086,546</u>
\$ -	\$ 625	\$ 240	\$ 71,408	\$ 164,435
-	3,632	-	5,309	-
-	-	-	-	-
-	-	-	-	-
-	-	18,673	81,082	-
603	-	-	-	-
<u>603</u>	<u>4,257</u>	<u>18,913</u>	<u>157,799</u>	<u>164,435</u>
-	-	240	154,312	-
-	-	4,500	1,131	-
-	-	-	-	-
-	-	-	82,727	-
-	-	-	-	-
-	850,886	-	-	922,111
-	-	-	-	-
15,005	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(240)	(154,314)	-
<u>15,005</u>	<u>850,886</u>	<u>4,260</u>	<u>(70,456)</u>	<u>922,111</u>
<u>\$ 15,608</u>	<u>\$ 855,143</u>	<u>\$ 23,413</u>	<u>\$ 241,655</u>	<u>\$ 1,086,546</u>

CITY OF COVINA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
(CONTINUED)

June 30, 2019

	PEG Access Television	Housing Authority	Measure R
ASSETS			
Cash and investments	\$ 333,179	\$ 3,815,083	\$ -
Cash and investments - restricted	-	-	5,449,032
Receivables:			
Accounts	19,669	-	-
Loans	-	-	-
Due from other governments	-	-	-
Due from successor agency	-	448,251	-
Prepaid expenditures	-	-	-
TOTAL ASSETS	\$ 352,848	\$ 4,263,334	\$ 5,449,032
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 1,211	\$ 24,527	\$ 512,287
Accrued liabilities	35	2,282	5,015
Deposits payable	-	-	-
Due to other governments	-	-	-
Due to other funds	-	-	1,500,887
Unearned revenue	-	-	-
TOTAL LIABILITIES	1,246	26,809	2,018,189
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	-	-
FUND BALANCES (DEFICITS):			
Nonspendable	-	-	-
Restricted for:			
Redevelopment and housing	-	4,236,525	-
Community development	-	-	-
Law enforcement	-	-	-
Transportation and street projects	-	-	3,430,843
Air quality projects	-	-	-
Assessment districts	-	-	-
Culture and recreation	351,602	-	-
Other capital projects	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES (DEFICITS)	351,602	4,236,525	3,430,843
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 352,848	\$ 4,263,334	\$ 5,449,032

Total Special Revenue Funds	General Capital	Covina Revitalization Projects	Total Capital Projects	Total Non-Major Governmental Funds
\$ 13,540,336 5,449,032	\$ 741,931	\$ 3,067,515	\$ 3,809,446	\$ 17,349,782 5,449,032
100,164	76,760	-	76,760	176,924
292,446	-	-	-	292,446
465,013	29,250	-	29,250	494,263
448,251				448,251
5,631	-	-	-	5,631
<u>\$ 20,300,873</u>	<u>\$ 847,941</u>	<u>\$ 3,067,515</u>	<u>\$ 3,915,456</u>	<u>\$ 24,216,329</u>
\$ 1,558,267	\$ 40,444	\$ -	\$ 40,444	\$ 1,598,711
50,096	-	-	-	50,096
48,250	39,069	-	39,069	87,319
292,446	-	-	-	292,446
1,622,494	-	-	-	1,622,494
618	-	-	-	618
<u>3,572,171</u>	<u>79,513</u>	<u>-</u>	<u>79,513</u>	<u>3,651,684</u>
<u>176,856</u>	<u>105,224</u>	<u>-</u>	<u>105,224</u>	<u>282,080</u>
5,631	-	-	-	5,631
4,236,525	-	-	-	4,236,525
82,727	-	3,067,515	3,067,515	3,150,242
306,196	18,501	-	18,501	324,697
10,472,539	361,264	-	361,264	10,833,803
105,699	-	-	-	105,699
1,149,965	-	-	-	1,149,965
351,602	257,564	-	257,564	609,166
-	96,328	-	96,328	96,328
(159,038)	(70,453)	-	(70,453)	(229,491)
<u>16,551,846</u>	<u>663,204</u>	<u>3,067,515</u>	<u>3,730,719</u>	<u>20,282,565</u>
<u>\$ 20,300,873</u>	<u>\$ 847,941</u>	<u>\$ 3,067,515</u>	<u>\$ 3,915,456</u>	<u>\$ 24,216,329</u>

CITY OF COVINA

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

For the year ended June 30, 2019

	Community Development Block Grant	Proposition A	Law Enforcement
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Business license taxes	-	-	-
Intergovernmental	363,032	1,040,486	148,747
Charges for services	-	189,755	-
Special assessments	-	-	-
Investment earnings	-	45,342	2,131
Miscellaneous	-	11,479	-
TOTAL REVENUES	363,032	1,287,062	150,878
EXPENDITURES:			
Current:			
Public safety	-	-	99,783
Public works			
Culture and recreation	-	-	-
Community development	-	-	-
Transit	-	887,211	-
Redevelopment and housing	200,211	-	-
Capital outlay	-	-	-
Issuance costs	-	-	-
Principal retirement	125,000	-	-
Interest	37,821	-	-
TOTAL EXPENDITURES	363,032	887,211	99,783
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	399,851	51,095
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCES	-	399,851	51,095
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	-	2,453,711	68,305
FUND BALANCES (DEFICITS) - END OF YEAR	\$ -	\$ 2,853,562	\$ 119,400

Narcotics Seizure	State Gas Tax	Proposition C	Air Quality Improvement	Municipal Parking District
\$ -	\$ -	\$ -	\$ -	\$ 138,322
-	-	-	-	-
36,561	997,145	816,159	63,564	-
-	-	36,500	-	101,729
-	-	-	-	-
1,539	15,528	40,606	1,332	211
-	-	-	-	-
38,100	1,012,673	893,265	64,896	240,262
8,123	-	-	-	-
-	1,023,983	-	145,684	211,530
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	2,419,673	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
8,123	1,023,983	2,419,673	145,684	211,530
29,977	(11,310)	(1,526,408)	(80,788)	28,732
-	-	32,559	-	-
-	-	-	-	-
-	-	32,559	-	-
29,977	(11,310)	(1,493,849)	(80,788)	28,732
152,335	1,106,335	2,813,961	186,487	707,758
\$ 182,312	\$ 1,095,025	\$ 1,320,112	\$ 105,699	\$ 736,490

CITY OF COVINA

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

For the year ended June 30, 2019

	Lighting Assessment District	Landscaping Assessment District	Community Facilities District
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Business license taxes	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Special assessments	130,655	191,481	118,737
Investment earnings	-	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	130,655	191,481	118,737
	<hr/>	<hr/>	<hr/>
EXPENDITURES:			
Current:			
Public safety	-	-	-
Public works	214,770	158,036	1,142
Culture and recreation	-	-	-
Community development	-	-	-
Transit	-	-	-
Redevelopment and housing	-	-	-
Capital outlay	-	-	-
Issuance costs	-	-	-
Principal retirement	-	-	-
Interest	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	214,770	158,036	1,142
	<hr/>	<hr/>	<hr/>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(84,115)	33,445	117,595
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES):			
Transfers in	125,000	-	-
Transfers out	-	-	(80,000)
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	125,000	-	(80,000)
	<hr/>	<hr/>	<hr/>
NET CHANGE IN FUND BALANCES	40,885	33,445	37,595
	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	(18,196)	253,716	51,025
	<hr/>	<hr/>	<hr/>
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 22,689	\$ 287,161	\$ 88,620
	<hr/>	<hr/>	<hr/>

Shoppers Lane Parking District	Measure M	TDA Grant	Other Grants	Road Maintenance and Rehabilitation
\$ -	\$ -	\$ -	\$ -	\$ -
1,408	-	-	-	-
-	689,925	18,672	274,293	898,682
8,252	-	-	-	-
-	-	-	-	-
-	12,468	-	-	12,590
-	-	-	200	-
9,660	702,393	18,672	274,493	911,272
-	-	-	195,859	-
7,502	-	-	35,683	277,126
-	-	-	68,948	-
-	-	-	40,257	-
-	-	-	-	-
-	-	-	-	-
-	368,146	14,450	122,977	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,502	368,146	14,450	463,724	277,126
2,158	334,247	4,222	(189,231)	634,146
-	-	-	57	-
-	-	-	(184)	-
-	-	-	(127)	-
2,158	334,247	4,222	(189,358)	634,146
12,847	516,639	38	118,902	287,965
\$ 15,005	\$ 850,886	\$ 4,260	\$ (70,456)	\$ 922,111

CITY OF COVINA

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

For the year ended June 30, 2019

	PEG Access Television	Housing Authority	Measure R
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Business license taxes	-	-	-
Intergovernmental	-	-	612,295
Charges for services	79,593	-	-
Special assessments	-	-	-
Investment earnings	-	61,460	105,819
Miscellaneous	-	-	-
TOTAL REVENUES	<u>79,593</u>	<u>61,460</u>	<u>718,114</u>
EXPENDITURES:			
Current:			
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	179,405	-	-
Community development	-	-	-
Transit	-	-	-
Redevelopment and housing	-	317,547	-
Capital outlay	-	-	3,622,761
Issuance costs	-	-	-
Principal retirement	-	-	175,000
Interest	-	-	194,974
TOTAL EXPENDITURES	<u>179,405</u>	<u>317,547</u>	<u>3,992,735</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(99,812)</u>	<u>(256,087)</u>	<u>(3,274,621)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	106,293	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>106,293</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(99,812)	(149,794)	(3,274,621)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	<u>451,414</u>	<u>4,386,319</u>	<u>6,705,464</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u><u>\$ 351,602</u></u>	<u><u>\$ 4,236,525</u></u>	<u><u>\$ 3,430,843</u></u>

Total Special Revenue Funds	General Capital	Covina Revitalization Projects	Total Capital Projects	Total Non-Major Governmental Funds
\$ 138,322	\$ -	\$ -	\$ -	\$ 138,322
1,408	-	-	-	1,408
5,959,561	43,882	-	43,882	6,003,443
415,829	-	-	-	415,829
440,873	92,174	-	92,174	533,047
299,026	-	81,729	81,729	380,755
11,679	-	-	-	11,679
<u>7,266,698</u>	<u>136,056</u>	<u>81,729</u>	<u>217,785</u>	<u>7,484,483</u>
303,765	-	-	-	303,765
2,075,456	-	-	-	2,075,456
248,353	-	-	-	248,353
40,257	-	-	-	40,257
887,211	-	-	-	887,211
517,758	-	-	-	517,758
6,548,007	169,060	14,801	183,861	6,731,868
-	-	-	-	-
300,000	-	-	-	300,000
232,795	-	-	-	232,795
<u>11,153,602</u>	<u>169,060</u>	<u>14,801</u>	<u>183,861</u>	<u>11,337,463</u>
<u>(3,886,904)</u>	<u>(33,004)</u>	<u>66,928</u>	<u>33,924</u>	<u>(3,852,980)</u>
263,909	-	-	-	263,909
(80,184)	-	(2,078,770)	(2,078,770)	(2,158,954)
<u>183,725</u>	<u>-</u>	<u>(2,078,770)</u>	<u>(2,078,770)</u>	<u>(1,895,045)</u>
(3,703,179)	(33,004)	(2,011,842)	(2,044,846)	(5,748,025)
<u>20,255,025</u>	<u>696,208</u>	<u>5,079,357</u>	<u>5,775,565</u>	<u>26,030,590</u>
<u>\$ 16,551,846</u>	<u>\$ 663,204</u>	<u>\$ 3,067,515</u>	<u>\$ 3,730,719</u>	<u>\$ 20,282,565</u>

CITY OF COVINA

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ -	\$ -	\$ -
Resources (inflows):			
Intergovernmental	582,872	363,032	(219,840)
Amounts available for appropriation	582,872	363,032	(219,840)
Charges to appropriations (outflows):			
Redevelopment and housing	378,872	200,211	178,661
Debt service:			
Principal	78,700	125,000	(46,300)
Interest and fiscal charges	125,300	37,821	87,479
Total charges to appropriation	582,872	363,032	219,840
BUDGETARY FUND BALANCE, JUNE 30	\$ -	\$ -	\$ -

CITY OF COVINA

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 2,453,711	\$ 2,453,711	\$ -
Resources (inflows):			
Intergovernmental	943,956	1,040,486	96,530
Charges for services	263,064	189,755	(73,309)
Investment earnings	10,286	45,342	35,056
Miscellaneous	-	11,479	11,479
	<u>3,671,017</u>	<u>3,740,773</u>	<u>69,756</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Transit	1,082,181	887,211	194,970
	<u>1,082,181</u>	<u>887,211</u>	<u>194,970</u>
Total charges to appropriation			
	<u>1,082,181</u>	<u>887,211</u>	<u>194,970</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 2,588,836</u>	<u>\$ 2,853,562</u>	<u>\$ 264,726</u>

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 68,305	\$ 68,305	\$ -
Resources (inflows):			
Intergovernmental	265,100	148,747	(116,353)
Investment earnings	-	2,131	2,131
	<u>333,405</u>	<u>219,183</u>	<u>(114,222)</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public Safety	201,761	99,783	101,978
	<u>201,761</u>	<u>99,783</u>	<u>101,978</u>
Total charges to appropriation			
	<u>201,761</u>	<u>99,783</u>	<u>101,978</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 131,644</u>	<u>\$ 119,400</u>	<u>\$ (12,244)</u>

CITY OF COVINA

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NARCOTICS SEIZURE SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 152,335	\$ 152,335	\$ -
Resources (inflows):			
Intergovernmental	-	36,561	36,561
Investment earnings	-	1,539	1,539
Amounts available for appropriation	152,335	190,435	38,100
Charges to appropriations (outflows):			
Public safety	23,061	8,123	14,938
Total charges to appropriation	23,061	8,123	14,938
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 129,274</u>	<u>\$ 182,312</u>	<u>\$ 53,038</u>

CITY OF COVINA

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
STATE GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 1,106,335	\$ 1,106,335	\$ -
Resources (inflows):			
Intergovernmental	1,099,642	997,145	(102,497)
Investment earnings	9,740	15,528	5,788
	<u>2,215,717</u>	<u>2,119,008</u>	<u>(96,709)</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public works	1,629,473	1,023,983	605,490
	<u>1,629,473</u>	<u>1,023,983</u>	<u>605,490</u>
Total charges to appropriation			
	<u>1,629,473</u>	<u>1,023,983</u>	<u>605,490</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 586,244</u>	<u>\$ 1,095,025</u>	<u>\$ 508,781</u>

CITY OF COVINA

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PROP C SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 2,813,961	\$ 2,813,961	\$ -
Resources (inflows):			
Intergovernmental	781,517	816,159	34,642
Charges for services	36,500	36,500	-
Investment earnings	11,722	40,606	28,884
Transfers in	-	32,559	32,559
	<u>3,643,700</u>	<u>3,739,785</u>	<u>96,085</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Capital outlay	<u>2,850,667</u>	<u>2,419,673</u>	<u>430,994</u>
	<u>2,850,667</u>	<u>2,419,673</u>	<u>430,994</u>
Total charges to appropriation			
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 793,033</u>	<u>\$ 1,320,112</u>	<u>\$ 527,079</u>

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 186,487	\$ 186,487	\$ -
Resources (inflows):			
Intergovernmental	127,800	63,564	(64,236)
Investment earnings	-	1,332	1,332
	<u>314,287</u>	<u>251,383</u>	<u>(62,904)</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public works	256,866	145,684	111,182
	<u>256,866</u>	<u>145,684</u>	<u>111,182</u>
Total charges to appropriation			
	<u>256,866</u>	<u>145,684</u>	<u>111,182</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 57,421</u>	<u>\$ 105,699</u>	<u>\$ 48,278</u>

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 707,758	\$ 707,758	\$ -
Resources (inflows):			
Property taxes	63,895	138,322	74,427
Charges for services	76,195	101,729	25,534
Investment earnings	-	211	211
	<u>847,848</u>	<u>948,020</u>	<u>100,172</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public works	427,200	211,530	215,670
	<u>427,200</u>	<u>211,530</u>	<u>215,670</u>
Total charges to appropriation			
	<u>427,200</u>	<u>211,530</u>	<u>215,670</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 420,648</u>	<u>\$ 736,490</u>	<u>\$ 315,842</u>

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE (DEFICIT), JULY 1	\$ (18,196)	\$ (18,196)	\$ -
Resources (inflows):			
Special assessments	126,185	130,655	4,470
Transfers in	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Amounts available for appropriation	<u>232,989</u>	<u>237,459</u>	<u>4,470</u>
Charges to appropriations (outflows):			
Public works	<u>259,790</u>	<u>214,770</u>	<u>45,020</u>
Total charges to appropriation	<u>259,790</u>	<u>214,770</u>	<u>45,020</u>
BUDGETARY FUND BALANCE (DEFICIT), JUNE 30	<u><u>\$ (26,801)</u></u>	<u><u>\$ 22,689</u></u>	<u><u>\$ 49,490</u></u>

CITY OF COVINA

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LANDSCAPING ASSESSMENT SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 253,716	\$ 253,716	\$ -
Resources (inflows):			
Special assessments	174,117	191,481	17,364
Amounts available for appropriation	427,833	445,197	17,364
Charges to appropriations (outflows):			
Public works	160,769	158,036	2,733
Total charges to appropriation	160,769	158,036	2,733
BUDGETARY FUND BALANCE, JUNE 30	\$ 267,064	\$ 287,161	\$ 20,097

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 51,025	\$ 51,025	\$ -
Resources (inflows):			
Special assessments	83,440	118,737	35,297
Amounts available for appropriation	134,465	169,762	35,297
Charges to appropriations (outflows):			
Public works	8,570	1,142	8,570
Transfers out	80,000	80,000	-
Total charges to appropriation	88,570	81,142	8,570
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 45,895</u>	<u>\$ 88,620</u>	<u>\$ 43,867</u>

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 12,847	\$ 12,847	\$ -
Resources (inflows):			
Business license taxes	2,500	1,408	(1,092)
Charges for services	<u>7,200</u>	<u>8,252</u>	<u>1,052</u>
Amounts available for appropriation	<u>22,547</u>	<u>22,507</u>	<u>(40)</u>
Charges to appropriations (outflows):			
Public works	<u>7,085</u>	<u>7,502</u>	<u>(417)</u>
Total charges to appropriation	<u>7,085</u>	<u>7,502</u>	<u>(417)</u>
BUDGETARY FUND BALANCE, JUNE 30	<u><u>\$ 15,462</u></u>	<u><u>\$ 15,005</u></u>	<u><u>\$ (457)</u></u>

CITY OF COVINA

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 516,639	\$ 516,639	\$ -
Resources (inflows):			
Intergovernmental	527,407	689,925	162,518
Investment earnings	-	12,468	12,468
Amounts available for appropriation	1,044,046	1,219,032	174,986
Charges to appropriations (outflows):			
Capital outlay	706,755	368,146	338,609
Total charges to appropriation	706,755	368,146	338,609
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 337,291</u>	<u>\$ 850,886</u>	<u>\$ 513,595</u>

CITY OF COVINA

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TDA GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 38	\$ 38	\$ -
Resources (inflows):			
Intergovernmental	<u>32,000</u>	<u>18,672</u>	<u>(13,328)</u>
Amounts available for appropriation	<u>32,038</u>	<u>18,710</u>	<u>(13,328)</u>
Charges to appropriations (outflows):			
Capital outlay	<u>21,565</u>	<u>14,450</u>	<u>7,115</u>
Total charges to appropriation	<u>21,565</u>	<u>14,450</u>	<u>7,115</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 10,473</u>	<u>\$ 4,260</u>	<u>\$ (6,213)</u>

CITY OF COVINA

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 118,902	\$ 118,902	\$ -
Resources (inflows):			
Intergovernmental	332,397	274,293	(58,104)
Miscellaneous	3,500	200	(3,300)
Transfers in	-	57	57
	<u>454,799</u>	<u>393,452</u>	<u>(61,347)</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Public safety	153,706	195,859	(42,153)
Public works	46,785	35,683	11,102
Culture and recreation	72,245	68,948	3,297
Community development	236	40,257	(40,021)
Capital outlay	144,666	122,977	21,689
Transfers out	127	184	(57)
	<u>417,765</u>	<u>463,908</u>	<u>(46,143)</u>
Total charges to appropriation			
BUDGETARY FUND BALANCE (DEFICIT), JUNE 30	<u>\$ 37,034</u>	<u>\$ (70,456)</u>	<u>\$ (107,490)</u>

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 287,965	\$ 287,965	\$ -
Resources (inflows):			
Intergovernmental	835,447	898,682	63,235
Investment earnings	-	12,590	12,590
Amounts available for appropriation	1,123,412	1,199,237	75,825
Charges to appropriations (outflows):			
Public works	1,028,009	277,126	750,883
Total charges to appropriation	1,028,009	277,126	750,883
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 95,403</u>	<u>\$ 922,111</u>	<u>\$ 826,708</u>

CITY OF COVINA

SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 PEG ACCESS TELEVISION SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 451,414	\$ 451,414	\$ -
Resources (inflows):			
Charges for services	<u>66,000</u>	<u>79,593</u>	<u>13,593</u>
Amounts available for appropriation	<u>517,414</u>	<u>531,007</u>	<u>13,593</u>
Charges to appropriations (outflows):			
Culture and recreation	<u>188,291</u>	<u>179,405</u>	<u>8,886</u>
Total charges to appropriation	<u>188,291</u>	<u>179,405</u>	<u>8,886</u>
BUDGETARY FUND BALANCE, JUNE 30	<u><u>\$ 329,123</u></u>	<u><u>\$ 351,602</u></u>	<u><u>\$ 22,479</u></u>

CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1, AS RESTATED	\$ 4,386,319	\$ 4,386,319	\$ -
Resources (inflows):			
Investment earnings	14,000	61,460	47,460
Transfers in	<u>1,093,572</u>	<u>106,293</u>	<u>(987,279)</u>
Amounts available for appropriation	<u>5,493,891</u>	<u>4,554,072</u>	<u>(939,819)</u>
Charges to appropriations (outflows):			
Current:			
Redevelopment and housing	<u>2,281,437</u>	<u>317,547</u>	<u>1,963,890</u>
Total charges to appropriation	<u>2,281,437</u>	<u>317,547</u>	<u>1,963,890</u>
BUDGETARY FUND BALANCE, JUNE 30	<u><u>\$ 3,212,454</u></u>	<u><u>\$ 4,236,525</u></u>	<u><u>\$ 1,024,071</u></u>

CITY OF COVINA

SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MEASURE R PROJECTS FUND

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 6,705,464	\$ 6,705,464	\$ -
Resources (inflows):			
Intergovernmental	584,948	612,295	27,347
Investment earnings	30,317	105,819	75,502
	<u>7,320,729</u>	<u>7,423,578</u>	<u>102,849</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Capital outlay	6,571,192	3,622,761	2,948,431
Debt service:			
Principal retirement	175,000	175,000	-
Interest and fiscal charges	206,095	194,974	11,121
	<u>6,952,287</u>	<u>3,992,735</u>	<u>2,959,552</u>
Total charges to appropriation			
	<u>\$ 368,442</u>	<u>\$ 3,430,843</u>	<u>\$ 3,062,401</u>
BUDGETARY FUND BALANCE, JUNE 30			

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 696,208	\$ 696,208	\$ -
Resources (inflows):			
Intergovernmental	121,508	43,882	(77,626)
Special assessments	-	92,174	92,174
	<u>817,716</u>	<u>832,264</u>	<u>14,548</u>
Amounts available for appropriation			
Charges to appropriations (outflows):			
Capital outlay	186,289	169,060	17,229
	<u>186,289</u>	<u>169,060</u>	<u>17,229</u>
Total charges to appropriation			
	<u>186,289</u>	<u>169,060</u>	<u>17,229</u>
BUDGETARY FUND BALANCE, JUNE 30	<u><u>\$ 631,427</u></u>	<u><u>\$ 663,204</u></u>	<u><u>\$ 31,777</u></u>

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

For the year ended June 30, 2019

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 5,079,357	\$ 5,079,357	\$ -
Resources (inflows):			
Investment earnings	23,000	81,729	81,729
Amounts available for appropriation	5,102,357	5,161,086	81,729
Charges to appropriations (outflows):			
Capital outlay	1,310,100	14,801	1,295,299
Transfers out	2,807,531	2,078,770	728,761
Total charges to appropriation	4,117,631	2,093,571	2,024,060
BUDGETARY FUND BALANCE, JUNE 30	\$ 984,726	\$ 3,067,515	\$ 2,105,789

CITY OF COVINA

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

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Budget		
BUDGETARY FUND BALANCE, JULY 1	\$ 466,303	\$ 466,303	\$ 466,303	\$ -
Resources (inflows):				
Intergovernmental	1,678,491	1,678,491	1,480,658	(197,833)
Debt issuance	2,500,000	2,500,000	2,500,000	-
Transfers in	2,807,530	2,807,530	2,078,700	(728,830)
	<u>7,452,324</u>	<u>7,452,324</u>	<u>6,525,661</u>	<u>(926,663)</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
Capital outlay	7,790,296	7,790,296	6,368,714	1,421,582
Issuance costs	89,820	89,820	45,444	44,376
	<u>7,880,116</u>	<u>7,880,116</u>	<u>6,414,158</u>	<u>1,465,958</u>
Total charges to appropriation				
	<u>7,880,116</u>	<u>7,880,116</u>	<u>6,414,158</u>	<u>1,465,958</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ (427,792)</u>	<u>\$ (427,792)</u>	<u>\$ 111,503</u>	<u>\$ 539,295</u>

CITY OF COVINA

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

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
BUDGETARY FUND BALANCE, JULY 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Intergovernmental	2,733,597	2,733,597	994,251	(1,739,346)
Amounts available for appropriation	2,733,597	2,733,597	994,251	(1,739,346)
Charges to appropriations (outflows):				
Capital outlay	2,733,597	2,733,597	2,418,000	315,597
Transfers out	-	-	32,559	(32,559)
Total charges to appropriation	2,733,597	2,733,597	2,450,559	283,038
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,456,308)</u>	<u>\$ (1,456,308)</u>

Internal Service Funds

The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. Generally accepted accounting principles (GAAP) requires statement of net position items, and revenues and expenses of individual internal service funds be consolidated with the government-wide statement of net position and activities. GAAP still requires internal service funds to be presented in the financial statements.

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

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

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

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

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

CITY OF COVINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2019

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
ASSETS:					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 928,748	\$ 1,172,399	\$ 4,081,484	\$ 1,146,007	\$ 7,328,638
Accounts receivable	-	15,881	7,043	79,890	102,814
Prepaid expenses	-	-	6,119	-	6,119
Inventories	-	60,030	-	-	60,030
TOTAL CURRENT ASSETS	928,748	1,248,310	4,094,646	1,225,897	7,497,601
NONCURRENT ASSETS:					
Capital assets:					
Being depreciated, net	547,018	912,529	-	-	1,459,547
TOTAL NONCURRENT ASSETS	547,018	912,529	-	-	1,459,547
TOTAL ASSETS	1,475,766	2,160,839	4,094,646	1,225,897	8,957,148
DEFERRED OUTFLOWS OF RESOURCES:					
Pension related	88,573	82,738	25,988	23,867	221,166
LIABILITIES:					
CURRENT LIABILITIES:					
Accounts payable	15,915	13,345	1,194	28,790	59,244
Accrued liabilities	7,132	6,677	1,960	2,485	18,254
Compensated absences payable	10,860	28,495	6,918	6,799	53,072
Capital lease payable	252,484	-	-	-	252,484
Claims and judgements	-	-	-	-	-
TOTAL CURRENT LIABILITIES	286,391	48,517	10,072	38,074	383,054
NONCURRENT LIABILITIES:					
Compensated absences payable	41,260	125,696	16,056	15,046	198,058
Capital lease payable	244,087	-	-	-	244,087
Claims and judgements	-	-	6,041,000	1,097,000	7,138,000
Net pension liability	891,755	833,017	261,653	240,293	2,226,718
TOTAL NONCURRENT LIABILITIES	1,177,102	958,713	6,318,709	1,352,339	9,806,863
TOTAL LIABILITIES	1,463,493	1,007,230	6,328,781	1,390,413	10,189,917
DEFERRED INFLOWS OF RESOURCES:					
Pension related	7,579	7,080	2,224	2,042	18,925
TOTAL DEFERRED INFLOWS OF RESOURCES	7,579	7,080	2,224	2,042	18,925
NET POSITION:					
Net investment in capital assets	547,018	912,529	-	-	1,459,547
Unrestricted	(453,751)	316,738	(2,210,371)	(142,691)	(2,490,075)
TOTAL NET POSITION	\$ 93,267	\$ 1,229,267	\$ (2,210,371)	\$ (142,691)	\$ (1,030,528)

CITY OF COVINA

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

For the year ended June 30, 2019

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
OPERATING REVENUES:					
Charges for services	\$ 1,012,015	\$ 845,013	\$ 1,050,877	\$ 332,197	\$ 3,240,102
Motor pool charges	-	266,599	-	-	266,599
TOTAL OPERATING REVENUES	1,012,015	1,111,612	1,050,877	332,197	3,506,701
OPERATING EXPENSES:					
General and adminstrtive	1,329,809	109,883	867,105	(511,937)	1,794,860
Vehicle and equipment operation	-	936,264	-	-	936,264
Depreciation	76,262	259,047	-	-	335,309
TOTAL OPERATING EXPENSES	1,406,071	1,305,194	867,105	(511,937)	3,066,433
OPERATING INCOME (LOSS)	(394,056)	(193,582)	183,772	844,134	440,268
NONOPERATING REVENUES (EXPENSES)	-	-	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(394,056)	(193,582)	183,772	844,134	440,268
TRANSFERS:					
Transfers in	-	-	938,519	500,000	1,438,519
TOTAL TRANSFERS	-	-	938,519	500,000	1,438,519
CHANGES IN NET POSITION	(394,056)	(193,582)	1,122,291	1,344,134	1,878,787
TOTAL NET POSITION - BEGINNING OF YEAR	487,323	1,422,849	(3,332,662)	(1,486,825)	(2,909,315)
TOTAL NET POSITION - END OF YEAR	\$ 93,267	\$ 1,229,267	\$ (2,210,371)	\$ (142,691)	\$ (1,030,528)

CITY OF COVINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2019

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from user departments	\$ 1,012,015	\$ 1,136,770	\$ 1,051,707	\$ 293,937	\$ 3,494,429
Payments to suppliers of goods or services	(567,339)	(640,102)	(629,245)	(764,850)	(2,601,536)
Payments to employees	(392,937)	(407,093)	(122,137)	(111,100)	(1,033,267)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>51,739</u>	<u>89,575</u>	<u>300,325</u>	<u>(582,013)</u>	<u>(140,374)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash received from other funds	<u>-</u>	<u>-</u>	<u>938,519</u>	<u>500,000</u>	<u>1,438,519</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>938,519</u>	<u>500,000</u>	<u>1,438,519</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	<u>(108,943)</u>	<u>(135,038)</u>	<u>-</u>	<u>-</u>	<u>(243,981)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(108,943)</u>	<u>(135,038)</u>	<u>-</u>	<u>-</u>	<u>(243,981)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57,204)	(45,463)	1,238,844	(82,013)	1,054,164
CASH AND CASH EQUIVALENTS - BEGINNING OF 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>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 928,748</u>	<u>\$ 1,172,399</u>	<u>\$ 4,081,484</u>	<u>\$ 1,146,007</u>	<u>\$ 7,328,638</u>

(Continued)

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

For the year ended June 30, 2019

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (394,056)	\$ (193,582)	\$ 183,772	\$ 844,134	\$ 440,268
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	76,262	259,047	-	-	335,309
(Increase) decrease in operating assets and deferred outflows of resources:					
Accounts receivable	-	25,158	830	(38,260)	(12,272)
Prepays and deposits	11,936	(11,182)	(6,119)	-	(5,365)
Deferred outflows of resources - pension related	6,322	71,709	20,007	22,128	120,166
Increase (decrease) in operating liabilities and deferred inflows of resources:					
Accounts payable and accrued liabilities	650	2,442	182	(729,054)	(725,780)
Deposits payable	-	-	-	(1,750)	(1,750)
Compensated absences payable	12,998	10,093	3,032	1,903	28,026
Net pension liability	359,540	(33,190)	3,692	(17,668)	312,374
Claims payable	-	-	107,000	(651,193)	(544,193)
Deferred inflows of resources - pension related	(21,913)	(40,920)	(12,071)	(12,253)	(87,157)
TOTAL ADJUSTMENTS	445,795	283,157	116,553	(1,426,147)	(580,642)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 51,739</u>	<u>\$ 89,575</u>	<u>\$ 300,325</u>	<u>\$ (582,013)</u>	<u>\$ (140,374)</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 Fund accounts for funds collected and disbursed by the City on behalf of the Downtown District Association members.

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

CITY OF COVINA

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

June 30, 2019

	Downtown District	Prospero Park District	Total Agency Funds
ASSETS:			
Cash and investments	\$ 1,000	\$ 375	\$ 1,375
Accounts receivable	1,152	236	1,388
TOTAL ASSETS	<u>\$ 2,152</u>	<u>\$ 611</u>	<u>\$ 2,763</u>
LIABILITIES:			
Due to association	\$ 2,152	\$ 611	\$ 2,763
TOTAL LIABILITIES	<u>\$ 2,152</u>	<u>\$ 611</u>	<u>\$ 2,763</u>

CITY OF COVINA

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

For the year ended June 30, 2019

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
DOWNTOWN DISTRICT				
ASSETS:				
Cash and investments	\$ 182	\$ 9,023	\$ 8,205	\$ 1,000
Accounts receivable	1,646	-	494	1,152
TOTAL ASSETS	\$ 1,828	\$ 9,023	\$ 8,699	\$ 2,152
LIABILITIES:				
Due to association	\$ 1,828	\$ 9,023	\$ 8,699	\$ 2,152
TOTAL LIABILITIES	\$ 1,828	\$ 9,023	\$ 8,699	\$ 2,152
PROSPERO PARK DISTRICT				
ASSETS:				
Cash and investments	\$ -	\$ 5,761	\$ 5,386	\$ 375
Receivables	337	-	101	236
TOTAL ASSETS	\$ 337	\$ 5,761	\$ 5,487	\$ 611
LIABILITIES:				
Due to association	\$ 337	\$ 5,761	\$ 5,487	\$ 611
TOTAL LIABILITIES	\$ 337	\$ 5,761	\$ 5,487	\$ 611
TOTALS				
ASSETS:				
Cash and investments	\$ 182	\$ 14,784	\$ 13,591	\$ 1,375
Accounts receivable	1,983	-	595	1,388
TOTAL ASSETS	\$ 2,165	\$ 14,784	\$ 14,186	\$ 2,763
LIABILITIES:				
Due to association	\$ 2,165	\$ 14,784	\$ 14,186	\$ 2,763
TOTAL LIABILITIES	\$ 2,165	\$ 14,784	\$ 14,186	\$ 2,763

STATISTICAL SECTION

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Statistical Section

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

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. 130

REVENUE CAPACITY

These schedules contain information to help the reader assess the City’s significant local revenue source, the property tax. 137

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. 143

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. 149

OPERATING INFORMATION

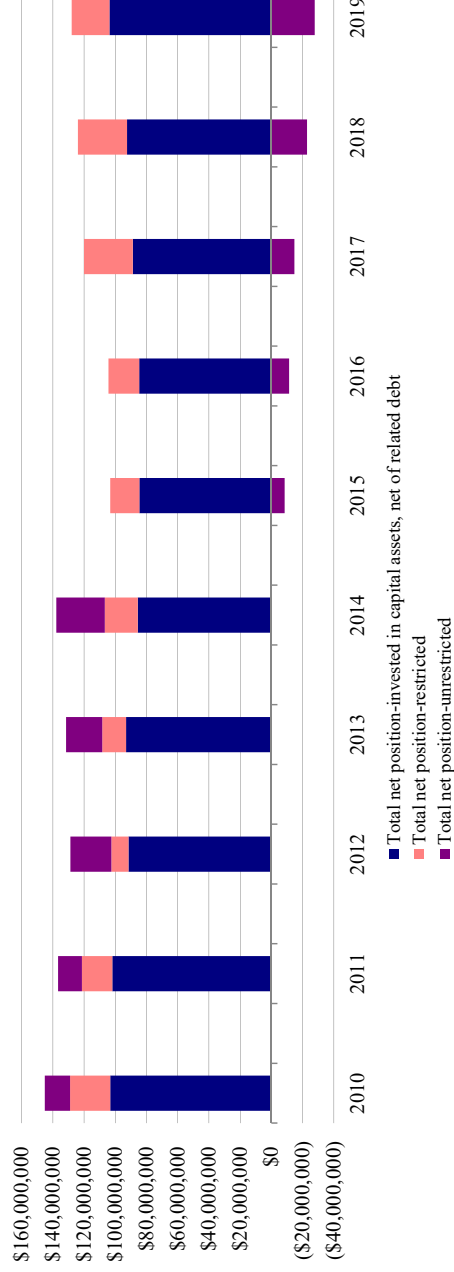
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs. 152

DEBT CONTINUING DISCLOSURE

These schedules contain information that complies with continuing disclosure requirements of each bond issued. 155

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 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	\$ 84,857,338
Restricted	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	17,053,359
Unrestricted	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)	(46,481,365)
Total governmental activities net position	\$ 123,992,705	\$ 113,927,094	\$ 101,194,283	\$ 100,885,021	\$ 102,064,833	\$ 60,094,338	\$ 54,801,048	\$ 62,153,708	\$ 57,204,473	\$ 55,429,312
Business-type activities										
Net investment in capital assets	\$ 13,155,096	\$ 14,181,064	\$ 13,160,600	\$ 18,808,805	\$ 13,256,130	\$ 13,766,584	\$ 13,901,014	\$ 14,333,903	\$ 17,635,065	\$ 18,856,666
Restricted	1,588,002	2,901,716	-	-	-	-	-	4,353,289	5,613,256	7,122,938
Unrestricted	6,408,142	5,644,744	14,357,963	11,741,520	22,391,275	20,749,710	24,142,448	24,413,236	20,585,317	18,672,662
Total business-type activities net position	\$ 21,151,240	\$ 22,727,524	\$ 27,518,563	\$ 30,550,325	\$ 35,647,405	\$ 34,516,294	\$ 38,043,462	\$ 43,100,428	\$ 43,833,638	\$ 44,652,266
Total net position										
Net investment in capital assets	\$ 103,212,048	\$ 101,876,746	\$ 91,511,625	\$ 93,079,066	\$ 85,540,365	\$ 84,489,613	\$ 84,658,677	\$ 88,705,851	\$ 92,401,905	\$ 103,714,004
Restricted	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	24,176,277
Unrestricted	16,262,462	15,315,938	26,250,594	23,127,222	31,025,589	(8,581,034)	(11,456,038)	(14,789,611)	(22,844,799)	(27,808,703)
Total net position	\$ 145,143,945	\$ 136,654,618	\$ 128,712,846	\$ 131,435,346	\$ 137,712,238	\$ 94,610,632	\$ 92,844,510	\$ 105,254,136	\$ 101,038,111	\$ 100,081,578



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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 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	\$ 2,082,578
Public safety	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	29,863,536
Public works	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	7,468,025
Culture and recreation	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	4,434,960
Community development	899,683	1,008,595	903,125	1,738,855	1,305,545	829,728	1,553,499	1,135,194	2,246,788	1,738,982
Transit	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	1,176,235
Redevelopment and housing	8,509,029	16,726,583	4,076,392	1,792,779	433,609	537,470	217,808	349,820	1,042,797	492,737
Interest on long-term debt	1,767,365	1,676,987	427,087	49,654	21,131	-	-	-	-	287,459
Total governmental activities expenses	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	47,544,512
Business-type activities:										
Water utility	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	10,289,222
Environmental protection	3,590,706	3,044,628	1,026,776	770,164	946,778	1,159,693	940,492	867,142	1,109,212	1,195,439
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	2,444,970
Total business-type activities expenses	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	13,929,631
Total expenses	\$ 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	\$ 61,474,143
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,143,036	\$ 2,171,397	\$ 1,537,347	\$ 356,673	\$ 482,450	\$ 435,274	\$ 338,362	\$ 290,160	\$ 2,232,037	\$ 2,192,160
Public safety	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	1,727,746
Public works	469,403	488,132	764,276	556,466	579,193	1,510,331	623,693	796,475	733,029	802,080
Culture and recreation	703,840	1,084,791	776,590	798,562	1,184,544	807,829	794,192	793,114	785,814	834,854
Community development	733,112	669,205	820,232	1,167,001	1,245,885	495,395	1,138,415	1,266,266	1,968,358	1,771,843
Transit	220,813	239,177	287,568	328,136	316,429	297,094	315,887	242,912	214,650	226,255
Redevelopment and housing	959,081	979,816	389,969	28,710	973,329	60,961	320,620	302,665	263,574	228,506
Operating grants and contributions	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	7,962,987
Capital grants and contributions	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	4,308,857
Total governmental activities program revenues	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	20,055,288

(Continued)

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

(Continued)

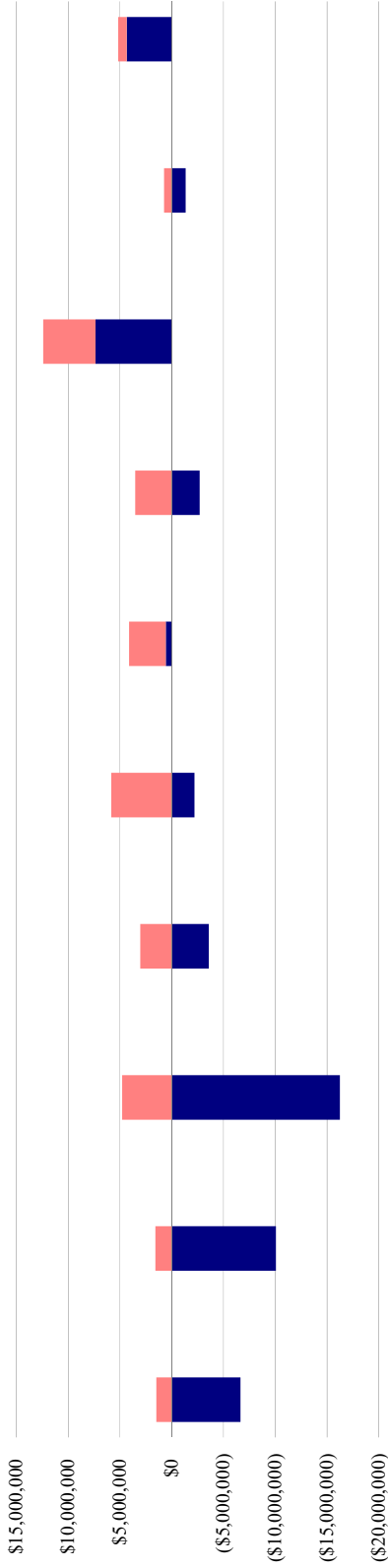
	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Charges for services:										
Water utility	\$ 6,625,803	\$ 8,872,848	\$ 10,515,236	\$ 10,902,689	\$ 13,337,157	\$ 11,349,263	\$ 10,436,434	\$ 11,011,015	\$ 11,138,975	\$ 9,586,220
Environmental protection	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	1,190,124
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	2,923,535
Operating grants and contributions	-	-	-	-	1,554	-	-	-	-	-
Capital grants and contributions	-	-	-	-	366,180	-	-	-	-	-
Total business-type activities program revenues	\$ 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	\$ 13,699,879
Total program revenues	\$ 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	\$ 33,755,167
Net (expense) revenue	\$ (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)	\$ (27,489,224)
Governmental activities										
Business-type activities	\$ 999,896	\$ 871,887	\$ 3,393,531	\$ 2,771,690	\$ 4,967,460	\$ 3,520,578	\$ 3,394,089	\$ 4,731,882	\$ (539,553)	\$ (229,752)
Total net expense	\$ (37,226,066)	\$ (42,777,372)	\$ (26,840,477)	\$ (27,656,736)	\$ (22,497,942)	\$ (23,197,969)	\$ (27,133,686)	\$ (15,972,915)	\$ (30,693,064)	\$ (27,718,976)
General revenues										
Governmental activities:										
Property taxes	\$ 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	\$ 13,123,606
Sales taxes	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	10,753,877
Transient occupancy taxes	356,027	317,594	316,609	395,589	349,310	99,716	482,727	327,570	388,491	240,946
Property transfer taxes	133,114	92,818	124,226	132,670	157,945	159,795	223,766	200,253	236,899	217,332
Business license taxes	368,913	337,613	373,299	259,692	415,362	326,818	328,716	337,626	348,793	372,756
Utility user taxes	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	4,590,983
Franchise taxes	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	1,625,802
Intergovernmental	145,828	227,618	24,598	-	-	-	-	-	-	-
Investment earnings	1,236,562	1,035,569	250,604	337,358	473,543	641,993	193,209	226,671	144,176	883,542
Transfers in/out	(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	-	-	15,129
Miscellaneous	-	-	-	-	-	-	-	-	-	12,562
Extraordinary loss	-	-	-	-	-	-	-	-	-	-
Total governmental activities	\$ 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	\$ 31,836,535
Business-type activities:										
Investment earnings	160,868	173,150	70,596	60,157	17,894	19,330	111,555	206,823	366,249	594,051
Investment earnings - CIC	(66,408)	506,864	1,333,565	226,795	809,727	2,109	21,524	137,161	906,514	454,329
Miscellaneous	(33,696)	-	-	-	-	-	-	-	-	-
Transfers in/out	431,157	24,383	(6,653)	(26,880)	33,927	-	-	(18,900)	-	-
Total general revenues	\$ 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	\$ 32,884,915

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

(Continued)

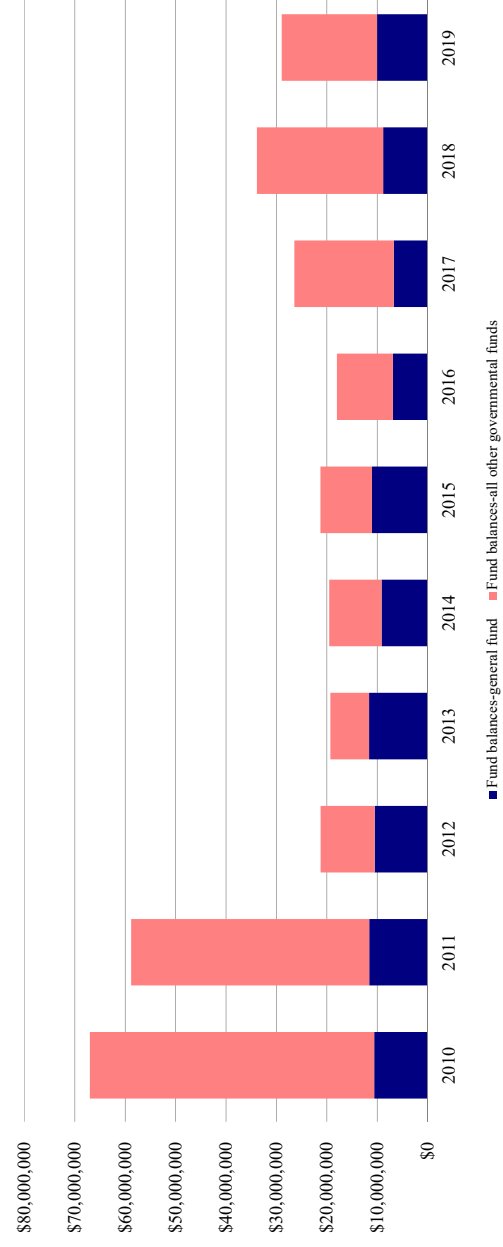
	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Change in net position										
Governmental activities	\$ (6,641,098)	\$ (10,065,611)	\$ (16,227,788)	\$ (3,579,774)	\$ (2,198,446)	\$ 576,537	\$ (2,693,290)	\$ 7,352,660	\$ (1,343,131)	\$ 4,347,311
Business-type activities	1,491,817	1,576,284	4,791,039	3,031,762	5,829,008	3,542,017	3,527,168	5,056,966	733,210	818,628
Total changes in net position	\$ (5,149,281)	\$ (8,489,327)	\$ (11,436,749)	\$ (548,012)	\$ 3,630,562	\$ 4,118,554	\$ 833,878	\$ 12,409,626	\$ (609,921)	\$ 5,165,939



■ Change in net position-governmental activities ■ Change in net position-business-type activities

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund										
Reserved										
Unreserved										
Nonspendable	\$ 646,252	\$ 648,802	\$ 621,981	\$ 28,941	\$ 28,094	\$ 3,354,570	\$ 753,534	\$ 3,247,152	\$ 3,116,097	\$ 2,620,620
Restricted	-	-	20,259	24,564	7,436,731	21,359	347,012	395,420	448,927	385,692
Committed	6,385,473	172,777	234,540	533,004	21,359	6,699,720	6,483,613	2,656,872	3,708,388	6,981,901
Assigned	457,909	501,835	473,342	478,106	1,680,892	979,197	-	442,472	1,561,848	42,726
Unassigned	3,118,855	10,284,466	9,187,601	10,580,310	-	-	(675,402)	-	-	-
Total general fund	\$ 10,608,489	\$ 11,607,880	\$ 10,537,723	\$ 11,644,925	\$ 9,167,076	\$ 11,054,846	\$ 6,908,757	\$ 6,741,916	\$ 8,835,260	\$ 10,030,939
All other governmental funds										
Reserved										
Unreserved, reported in:										
Special revenue funds	\$ 3,916,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,631
Capital projects funds	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	20,506,425
Nonspendable	1,648,441	1,886,710	856,857	953,958	1,497,633	1,338,429	877,646	1,270,910	491,368	111,473
Restricted	-	(1,961,140)	(259,217)	(353,128)	(21,099)	(58,040)	(46,555)	(27,396)	(53,943)	(1,685,799)
Assigned	\$ 56,426,408	\$ 47,218,291	\$ 10,701,579	\$ 7,671,812	\$ 10,355,712	\$ 10,226,049	\$ 11,096,595	\$ 19,709,139	\$ 25,061,363	\$ 18,937,730
Unassigned										
Total all other governmental funds										



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

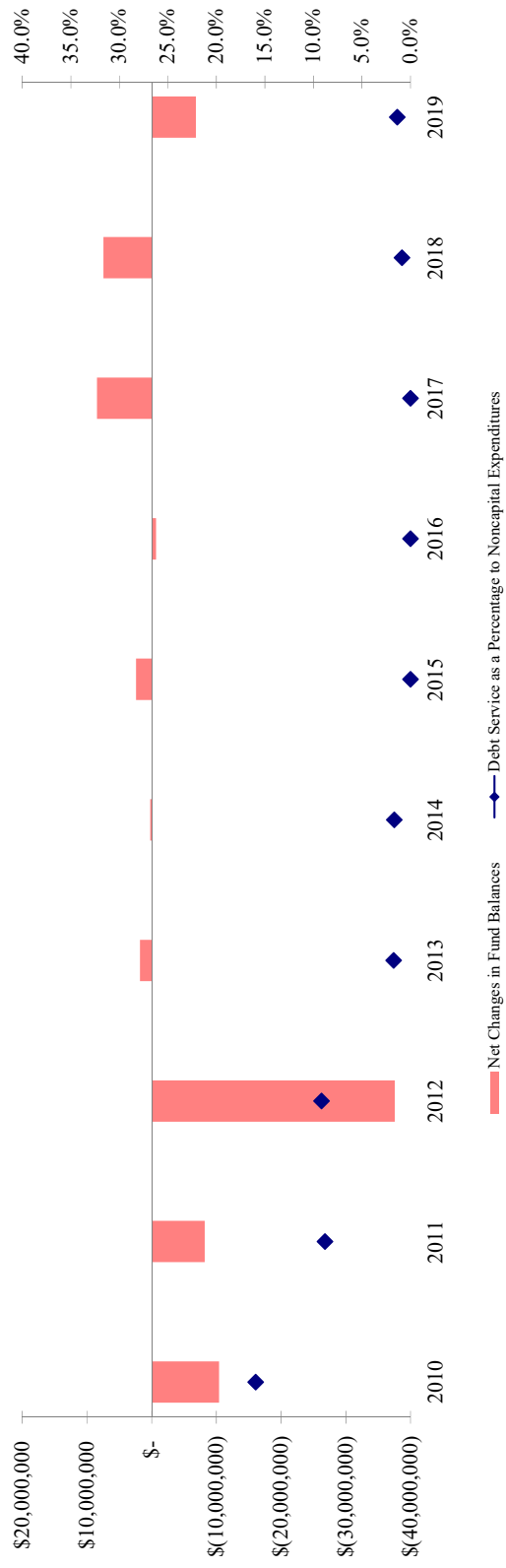
	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 26,517,007	\$ 32,305,233	\$ 25,706,551	\$ 26,934,344	\$ 24,578,908	\$ 26,901,523	\$ 27,608,725	\$ 27,811,886	\$ 28,668,204	\$ 30,925,091
Licenses and permits	408,891	538,623	609,209	878,549	756,173	965,527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

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

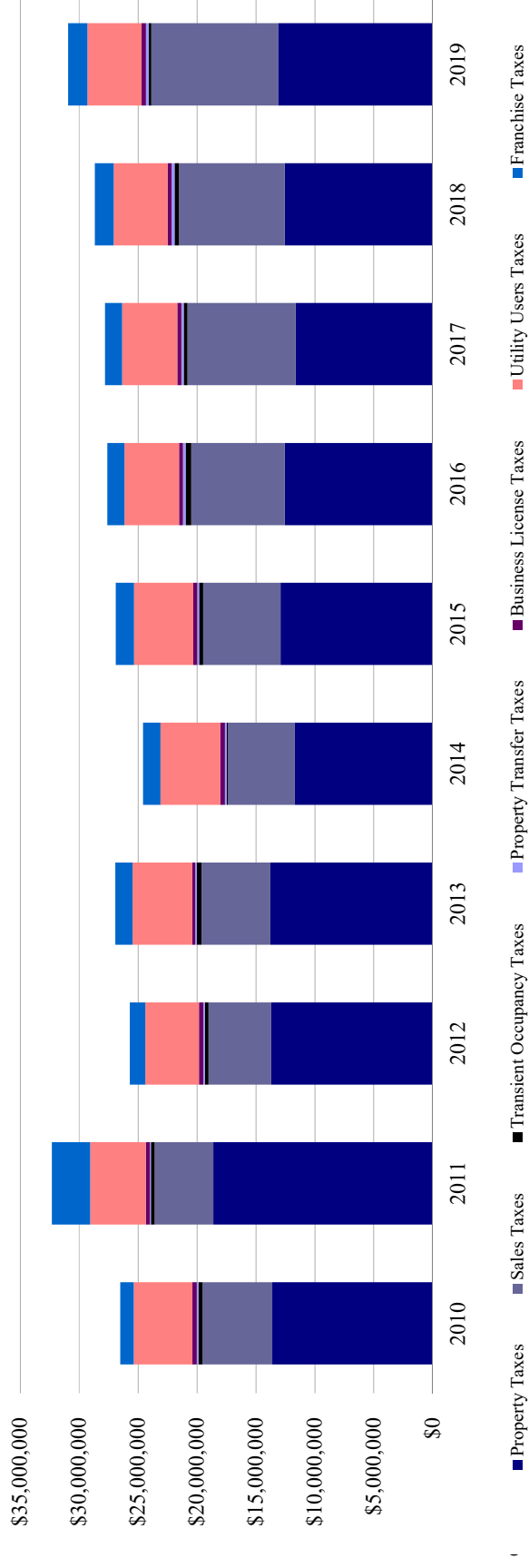
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	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Other financing sources (uses)										
Transfers in	\$ 5,508,798	\$ 3,620,017	\$ 4,134,433	\$ 544,408	\$ 977,149	\$ 2,161,548	\$ 2,317,808	\$ 1,373,629	\$ 1,186,303	\$ 2,422,806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



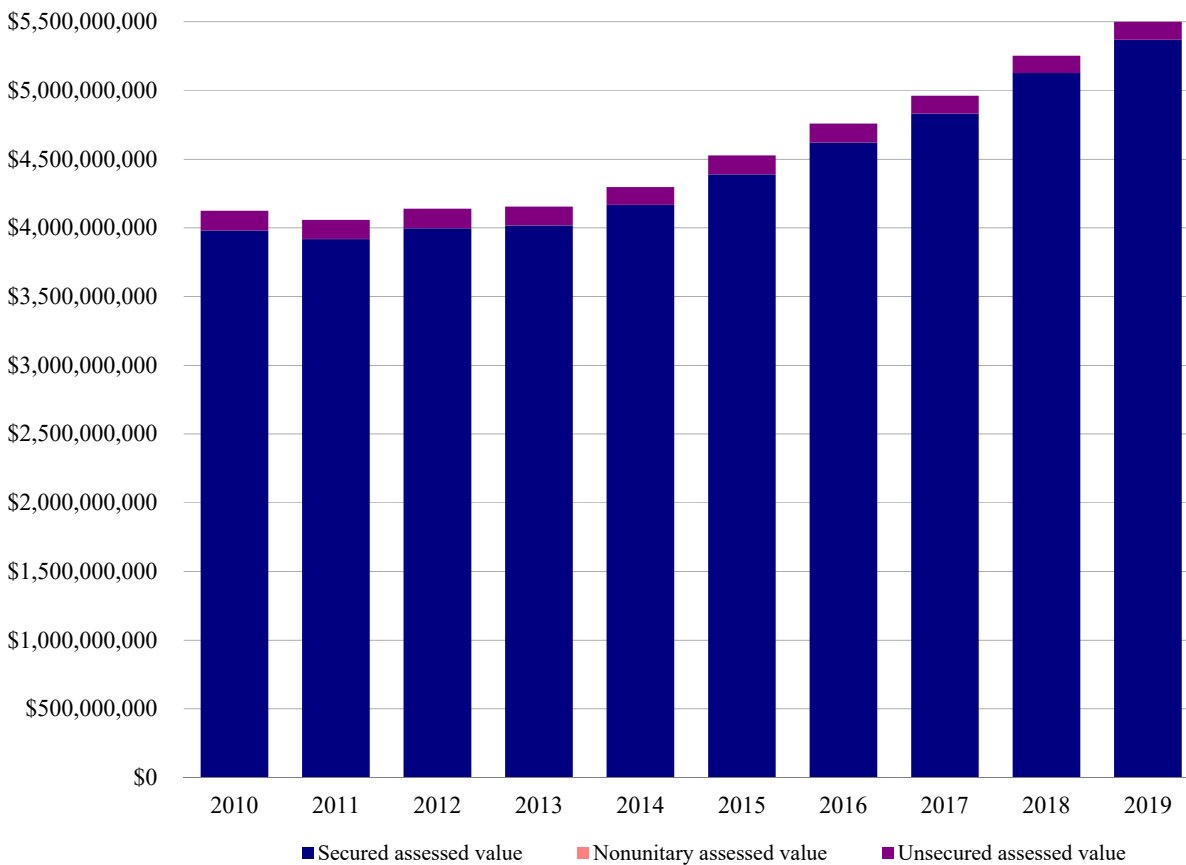
CITY OF COVINA, CALIFORNIA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Taxes ⁽¹⁾	Sales Taxes	Transient Occupancy Taxes	Property Transfer Taxes	Business License Taxes	Utility Users Taxes	Franchise Taxes	Total
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
2019	13,123,395	10,753,877	240,946	217,332	372,756	4,590,983	1,625,802	30,925,091



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	
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%
2019	5,368,832,086	53,800	130,846,429	5,499,732,315	1.4645%



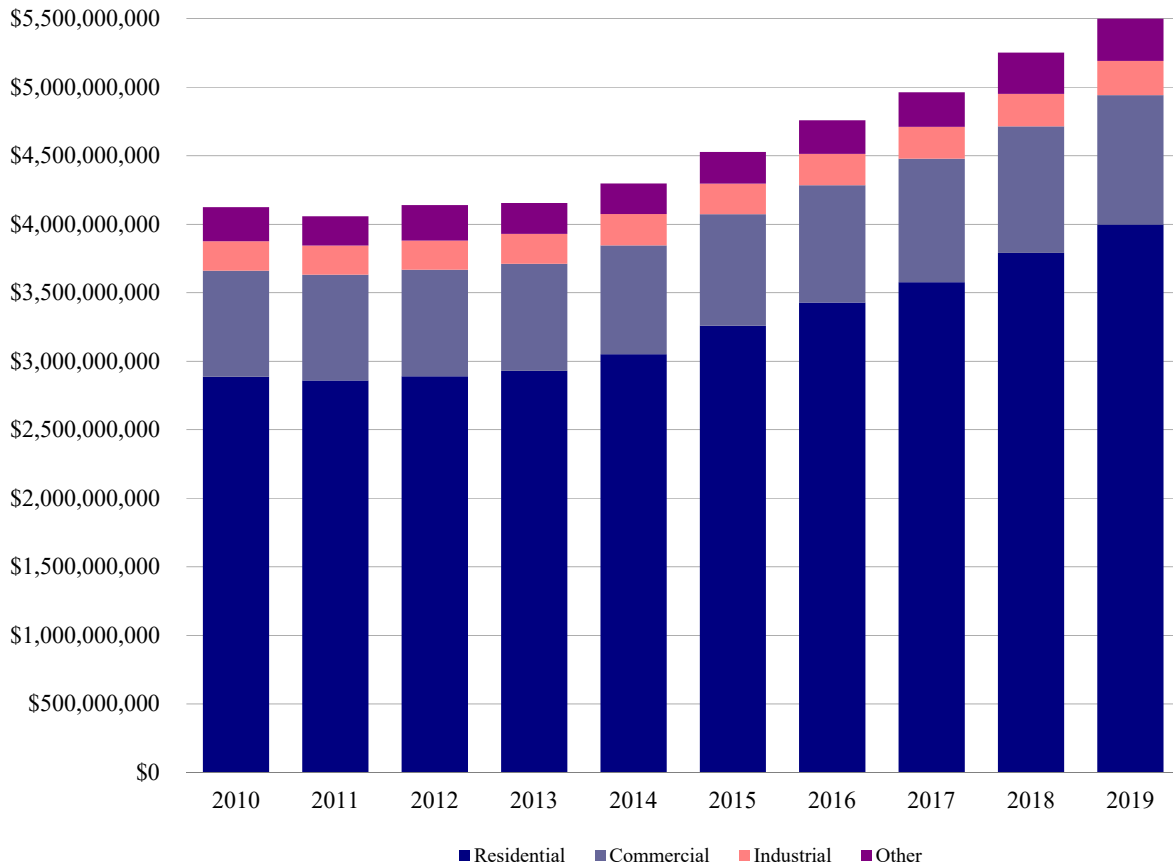
⁽¹⁾ Net of exemptions

⁽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	
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%
2019	3,999,408,804	943,988,485	248,088,436	308,246,590	5,499,732,315	1.4645%



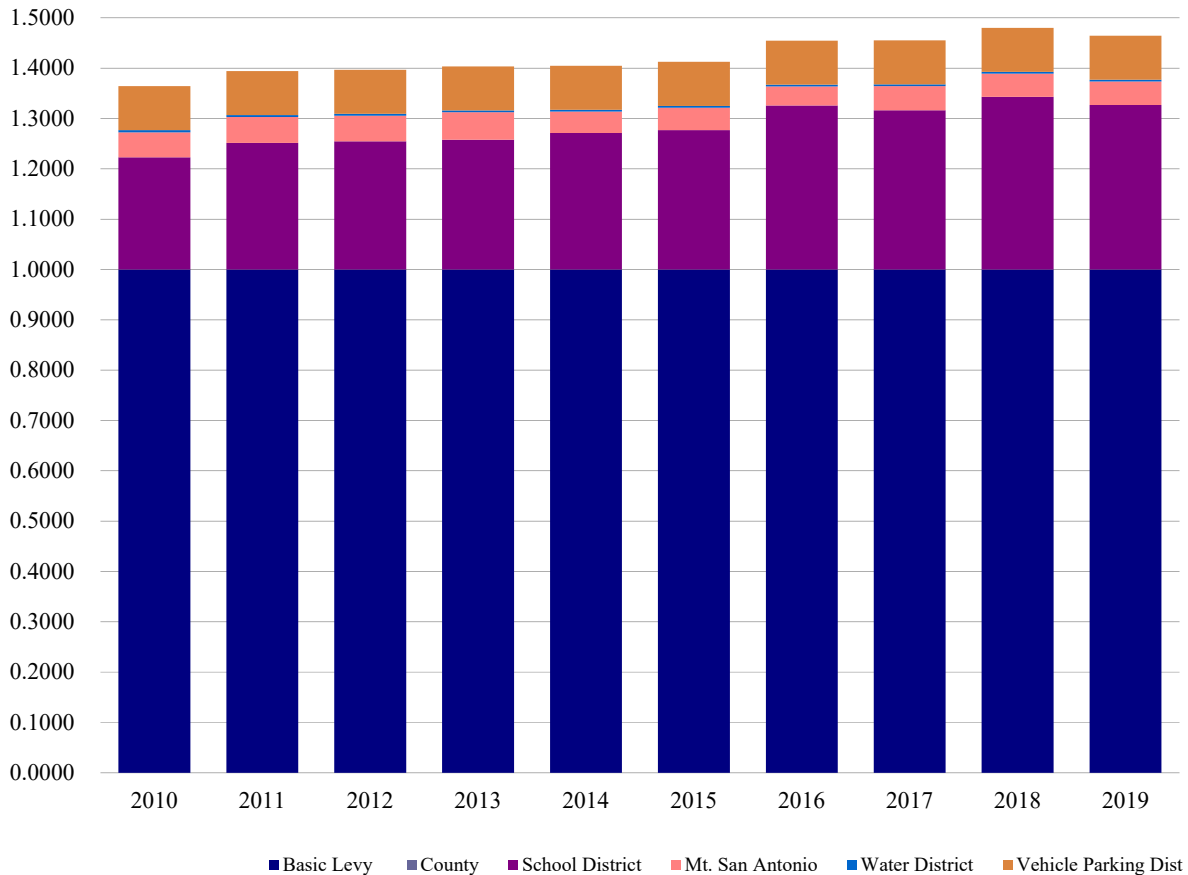
⁽¹⁾ Net of exemptions

⁽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					
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
2019	1.0000	0.0000	0.0000	0.0000	0.3267	0.0467	0.0035	0.0875	1.4645



⁽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 .

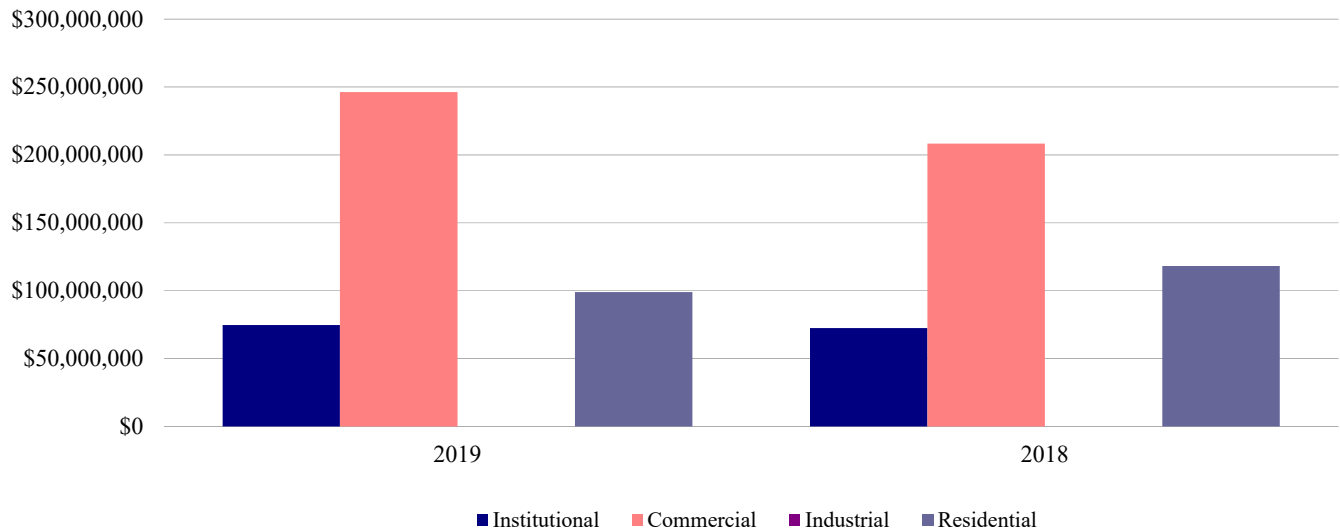
⁽⁵⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical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

Source: Los Angeles County/Hdl Companies.

CITY OF COVINA, CALIFORNIA
Principal Property Owners
June 30, 2019

Taxpayer	Primary Use	2019				2018			
		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	\$ 68,726,528	1	1.25%		\$ 66,268,966	1	1.26%	
KIR Covina Limited Partnership	Commercial	54,240,347	2	0.99%		53,176,822	2	1.01%	
Covina Grand Apartments LLC	Residential	52,223,197	3	0.95%		51,200,137	3	0.97%	
Vista Pointe Grand Apartments LLC	Residential	46,789,091	4	0.85%					
Citrus Valley Health partners Inc	Institutional	46,676,309	5	0.85%		50,408,905	4	0.96%	
FNL of Covina Partners LLC	Commercial	32,587,200	6	0.59%		31,948,241	6	0.61%	
UIMC Covina LLC	Commercial	32,000,000	7	0.58%		28,816,000	7	0.55%	
LVGEM Hotel Corporation	Commercial	30,150,300	8	0.55%					
Time Warner Inc	Commercial	28,525,472	9	0.52%		28,146,910	8	0.54%	
CCP Covina 4003 LP	Institutional	28,067,340	10	0.51%		22,109,095	9	0.42%	
SRGMF II North Grand Covina LLC	Residential			0.00%		46,015,900	5	0.88%	
Covina 023 Woods 206 LP	Residential			0.00%		20,931,790	10	0.40%	
				0.00%					
Total		<u>\$ 419,985,784</u>		<u>7.64%</u>		<u>\$ 399,022,766</u>		<u>7.60%</u>	

Principal Property Owners

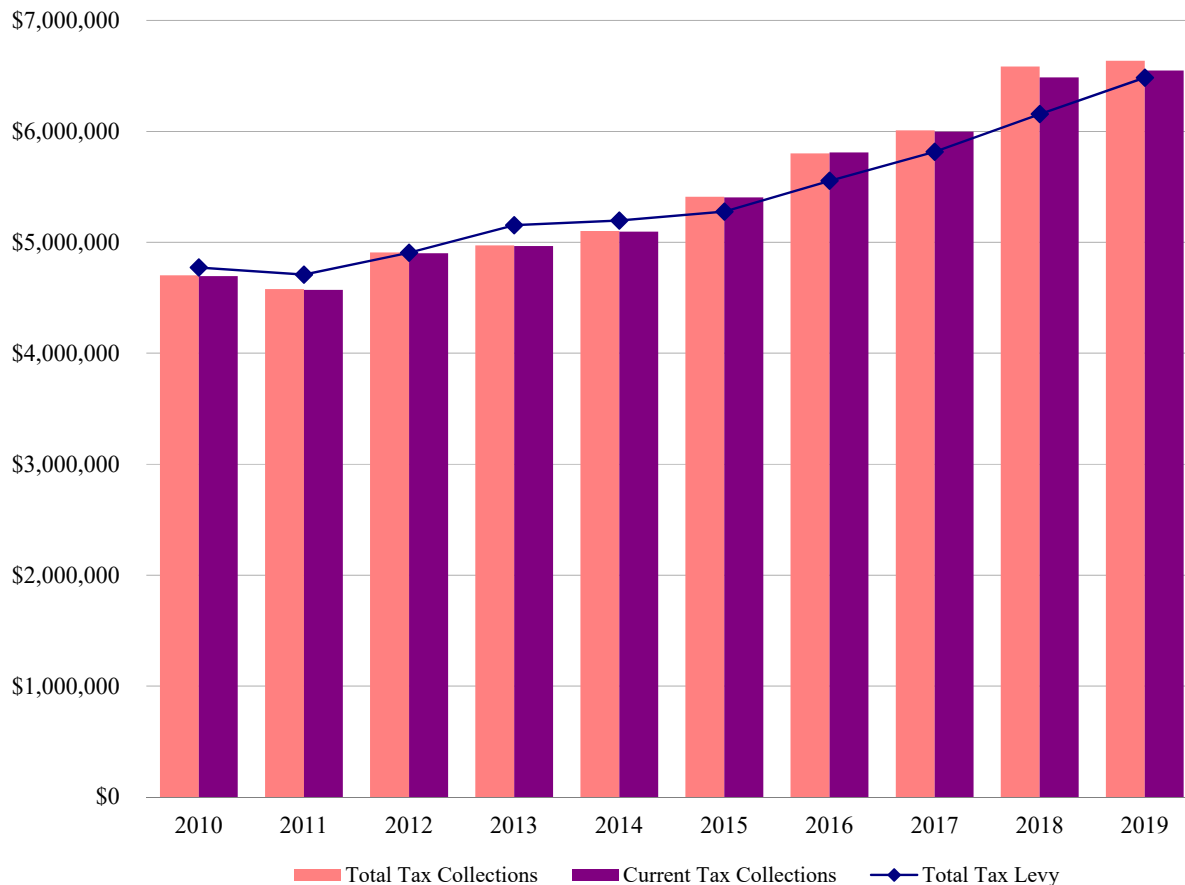


⁽¹⁾ Total assessed valuation of taxable property exclusive of exemptions.

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
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%
2019	6,483,113	6,548,523	101.0%	87,221	6,635,744	102.4%



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

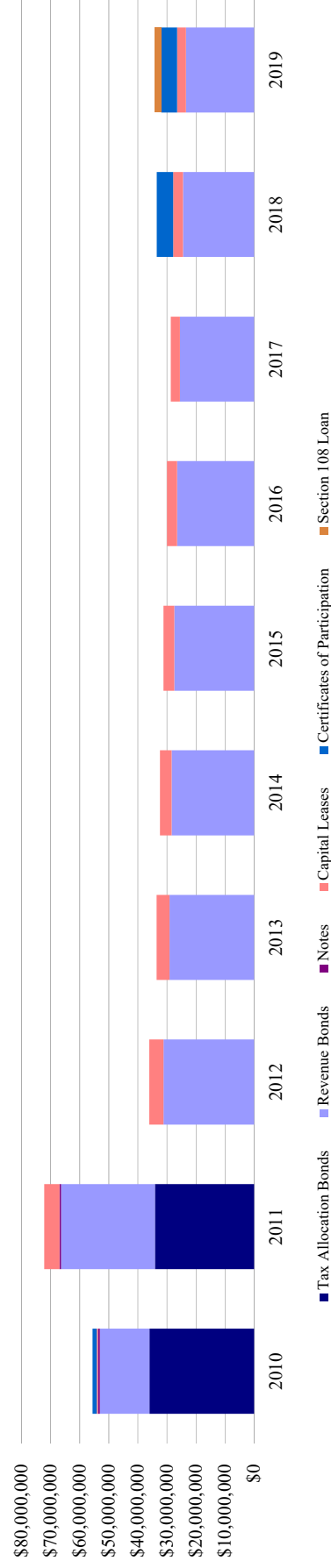
⁽²⁾ Includes secured and unsecured property tax levies exclusive of homeowner exemption, supplemental roll and in-lieu motor vehicle licenses.

Source: Los Angeles County.

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

Fiscal Year	Governmental Activities						Business Activities			Percentage of Personal Income ⁽¹⁾	Percentage of Debt Per Capita ⁽¹⁾	
	Tax Allocation Bonds ⁽²⁾	Certificates of Participation	Revenue Bonds	Section 108		Certificates of Participation	Revenue Bonds	Capital Leases				
				Capital Leases	Loan							
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	-	-	24,465,710	2,875,237	33,495,265	3.77%	0.15%
2019	-	5,471,187	-	-	496,571	2,375,000	-	23,407,697	2,549,111	34,299,566	3.88%	0.14%

Outstanding Debt by Type-Last Ten Fiscal Years



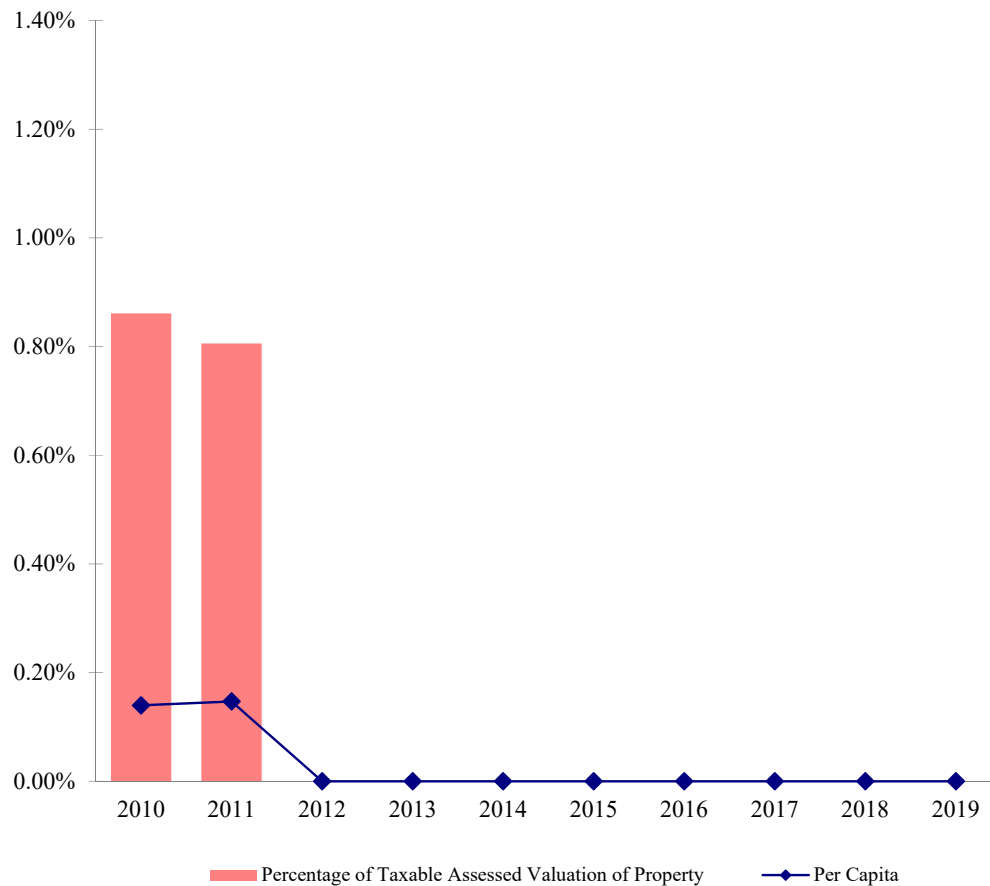
Note: Details regarding the City's outstanding debt can be found in the *notes to the financial statements*.

⁽¹⁾ See Demographic Statistics on page 149.

⁽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⁾
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%
2019	-	-	-	0.00%	0.00%



⁽¹⁾ See Assessed Value of Taxable Property-Last Ten Fiscal Years on page 138.

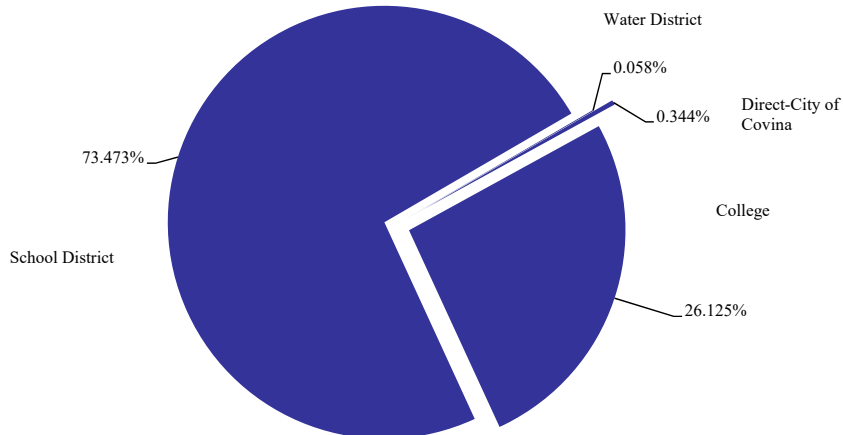
⁽²⁾ See Demographic Statistics on page 149.

⁽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, 2019

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	23,317,224	0.359%	83,738
College:			
Citrus CCD DS 2004 2009 Series C	3,590,302	0.345%	12,375
Citrus CCD DS Refunding Bond Series 2013	10,240,000	0.345%	35,296
Citrus CCD DS 2004 Series 2014D	18,850,425	0.345%	64,974
Citrus CCD DS 2004, 2015 Series E	9,805,000	0.345%	33,796
Citrus CCD DS Ref Bonds 2015 Series A	46,875,000	0.345%	161,571
Mt. San Antonio CCD DS 2008 Series 13A	200,306,691	5.845%	11,707,674
Mt. San Antonio CCD DS 2008 Series 2013B	6,215,000	5.845%	363,259
Mt. San Antonio CCD DS 2013 Series A	58,265,000	5.845%	3,405,516
Mt. San Antonio CCD DS 2013 Series B	32,415,000	5.845%	1,894,616
Mt. San Antonio CCD DS 2008 Series 2015C	32,515,000	5.845%	1,900,461
Mt. San Antonio CCD DS 2015 Ref Bonds	310,700,000	5.845%	18,160,024
School District:			
Azusa Unified 2002 Series 2007	29,438,327	1.424%	419,275
Azusa Unified Refund Bond 2002 Series 2011	14,015,000	1.424%	199,608
Azusa Unified 2014 Series A	24,135,000	1.424%	343,742
Azusa Unified Refund Bond 2016	21,075,000	1.424%	300,160
Azusa Unified 2014 Series B	48,120,000	1.424%	685,348
Charter Oak Unified 2012 Series A	24,840,000	37.819%	9,394,262
Charter Oak Unified 2015 Ref Bonds	9,480,000	37.819%	3,585,250
Charter Oak Unified 2012 Series B	9,890,000	37.819%	3,740,308
Charter Oak Unified Ref 2017	12,945,000	37.819%	4,895,681
Covina Valley Unified 2001 Series B	10,593,151	42.057%	4,455,186
Covina Valley Unified 2006, 07 Series B	896,948	42.057%	377,231
Covina Valley Unified 2001 Refund 2010 Ser A	9,535,000	42.057%	4,010,157
Covina Valley Unified 2012 Series A	26,235,000	42.057%	11,033,714
Covina Valley Unified 2013 Ref Bonds	36,890,000	42.057%	15,514,912
Covina Valley Unified 2012 Series B	36,145,000	42.057%	15,201,586
Covina Valley Unified 2012 Series C	32,320,000	42.057%	13,592,897
Covina Valley Unified 2012 Series C	29,720,000	42.057%	12,499,409
Covina Valley Unified 2012 Series D	14,000,000	42.057%	5,888,012
Subtotal overlapping debt			143,960,036
Total direct and overlapping debt			<u>\$ 144,456,607</u>

Amount Applicable to City of Covina



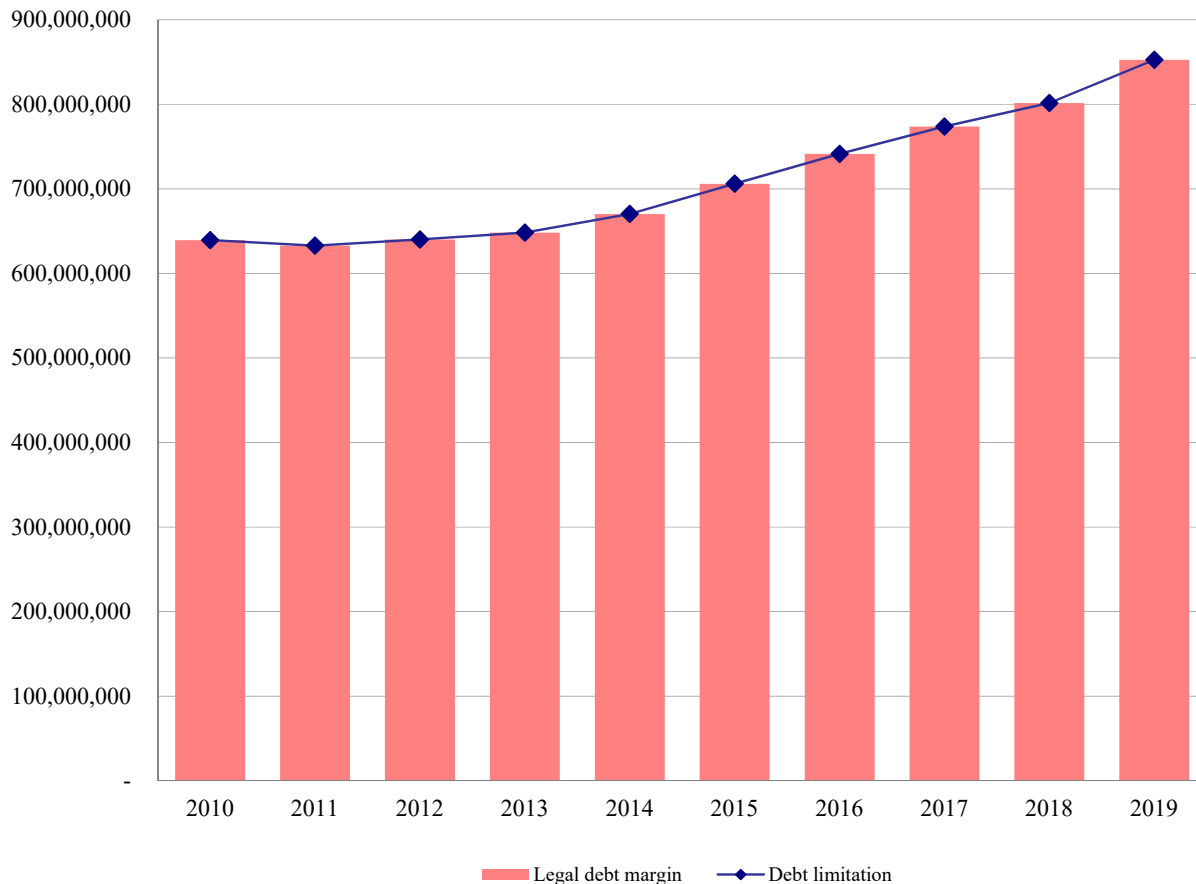
⁽¹⁾ Includes governmental activities debt reported in the Ratios of Outstanding Debt by Type on page 143.

⁽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

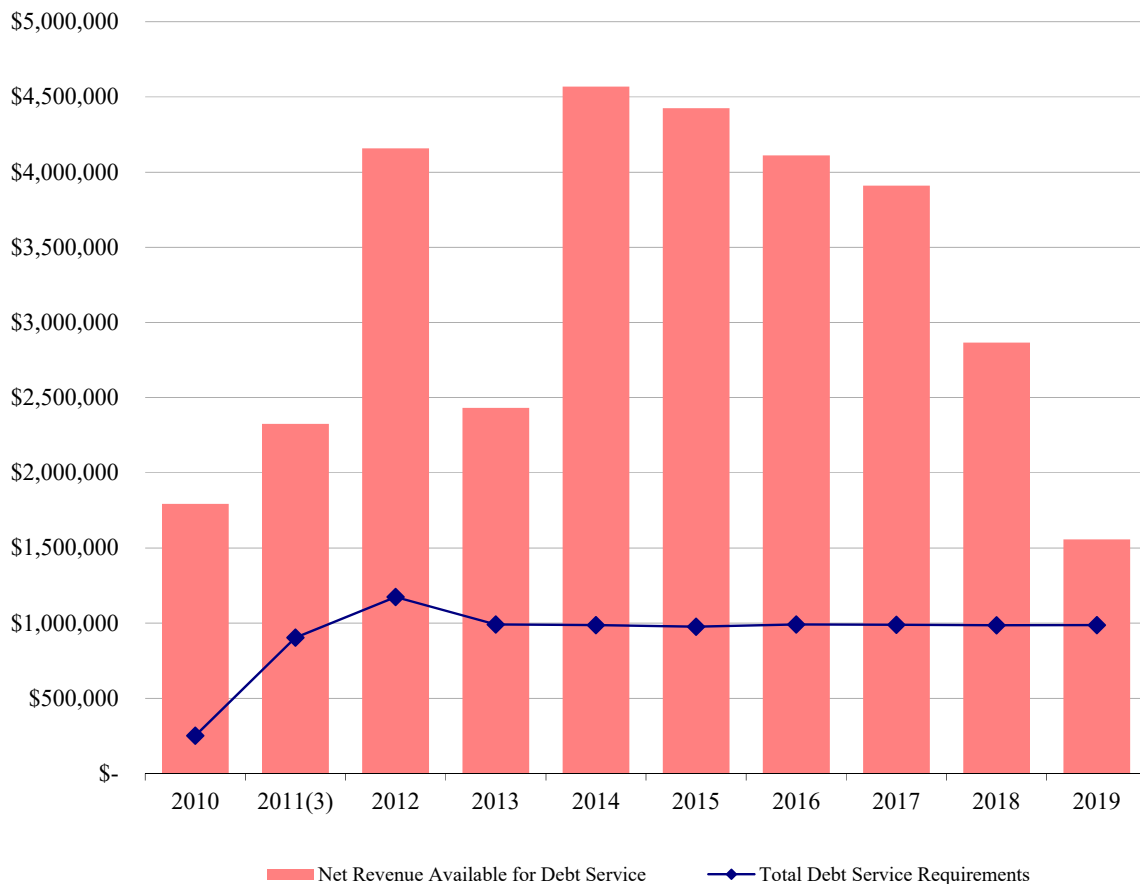
CITY OF COVINA, CALIFORNIA
Legal Debt Margin Information
Last Ten Fiscal Years

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
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
2019	5,499,732,315	184,378,433	5,684,110,748	852,616,612	-	852,616,612



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	
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
2019	9,876,708	8,319,258	1,557,450	315,000	671,613	986,613	1.58



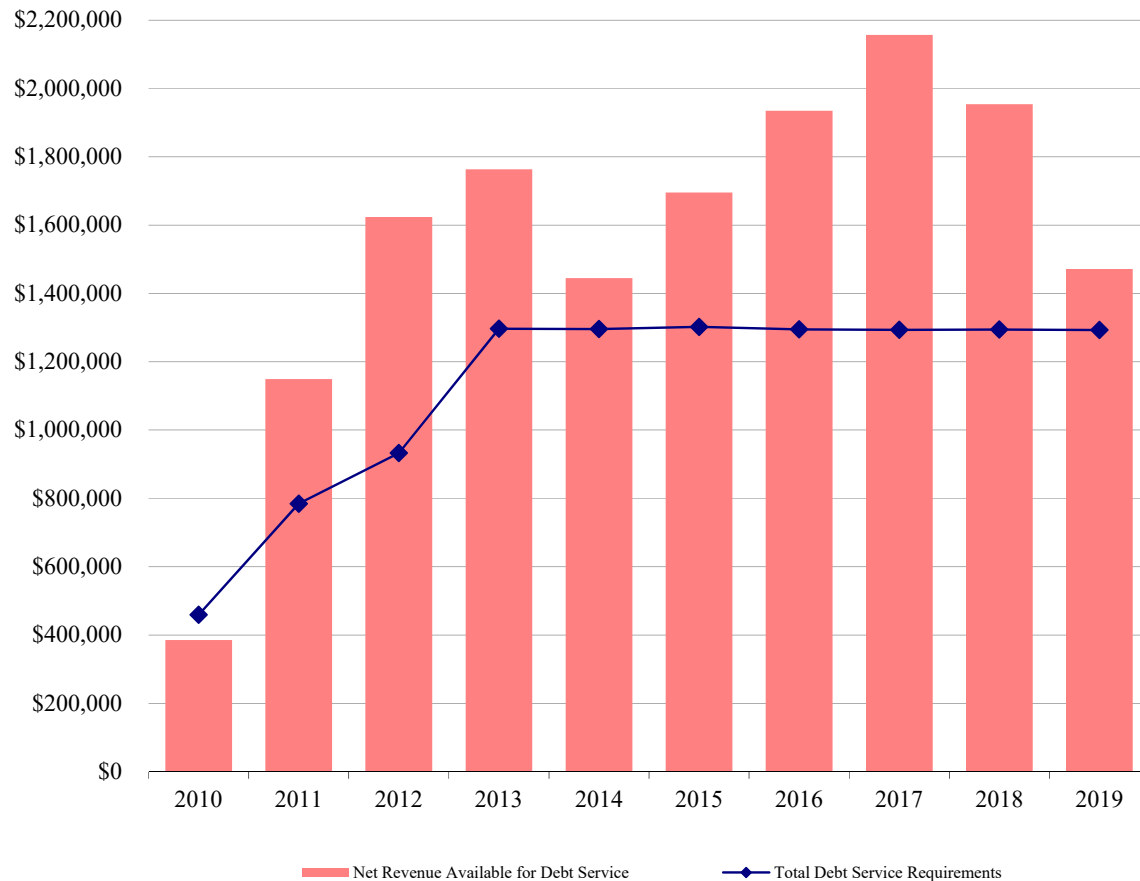
⁽¹⁾ Total revenues (including investment earnings) excluding joint venture investment income and gain on sale of capital assets.

⁽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	
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
2019	3,193,723	1,721,983	1,471,740	745,000	547,900	1,292,900	1.14



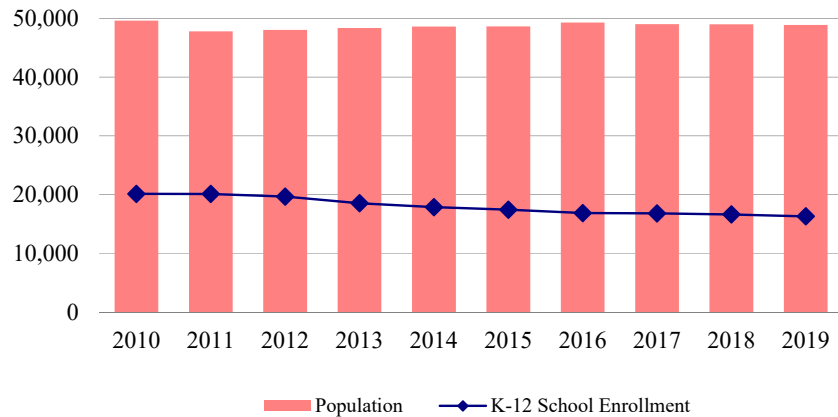
⁽¹⁾ Total revenues (including investment earnings) excluding gain on sale of capital assets.

⁽²⁾ Total operating expenses exclusive of depreciation.

CITY OF COVINA, CALIFORNIA
Demographic and Economic Statistics

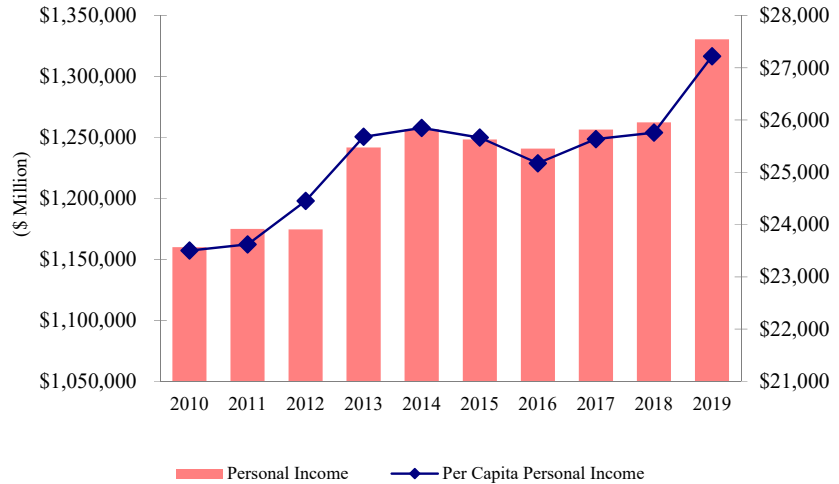
Last Ten Fiscal Years

Year	Population ⁽¹⁾	K-12 School Enrollment ⁽²⁾
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
2019	48,876	16,294



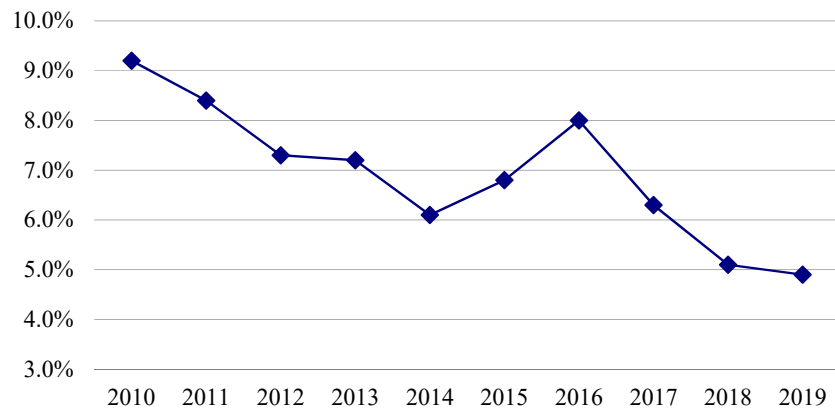
Last Ten Fiscal Years

Year	Personal Income ⁽³⁾ (\$ Thousand)	Per Capita Personal Income ⁽³⁾
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
2019	1,330,564	27,223



Last Ten Fiscal Years

Year	Unemployment Rate ⁽⁴⁾
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%
2019	4.9%



⁽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, 2019

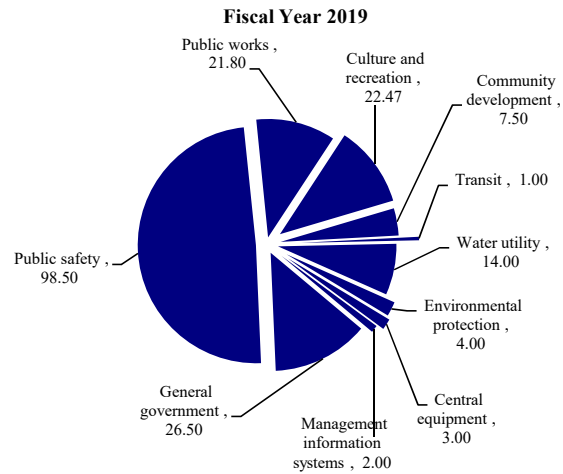
Employer	2019			2018		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Covina Valley Unified School District	1,418	1	8.71%	1,579	1	10.90%
Citrus Valley Health Partners-Intercommunity	1,014	2	6.23%	954	2	6.59%
Charter Oak Unified School District	625	3	3.84%	700	3	4.83%
Wal-Mart	296	4	1.82%	293	4	2.02%
Ikea U.S. West, Inc.	283	5	1.74%	268	5	1.85%
City of Covina	259	6	1.59%	253	6	1.75%
Composites Horizons LLC	242	7	1.49%	223	10	1.54%
Lereta, LLC	237	8	1.46%	229	8	1.58%
Vitas Innovative Hospice Care	230	9	1.41%	230	7	1.59%
Healthcare Partners Affiliates Medical Group	224	10	1.38%	224	9	1.55%
	<u>4,828</u>		<u>29.66%</u>	<u>4,953</u>		<u>34.21%</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
General government	25.00	26.00	27.00	30.00	29.50	23.56	20.56	28.00	25.50	26.50
Public safety	94.50	93.50	91.00	94.00	94.50	99.50	100.50	112.00	99.50	98.50
Public works	20.00	26.50	28.00	25.50	26.50	19.50	19.50	25.00	21.80	21.80
Culture and recreation	41.50	38.50	65.50	57.00	56.50	43.18	43.41	30.94	21.95	22.47
Community development	8.50	2.00	2.50	6.00	5.00	14.50	16.50	7.00	6.50	7.50
Transit	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Redevelopment and housing	8.00	5.50	3.50	-	-	-	-	-	-	-
Water utility	12.50	12.50	12.00	10.00	12.00	14.00	14.00	14.00	14.00	14.00
Environmental protection	3.00	3.00	3.50	2.50	3.50	3.75	3.75	4.00	3.50	4.00
Central equipment	3.50	4.50	4.50	4.00	4.50	5.50	5.50	3.00	3.00	3.00
Management information systems	1.50	4.50	4.50	5.00	5.50	6.00	6.00	1.00	-	2.00
Total full-time equivalent positions	219.50	218.00	243.00	235.00	238.50	230.49	230.72	225.94	196.75	200.77

Source: Finance Department Budget



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

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

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

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

⁽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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	27	26	24	23	23	20	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	81	87	81	81	81
Curb and gutter (miles)	240	240	240	240	240	240	230	230	230	230
Sidewalk (square feet)	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000	1,001,000
Traffic signals	60	60	60	60	60	60	65	65	65	65
Sanitary sewer (miles)	121	121	121	121	121	121	121	121	121	121
Storm water catch basins	71	71	71	82	82	82	82	71	112	112
Street trees	9,576	9,563	9,347	9,325	9,325	9,325	9,465	9,485	9,473	9,501
Parking structure (spaces)	125	125	125	125	125	125	110	110	110	110
Culture and recreation										
Parks and recreation:										
Park acreage	53	53	53	53	53	51	54	54	54	54
Parks	8	8	8	8	8	9	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	9	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	13	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	665	665	665	665
Parking lot (secured bicycle spaces)	36	36	36	36	36	-	40	40	40	56
Transit vehicles	5	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	9	9	9	9	9	9	9
Pump stations	6	6	6	7	7	7	6	6	6	7
Water mains (miles)	102	102	102	102	102	102	102	102	102	102
Service meters	8,437	8,703	8,552	8,650	8,650	8,650	8,633	8,623	8,623	8,600
Fire hydrants	1,043	1,057	1,057	1,059	1,059	1,059	992	1,059	1,059	1,132

⁽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										
	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Water Purchased (in acre-feet)										
Covina Irrigating Company (CIC)	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	5,035.22
Three Valley Muni Water Dist(MWD)	29.50	148.50	-	238.50	1,427.10	931.00	467.20	198.00	62.70	-
Total Purchased	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	5,035.22
Potable Water Sold (in acre-feet)	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	4,720.74
Change from previous year	-3.80%	-14.18%	-0.15%	1.27%	4.73%	-13.11%	-11.39%	2.04%	8.90%	-3.85%
Population	49,622	47,796	48,038	48,357	48,619	49,002	48,984	49,011	49,006	48,876
Cost of CIC Water \$/a-f	\$ 310.00	\$ 425.00	\$ 425.00	\$ 450.00	\$ 475.00	\$ 475.00	\$ 495.00	\$ 495.00	\$ 530.00	\$ 530.00
Cost of MWD Water \$/a-f	692.00	754.00	793.00	849.00	875.00	879.41	906.76	981.67	987.00	987.00

Number of Water Accounts⁽¹⁾	8,178	8,532	8,606	8,583	8,635	8,550	8,638	8,642	8,656	8,701
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Water System Fund Revenues and Expenses ⁽²⁾										
	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	6/30/2019
Operating Revenue										
Charges for Services	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	9,586,220
Operating Expenses										
Source & supply	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	3,116,482
Production & storage	446,230	511,794	507,877	645,858	497,422	556,304	911,509	1,072,317	2,224,760	928,941
Transmission & distribution	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	1,096,437
Customer acct & collections	424,001	640,413	857,370	1,182,150	1,082,024	1,061,295	1,363,414	1,474,373	1,347,476	1,304,399
Administrative & general	921,618	1,026,874	655,696	835,384	904,636	638,819	798,833	238,355	(68,719)	1,872,999
Depreciation	464,462	1,056,167	783,715	779,081	867,235	957,051	953,511	964,403	1,006,332	1,131,906
Total Operating Expenses	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	9,451,164
Net Revenues	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	135,056
1999 Bond Installment Payments	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	986,613
Coverage	5.07	3.01	2.85	2.63	4.71	3.95	3.12	2.84	1.67	0.14

Water Rates ⁽¹⁾										
	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/20*	
Minimum Charge:										
5/8" & 3/4"	\$ 29.65	\$ 30.87	\$ 31.90	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	\$ 33.24	
1"	43.78	45.71	47.33	49.44	49.44	49.44	49.44	49.44	49.44	
1-1/2"	67.32	70.43	73.04	76.43	76.43	76.43	76.43	76.43	76.43	
2"	105.38	108.54	111.80	115.15	115.15	115.15	115.15	115.15	115.15	
3"	197.59	203.52	209.63	215.92	215.92	215.92	215.92	215.92	215.92	
4"	329.30	339.18	349.36	359.84	359.84	359.84	359.84	359.84	359.84	
6"	658.44	678.39	698.74	719.70	719.70	719.70	719.70	719.70	719.70	
8"										
Charge per hundred cubic feet (hcf):										
Single Family (0-16 ccf)	2.37	2.49	2.58	2.71	2.71	2.71	2.71	2.71	2.71	
Single Family (17+ ccf)	2.64	2.77	2.88	3.02	3.02	3.02	3.02	3.02	3.02	
Multi-Family (0-12 ccf)	2.37	2.49	2.58	2.71	2.71	2.71	2.71	2.71	2.71	
Multi-Family (13+ ccf)	2.59	2.71	2.82	2.96	2.96	2.96	2.96	2.96	2.96	
Commercial/Institutional	2.76	2.89	3.01	3.16	3.16	3.16	3.16	3.16	3.16	
Industrial/Manufacturing	2.39	2.51	2.61	2.74	2.74	2.74	2.74	2.74	2.74	
Irrigation/Landscaping	2.76	2.89	3.01	3.16	3.16	3.16	3.16	3.16	3.16	
City/Miscellaneous	2.40	2.52	2.62	2.75	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"										
Private Fire Standby Service:										
4"	19.31	20.08	20.88	21.71	21.71	21.71	21.71	21.71	21.71	
6"	56.09	58.33	60.66	63.09	63.09	63.09	63.09	63.09	63.09	
8"	119.54	124.32	129.29	134.46	134.46	134.46	134.46	134.46	134.46	
10"	214.96	223.56	232.50	241.80	241.80	241.80	241.80	241.80	241.80	

* Information presented is current as of 11/18/19

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	126.41	2.68%	\$238,100.52	2.10%	
Inter-Comm Health SVC	Commercial	99.28	2.10%	\$176,803.92	1.56%	
Nijar Realty Prop 189	Commercial	69.21	1.47%	\$144,041.16	1.27%	
Charter Oak Unified School Dist	Governmental	64.74	1.37%	\$103,086.85	0.91%	
City of Covina	Governmental	48.30	1.02%	\$166,586.40	1.47%	
Miracle Mile Properties LP	Multiple Family	35.22	0.75%	\$56,198.42	0.50%	
BRE DDE Retail Holdings III LLC	Commercial	27.73	0.59%	\$82,683.07	0.73%	
Lvgem Hotel Corporation	Commercial	25.71	0.54%	\$46,618.88	0.41%	
Rayne Soft Water Service	Commercial	20.69	0.44%	\$32,527.11	0.29%	
Rose Street Investors LLC	Commercial	20.39	0.43%	\$31,807.94	0.28%	
TOTALS		537.67	11.39%	\$ 1,078,454	9.52%	
GRAND TOTAL CONSUMPTION		4,720.74	GRAND TOTAL SALES		\$ 11,324,751	

(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										
	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
<u>Operating Revenue</u>										
Special Assessments	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	2,923,535
<u>Operating Expenses</u>										
General & Administrative	688,638	435,948	164,835	522,657	784,732	919,254	785,109	661,138	1,013,663	1,721,983
Depreciation	12,527	25,461	28,319	42,314	110,795	167,735	167,735	167,735	167,735	168,680
Total Operating Expenses	701,165	461,409	193,154	564,971	895,527	1,086,989	952,844	828,873	1,181,398	1,890,663
Net Revenues	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	1,032,872
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	1,292,900
Coverage	0.59	1.46	1.67	1.31	1.02	1.16	1.34	1.49	1.28	0.80
Sewer Rates ⁽¹⁾										
	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019		
	7.06	8.62	8.62	10.36	10.57	10.88	11.21	11.55		

⁽¹⁾ Monthly Rates