

# CITY OF WESTMINSTER, CALIFORNIA



## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

**CITY OF WESTMINSTER, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**WITH REPORT ON AUDIT**  
**BY INDEPENDENT**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
**YEAR ENDED JUNE 30, 2015**

**Prepared by the Finance Department**

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CITY OF WESTMINSTER

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## **INTRODUCTORY SECTION**



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# City of Westminster

8200 Westminster Boulevard, Westminster, CA 92683 714.898.3311  
www.westminster-ca.gov

November 30, 2015

Honorable Tri Ta, Mayor  
Honorable Members of the Council of the City of Westminster  
Citizens of the City of Westminster:

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Westminster (the City) for the fiscal year ended June 30, 2015. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

White Nelson Diehl Evans, LLP, an independent firm of licensed certified public accountants, audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Westminster for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Westminster's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. This is the most favorable conclusion and is commonly known as an "unmodified" or "clean" opinion. The independent auditor's report is presented as the first component of the financial section of this report.

This report consists of management's representations concerning the finances of the City of Westminster. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Westminster has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Westminster's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Westminster's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

TRI TA  
Mayor

SERGIO CONTRERAS  
Mayor Pro Tem

DIANA LEE CAREY  
Council Member

TYLER DIEP  
Council Member

MARGIE L. RICE  
Council Member

EDDIE MANFRO  
City Manager

The independent audit of the financial statements of the City of Westminster was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Westminster’s separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

## **PROFILE OF THE CITY OF WESTMINSTER**

The City of Westminster, incorporated in 1957, is located in the northeast corner of Orange County. The City of Westminster currently occupies a land area of 10.6 square miles and serves a population of 92,106.

The City of Westminster operates under the council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of the Mayor and four Council Members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, hiring the City Manager and appointing the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the City’s department heads. The City Council is elected, at large, on a non-partisan basis. The Mayor is elected, at large, to serve a two-year term. Council Members serve four-year staggered terms, with two Council Members elected every two years.

The City of Westminster provides a full range of services, including police, water utility, street and infrastructure maintenance and construction, recreational and cultural services, planning and community development and general administration. The City contracts with the Orange County Fire Authority (OCFA) for the provision of fire protection and emergency medical services. The City of Westminster also is financially accountable for the legally separate Westminster Public Financing Authority and Westminster Housing Authority. The City has accounted for these entities as “blended” component units and therefore they have been included as an integral part of the City of Westminster’s financial statements.

The City of Westminster currently prepares a one-year budget with appropriations approved by the City Council annually. The annual budget serves as the foundation for the City of Westminster’s financial planning and control. All departments of the City of Westminster are required to submit requests for appropriations to the City Manager each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Westminster’s fiscal year.

The budget is prepared by fund (e.g., general), department (e.g., public works), and program (e.g., engineering). Department directors may make transfers of appropriations within a department. Transfers of appropriations between departments within the same fund require the City Manager's approval. Transfers between funds, as well as any increase to appropriations, require approval of the City Council.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general and major governmental funds, this comparison is presented as part of the required supplementary information section of the report. For other funds with appropriated annual budgets, this comparison is presented as part of the other supplementary information section of the report.

## **FACTORS AFFECTING ECONOMIC CONDITION**

The information presented in the financial statements is perhaps best understood when considered within the broader perspective of the specific environment within which the City of Westminster operates.

### **Local Economy**

The long recovery from the "Great Recession" has now entered its sixth year. But there are signs that the economic recovery is picking up steam both in California and in Orange County.

Economists currently expect California and local jurisdictions within Orange County will experience medium paced growth as the real estate and financial markets continue to strengthen. The City has begun to see a marked improvement in its real estate market, as measured by the growth in assessed valuations. Total assessed values grew by 6.25% in 2015 and will grow by over 8% in 2016. Tax revenue – primarily property and sales – comprise the majority of Westminster's general fund revenue (78%). Therefore, improvements to the local real estate and retail markets will directly impact the City's revenues in a positive manner.

Job growth in Orange County is expected to be in the range of 3% for the coming year, with unemployment in Orange County dropping to below 4% for the first time in a decade. In Westminster, the unemployment rate has now fallen below 6%. Median home prices in the county are expected to rise by about 4% in the coming year. The current median home value in Westminster stands around \$550,000.

The City of Westminster's central location in the Orange County/Los Angeles region provides many opportunities to reap the benefits of renewed consumer confidence and the improving economy.

The City continues to enjoy its position as the internationally recognized social, cultural, and retail hub of the Vietnamese American community. The Little Saigon marketplace serves as an important economic engine for the City. Retailers there are provided with the opportunity to reach a broad demographic base that is actively looking for variety in shopping and entertainment choices, from large, well-established brands to emerging and specialty boutiques.

Westminster has a very diversified retail base and is also the home to many national retailers including: Lexus, Toyota, Honda, Infiniti, Wal-Mart, Home Depot, Best Buy, Macy's, Target, J.C. Penney and Sears. A new Costco Business Center is expected to open in December 2015. Westminster is also home to major motorcycle and recreation vehicle dealerships, including Harley Davidson, Indian Motorcycle, Airstream and Dillon RV. In addition to property tax revenue, the City relies heavily on sales tax revenue to support its general fund. As consumer confidence improves, the City forecasts continued growth in its sales tax revenue.

An accessible central location, a unique Vietnamese-American market niche, and the demonstrated ability to attract both large national chains, while supporting smaller emerging businesses, are all examples of Westminster's economic versatility and its potential for long-term sustainable growth.

### **New Accounting Pronouncements**

The City of Westminster contracts with the California Public Employees Retirement System (CalPERS) to provide retirement, disability, and death and survivor benefits for all eligible employees. The City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27, and GASB Statement No. 71, "Pension Transition for Contributions made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68" during the current fiscal year. The effect of this implementation on the government-wide financial statements was to create a deficit balance for governmental activities unrestricted net position of \$38.2 million at year-end. This compares to a positive unrestricted net position for governmental activities of \$47.9 million at June 30, 2014. The deficit should not be considered, in and of itself, evidence of economic or financial difficulties. The City will continue to fully fund its annual pension obligations in the future, by contributing the required amounts each year as determined by the systems' actuaries.

### **Redevelopment Elimination and the City's Response**

The State legislative action having the most impact on Westminster in recent years dealt with the dissolution of redevelopment throughout California. Westminster continues to deal with the aftermath of the passage of Assembly Bills 1x 26 and 1484 – the two bills which dissolved redevelopment effective January 31, 2012. (See Note 16 of these financial statements for more information on the dissolution of redevelopment.) The elimination of the Westminster Redevelopment Agency has had a significant impact on the City's ability to maintain capital improvement schedules and fund future projects. In addition to significantly hindering the City's ability to fund capital improvement projects and support economic development efforts, the dissolution directly impacts the City's general fund as the Westminster Redevelopment Agency was staffed by City personnel.

Westminster was dealt this significant setback at the time it was dealing with the deleterious effects of the recession on its budget. To help mitigate the recessionary impacts on general fund revenues along with the loss of redevelopment funds, staff reduced the operating budget through a number of means. Two early retirement incentive programs ("golden handshakes") were implemented in fiscal years 2009-10 and 2010-11 in an effort to shrink the City's workforce. In addition, a severance package was given to employees whose jobs were eliminated at the beginning of fiscal year 2012-13. While salaries have increased slightly in the last two fiscal years, the City is still \$2.5 million, or 9.4% below fiscal year 2009-10 totals.

## **Outlook for the Future**

The City continues to struggle with a chronic structural deficit. Long-term financial projections show a continued deficit and future budget development processes will be focused on various means to erase the deficit and restore ongoing fiscal health to the City.

The City's ability to restrain ongoing expenditures while maintaining suitable levels of service will be a key factor in helping achieve sustained fiscal health. However, ongoing expenditures continue to grow at a faster pace than ongoing revenues. Westminster's future sustainability, in terms of its ability to deliver acceptable levels of public services, particularly public safety services, is dependent upon the generation of revenues adequate to support them. Since law enforcement and fire services represent 78% of the City's General Fund budget, any increase in these costs has a dramatic impact on the remaining services and the City's overall financial condition.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Westminster for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the 20th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its two year budget document dated July 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of a number of City staff and departments, especially the Administrative Services Department's Finance Division. I would like to express my appreciation to all members of the City staff who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Westminster's finances.

Respectfully submitted,



Chet Simmons  
Assistant City Manager

**CITY OF WESTMINSTER**

Principal Officials

**CITY COUNCIL**

TRI TA, Mayor

SERGIO CONTRERAS, Mayor Pro Tem

DIANA LEE CAREY, Council Member

TYLER DIEP, Council Member

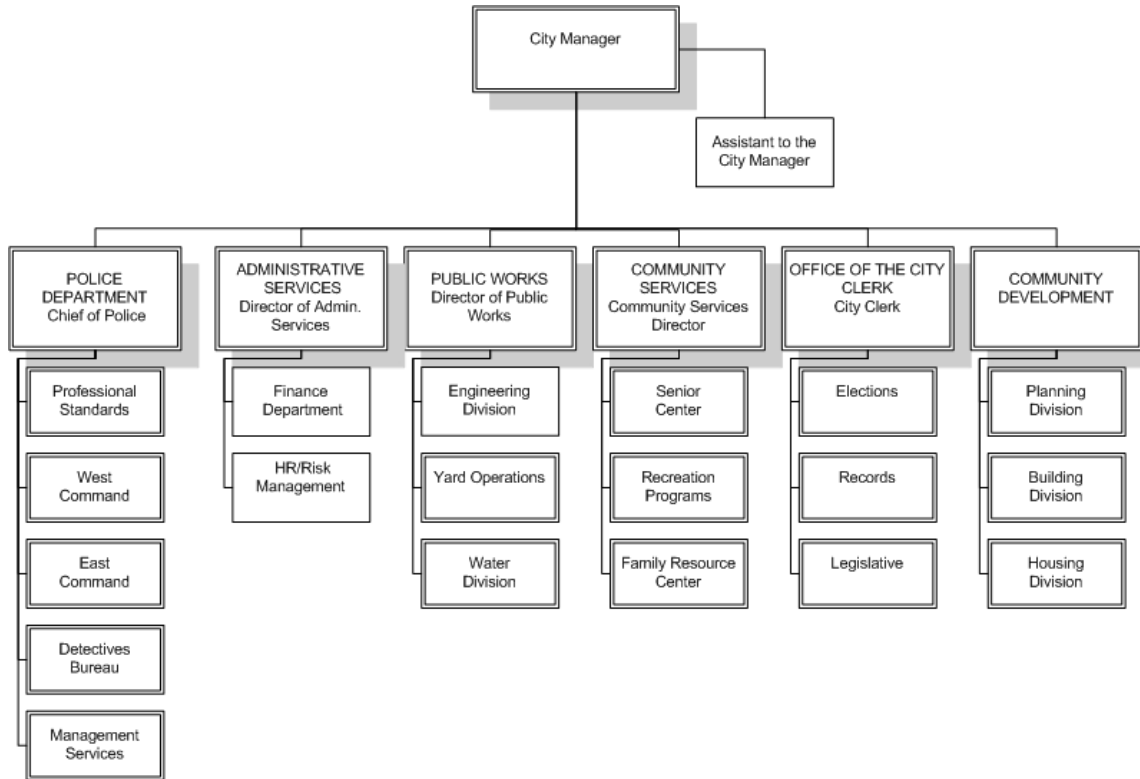
MARGIE L. RICE, Council Member

**CITY STAFF**

|                  |                                     |
|------------------|-------------------------------------|
| Eddie Manfro     | City Manager                        |
| Chester Simmons  | Assistant City Manager              |
| Richard D. Jones | City Attorney                       |
| Kevin Baker      | Police Chief                        |
| Diana Dobbert    | Community Services Director         |
| Amanda Jensen    | Interim City Clerk                  |
| Soroosh Rahbari  | Community Development Director      |
| Marwan Youssef   | Public Works Director/City Engineer |

# CITY OF WESTMINSTER

## Organizational Chart







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Westminster  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## **FINANCIAL SECTION**

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**CITY OF WESTMINSTER**

Comprehensive Annual Financial Report

June 30, 2015

Financial Section

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## INDEPENDENT AUDITORS' REPORT

City Council Members  
City of Westminster  
Westminster, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Westminster (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Westminster, as of June 30, 2015, 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 Matters**

As discussed in Notes 1 and 17 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". The adoption of these standards required retrospective application resulting in a \$81,785,840 and \$2,939,865 reduction of previously reported net position, in the governmental activities and business-type activity, respectively. As discussed in Note 17, the City restated the net position of the governmental activities, the business-type activity and the water enterprise fund to reallocate \$1,990,383 of the other post-employment benefits liability. Our opinions are not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the CalPERS pension plans - schedule of proportionate share of the net pension liability and the schedule of contributions - safety plan, the schedule of changes in the net pension liability and related ratios and the schedule of contributions - miscellaneous plan, the PARS pension plan - schedule of changes in the net pension liability and related ratios and the schedule of contributions, the schedule of funding progress - other post-employment benefit plan, and the budgetary comparison schedules, 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, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## **Other Matters (Continued)**

### *Other Information (Continued)*

The supplementary information 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 November 30, 2015, 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.



Irvine, California  
November 30, 2015



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## **CITY OF WESTMINSTER**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Westminster (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015, along with comparisons to the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the financial statements that follow.

### **FINANCIAL HIGHLIGHTS**

At the close of fiscal year 2015, the City's net position – the difference between its assets and deferred outflows of resources compared to its liabilities and deferred inflows of resources – was \$222.2 million, a decrease of \$10.0 million or 4.32% from the prior year restated amount of \$232.2 million. While the net position of business-type activity increased by \$5.2 million or 16.83%, the net position of governmental activities decreased by \$15.2 million or 7.55%.

The net position of \$222.2 million consisted of: \$234.1 million of net investment in capital assets; \$19.0 million of resources that are subject to external restrictions on how they may be used; \$7.4 million that may be used to meet the City's obligations for its business-type activity; and a \$38.3 million deficit related to its governmental activities.

The City's total revenues for fiscal year 2015 were \$87.3 million and total expenses were \$80.3 million. Revenues increased by \$14.0 million over the prior year, while expenses decreased by \$2.9 million. The increase in revenue is mostly due to an increase of \$13.2 million in capital grants and contributions. Expenses decreased for all but one of the City's programs, with the largest change coming from public safety, which had a decrease of \$3.5 million. Extraordinary losses were \$17.0 million this year, compared to \$19.2 million last year.

As of June 30, 2015 the City's governmental funds reported a combined ending fund balance of \$74.7 million, a decrease of \$6.7 million. Of this amount, \$41.9 million (the sum of assigned and unassigned fund balances) is available for spending at the City's discretion.

Unassigned fund balance for the General Fund at June 30, 2015 was \$22.1 million, or 45.47% of total General Fund expenditures. This compares to \$24.1 million at June 30, 2014, which was 52.48% of General Fund expenditures for that year.

Total City debt (excluding compensated absences, claims, OPEB, and pension liabilities) decreased by \$0.9 million or 10.5%. The changes in debt consisted of principal reduction payments and a decrease in leases payable.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **Government-wide Financial Statements**

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

The *statement of net position* presents information on the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent 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. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid (e.g., uncollected taxes or earned but unused vacation leave).

Both of these statements distinguish functions of the City government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the City include general government, public safety, public works, community development and community services. A business-type activity of the City includes the water utility.

## **Fund Financial Statements**

Fund financial statements are designed to report information about groupings of related accounts 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. City funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the 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 a government's near-term financing requirements.

Because 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized by their type (general, special revenue, and capital improvements funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Westminster Housing Authority, Housing and Community Development, Special Gas Tax and Street Improvements, and Capital Improvements, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the other governmental funds is provided in the form of combining statements and schedules elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. Budgetary comparison statements have been provided to demonstrate compliance with this budget.

**Proprietary funds** are generally used to account for services for which the City charges outside customers, or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two 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 uses an enterprise fund to account for the operations of water.
- **Internal service funds** are used to report activities that provide internal services for the City. The City uses internal service funds to account for its equipment replacement, general benefits, liability administration, information systems and equipment, and government buildings. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **Notes to the Basic Financial Statements**

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

### **Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to City employees. Also included in this section are the budgetary comparison schedules for the general and major special revenue funds.

**Other Supplementary Information**

Combining statements and individual fund statements for non-major governmental funds, internal service funds and the agency fund are presented immediately following the required supplementary information.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Analysis of Net Position**

City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$222.2 million at June 30, 2015. This is a decrease of \$10.0 million for the year, as the condensed summaries of the statement of net position show below and on the following pages. Last year, in comparison, the City’s net position decreased by \$29.1 million.

| <b>Condensed Statement of Net Position<br/>Primary Government</b> |                          |                           |   |   |
|---|--------------------------|---------------------------|---|---|
|   | <b>June 30,<br/>2015</b> | <b>June 30,<br/>2014*</b> | <b>Increase/<br/>(Decrease)<br/>From 2014</b> | <b>Percent<br/>Increase/<br/>(Decrease)</b> |
| <b>Assets:</b>  |                          |                           |   |   |
| Current and other assets  | \$ 116,667,540           | \$ 119,802,586            | \$ (3,135,046)                                | -2.62%                                      |
| Capital assets, net of<br>accumulated depreciation                | 241,720,725              | 248,789,337               | (7,068,612)                                   | -2.84%                                      |
| <b>Total assets</b>   | <b>358,388,265</b>       | <b>368,591,923</b>        | <b>(10,203,658)</b>                           | <b>-2.77%</b>                               |
| <b>Deferred Outflows of Resources:</b>                            | <b>5,012,369</b>         | <b>4,877,910</b>          | <b>134,459</b>                                | <b>2.76%</b>                                |
| <b>Liabilities:</b>   |                          |                           |   |   |
| Current and other liabilities                                     | 16,559,899               | 17,676,956                | (1,117,057)                                   | -6.32%                                      |
| Long-term liabilities   | 105,776,026              | 123,558,568               | (17,782,542)                                  | -14.39%                                     |
| <b>Total liabilities</b>  | <b>122,335,925</b>       | <b>141,235,524</b>        | <b>(18,899,599)</b>                           | <b>-13.38%</b>                              |
| <b>Deferred Inflows of Resources:</b>                             | <b>18,863,237</b>        | <b>-</b>                  | <b>18,863,237</b>                             | <b>~</b>                                    |
| <b>Net position:</b>  |                          |                           |   |   |
| Net investment in capital assets                                  | 234,065,105              | 240,241,378               | (6,176,273)                                   | -2.57%                                      |
| Restricted  | 19,018,748               | 21,035,894                | (2,017,146)                                   | -9.59%                                      |
| Unrestricted  | (30,882,381)             | (29,096,333)              | (1,786,048)                                   | 6.14%                                       |
| <b>Total net position</b>   | <b>\$ 222,201,472</b>    | <b>\$ 232,180,939</b>     | <b>\$ (9,979,467)</b>                         | <b>-4.30%</b>                               |

\* As restated and disclosed in Note 17 to the Basic Financial Statements.

The City’s total restricted portion of net position for governmental and business-type activities combined (\$19.0 million or 8.6% of total net position) represents resources that are subject to external restrictions on how they may be used. This is a \$2.0 million, or 9.59% decrease from prior year.

The largest portion (105.3%) of the City’s net position reflects its investment of \$234.1 million in capital assets (net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall decrease of \$6.2 million, or 2.57% from the prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position has a deficit balance of \$30.9 million at June 30, 2015. The unrestricted net position for business-type activity has a balance of \$7.4 million or 3.3% of total net position. These funds may be used to meet the City's ongoing obligations for business-type activities. The deficit balance for the unrestricted net position related to governmental activities of \$38.3 million is the result of this year's implementation of the new GASB statements related to pension liabilities. The deficit reflects the extent to which the City must defer to future periods the financing of a portion of its pension liability. Generally accepted accounting principles require financial statement recording when a liability is incurred. However, the City, like many other governments, raises and budgets resources needed to liquidate certain liabilities during the year in which the liability is to be liquidated rather than during the year in which the liability is incurred. In the case of the pension liability, the City will continue to fund its obligations on an actuarial basis, contributing the full amount of annual required contributions to the pension system every year.

| <b>Condensed Statement of Net Position<br/>Governmental Activities</b> |                          |                           |   |   |
|--|--------------------------|---------------------------|---|---|
|  | <b>June 30,<br/>2015</b> | <b>June 30,<br/>2014*</b> | <b>Increase/<br/>(Decrease)<br/>From 2014</b> | <b>Percent<br/>Increase/<br/>(Decrease)</b> |
| <b>Assets:</b>   |                          |                           |   |   |
| Current and other assets   | \$101,966,578            | \$109,800,182             | \$ (7,833,604)                                | -7.13%                                      |
| Capital assets, net of<br>accumulated depreciation                     | 209,036,368              | 216,390,491               | (7,354,123)                                   | -3.40%                                      |
| Total assets   | <u>311,002,946</u>       | <u>326,190,673</u>        | <u>(15,187,727)</u>                           | -4.66%                                      |
| Deferred Outflows of Resources:  | <u>4,598,774</u>         | <u>4,448,424</u>          | <u>150,350</u>                                | 3.38%                                       |
| <b>Liabilities:</b>  |                          |                           |   |   |
| Current and other liabilities  | 14,039,071               | 15,173,283                | (1,134,212)                                   | -7.48%                                      |
| Long-term liabilities  | 97,194,642               | 114,233,649               | (17,039,007)                                  | -14.92%                                     |
| Total liabilities  | <u>111,233,713</u>       | <u>129,406,932</u>        | <u>(18,173,219)</u>                           | -14.04%                                     |
| Deferred Inflows of Resources:   | <u>18,325,404</u>        | <u>-</u>                  | <u>18,325,404</u>                             | ~   |
| <b>Net position:</b>   |                          |                           |   |   |
| Net investment in capital assets                                       | 205,398,439              | 212,179,772               | (6,781,333)                                   | -3.20%                                      |
| Restricted   | 18,906,200               | 20,922,791                | (2,016,591)                                   | -9.64%                                      |
| Unrestricted   | (38,262,036)             | (31,870,398)              | (6,391,638)                                   | 20.06%                                      |
| Total net position   | <u>\$186,042,603</u>     | <u>\$201,232,165</u>      | <u>\$ (15,189,562)</u>                        | -7.55%                                      |

\*As restated and disclosed in Note 17 to the Basic Financial Statements.

**Governmental activities** show an overall decrease in total assets of \$15.2 million or 7.55%. Key changes in the statement of net position are as follows:

Current and other assets decreased by \$7.8 million or 7.13%. The greatest change occurred in restricted assets – cash and investments which decreased by \$5.1 million. This was primarily due to \$4.0 million from the governmental Capital Project Fund being transferred to the proprietary Enterprise Fund. This amount had been reserved for water conservation and capital projects, and will now be presented as part of the Enterprise Fund financials.

Capital assets, net of accumulated depreciation decreased by \$7.4 million or 3.4%. This was primarily due to the transferring back of an asset to SAWRA. In February 2012, when the WRA was dissolved, several capital assets were transferred to the City. Pursuant to Health and Safety Code (HS&C) section 34181 (a), -successor agencies may transfer assets that were constructed and used for a governmental purpose to the appropriate public jurisdiction. In prior year, multiple assets were transferred back, and in the current year, a parking structure valued at \$17.0 million was transferred back. These assets were deemed to be “not currently in use for governmental purposes” by the California Department of Finance (DOF). These assets are included on SAWRA’s Long-Range Property Management Plan (LRPMP) for further review by the DOF. To the extent that SAWRA can demonstrate that the properties in question are going to be developed for future governmental use, they could be transferred back to the City once the LRPMP is approved by the DOF. The transfer of the parking structure also contributed to the decrease of \$6.8 million or 3.2% in net assets – invested in capital assets. Additional information can be found in Notes 6 and 15 in the Notes to the Basic Financial Statements.

Deferred outflows of resources increased by \$0.15 million, or 3.38%; long-term liabilities decreased by \$17.0 million or 14.92%; and deferred inflows of resources increased by \$18.3 million. When these three categories are considered together, the net change is an increase of \$1.1 million or 1.0%. The majority of this change is attributable to pension liability. The City implemented GASB Statements No. 68 and No. 71 in fiscal year 2015. For defined benefit pension plans, these statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. These statements also require that pension liabilities be shown on the face of the financial statements for the first time. Fiscal year 2014 was restated to conform to the provisions of these statements. More detailed information can be found in Notes 8, 9, 11, 15 and 17 in the Notes to the Basic Financial Statements.

Current and other liabilities decreased by \$1.1 million or 7.48%. The majority of this change is due to a decrease of \$1.7 million in accounts payable and other liabilities. In fiscal year 2014, this category had increased by \$2.2 million due to an outstanding capital project and legal invoices at year end.

**Condensed Statement of Net Position  
Business-type Activity**

|  | <b>June 30,<br/>2015</b> | <b>June 30,<br/>2014*</b> | <b>Increase/<br/>(Decrease)<br/>From 2014</b> | <b>Percent<br/>Increase/<br/>(Decrease)</b> |
|--|--------------------------|---------------------------|---|---|
| <b>Assets:</b>                                     |                          |                           |   |   |
| Current and other assets                           | \$ 14,700,962            | \$ 10,002,404             | \$ 4,698,558                                  | 46.97%                                      |
| Capital assets, net of<br>accumulated depreciation | 32,684,357               | 32,398,846                | 285,511                                       | 0.88%                                       |
| Total assets                                       | <u>47,385,319</u>        | <u>42,401,250</u>         | <u>4,984,069</u>                              | 11.75%                                      |
| Deferred Outflows of Resources:                    | <u>413,595</u>           | <u>429,486</u>            | <u>(15,891)</u>                               | -3.70%                                      |
| <b>Liabilities:</b>                                |                          |                           |   |   |
| Current and other liabilities                      | 2,520,828                | 2,503,673                 | 17,155  | 0.69%                                       |
| Long-term liabilities                              | 8,581,384                | 9,378,289                 | (796,905)                                     | -8.50%                                      |
| Total liabilities                                  | <u>11,102,212</u>        | <u>11,881,962</u>         | <u>(779,750)</u>                              | -6.56%                                      |
| Deferred Inflows of Resources:                     | <u>537,833</u>           | <u>-</u>                  | <u>537,833</u>                                | ~   |
| <b>Net position:</b>                               |                          |                           |   |   |
| Net investment in capital assets                   | 28,666,666               | 28,061,606                | 605,060                                       | 2.16%                                       |
| Restricted   | 112,548                  | 113,103                   | (555)   | -0.49%                                      |
| Unrestricted                                       | 7,379,655                | 2,774,065                 | 4,605,590                                     | 166.02%                                     |
| Total net position                                 | <u>\$ 36,158,869</u>     | <u>\$ 30,948,774</u>      | <u>\$ 5,210,095</u>                           | 16.83%                                      |

\*As restated and disclosed in Note 17 to the Basic Financial Statements.

**Business-type activity** shows an overall increase of \$5.2 million or 16.83%. Key changes in the net position of business-type activity were as follows:

The greatest changes occurred in current and other assets, which increased by \$4.7 million or 46.97%, and unrestricted net position, which increased by \$4.6 million or 166.02%. The majority of the change in these two categories resulted from the transferring of cash of \$4.0 million from the governmental Capital Projects Fund to the proprietary Enterprise Fund. These assets were related to the water utility's water conservation program and capital projects fund. The Enterprise Fund will now maintain these assets.



## Analysis of Activities

The statement of activities shows how the government's net position changed during fiscal year 2015. The City's net position decreased overall by \$10 million as shown on the condensed summaries below and on the following pages.

| <b>Condensed Statement of Activities</b>   |                           |                          |   |   |
|--|---------------------------|--------------------------|---|---|
| <b>Primary Government</b>                  |                           |                          |   |   |
|  | <b>For the year ended</b> |                          | <b>Increase/<br/>(Decrease)<br/>From 2014</b> | <b>Percent<br/>Increase/<br/>(Decrease)</b> |
|  | <b>June 30,<br/>2015</b>  | <b>June 30,<br/>2014</b> |   |   |
| Revenues:                                  |                           |                          |   |   |
| Program revenues:                          |                           |                          |   |   |
| Charges for services                       | \$ 23,283,090             | \$ 23,735,368            | \$ (452,278)                                  | -1.91%                                      |
| Operating grants and contributions         | 8,827,408                 | 8,656,867                | 170,541                                       | 1.97%                                       |
| Capital grants and contributions           | 16,638,708                | 3,435,672                | 13,203,036                                    | 384.29%                                     |
| General revenues:                          |                           |                          |   |   |
| Taxes                                      | 37,914,989                | 36,872,233               | 1,042,756                                     | 2.83%                                       |
| Unrestricted investment earnings           | 658,865                   | 668,365                  | (9,500)                                       | -1.42%                                      |
| <b>Total Revenues</b>                      | <b>87,323,060</b>         | <b>73,368,505</b>        | <b>13,954,555</b>                             | <b>19.02%</b>                               |
| Expenses:                                  |                           |                          |   |   |
| General government                         | 3,280,458                 | 3,312,809                | (32,351)                                      | -0.98%                                      |
| Public safety                              | 40,670,172                | 44,091,261               | (3,421,089)                                   | -7.76%                                      |
| Public works                               | 11,358,510                | 12,016,265               | (657,755)                                     | -5.47%                                      |
| Community development                      | 8,417,841                 | 7,843,505                | 574,336                                       | 7.32%                                       |
| Community services                         | 2,854,580                 | 2,863,068                | (8,488)                                       | -0.30%                                      |
| Interest on long term debt                 | 185,852                   | 201,770                  | (15,918)                                      | -7.89%                                      |
| Water enterprise                           | 13,625,444                | 12,879,866               | 745,578                                       | 5.79%                                       |
| <b>Total Expenses</b>                      | <b>80,392,857</b>         | <b>83,208,544</b>        | <b>(2,815,687)</b>                            | <b>-3.38%</b>                               |
| Excess (Deficit) of Revenues over Expenses | 6,930,203                 | (9,840,039)              | 16,770,242                                    | -170.43%                                    |
| Extraordinary loss                         | (16,963,040)              | (19,235,515)             | 2,272,475                                     | ~   |
| Restatement*                               | -                         | (84,672,335)             | 84,672,335                                    | ~   |
| <b>Change in Net Position</b>              | <b>(10,032,837)</b>       | <b>(113,747,889)</b>     | <b>103,715,052</b>                            | <b>-91.18%</b>                              |
| Net Position - Beginning of Year, Restated | 232,234,309               | 345,982,198              | (113,747,889)                                 | -32.88%                                     |
| Net Position - End of Year                 | <u>\$ 222,201,472</u>     | <u>\$ 232,234,309</u>    | <u>\$ (10,032,837)</u>                        | -4.32%                                      |

\*As restated and disclosed in Note 17 to the Basic Financial Statements.

**Condensed Statement of Activities  
Governmental Activities**

|  | <u>For the year ended</u> |                          | <b>Increase/<br/>(Decrease)<br/>From 2014</b> | <b>Percent<br/>Increase/<br/>(Decrease)</b> |
|--|---------------------------|--------------------------|---|---|
|  | <u>June 30,<br/>2015</u>  | <u>June 30,<br/>2014</u> |   |   |
| Revenues:                                  |                           |                          |   |   |
| Program revenues:                          |                           |                          |   |   |
| Charges for services                       | \$ 9,080,992              | \$ 8,993,286             | \$ 87,706                                     | 0.98%                                       |
| Operating grants and contributions         | 8,827,408                 | 8,656,867                | 170,541                                       | 1.97%                                       |
| Capital grants and contributions           | 16,638,708                | 3,435,672                | 13,203,036                                    | 384.29%                                     |
| General revenues:                          |                           |                          |   |   |
| Taxes                                      | 37,914,989                | 36,872,233               | 1,042,756                                     | 2.83%                                       |
| Unrestricted investment earnings           | 550,512                   | 632,038                  | (81,526)                                      | -12.90%                                     |
| <b>Total Revenues</b>                      | <u>73,012,609</u>         | <u>58,590,096</u>        | <u>14,422,513</u>                             | <u>24.62%</u>                               |
| Expenses:                                  |                           |                          |   |   |
| General government                         | 3,280,458                 | 3,312,809                | (32,351)                                      | -0.98%                                      |
| Public safety                              | 40,616,802                | 44,091,261               | (3,474,459)                                   | -7.88%                                      |
| Public works                               | 11,358,510                | 12,016,265               | (657,755)                                     | -5.47%                                      |
| Community development                      | 8,417,841                 | 7,843,505                | 574,336                                       | 7.32%                                       |
| Community services                         | 2,854,580                 | 2,863,068                | (8,488)                                       | -0.30%                                      |
| Interest on long term debt                 | 185,852                   | 201,770                  | (15,918)                                      | -7.89%                                      |
| <b>Total Expenses</b>                      | <u>66,714,043</u>         | <u>70,328,678</u>        | <u>(3,614,635)</u>                            | <u>-5.14%</u>                               |
| Excess (Deficit) of Revenues over Expenses | 6,298,566                 | (11,738,582)             | 18,037,148                                    | -153.66%                                    |
| Transfers                                  | (4,525,088)               | 660,654                  | (5,185,742)                                   | -784.94%                                    |
| Extraordinary loss                         | (16,963,040)              | (19,235,515)             | 2,272,475                                     | -11.81%                                     |
| Restatement*                               | -                         | (79,795,457)             | 79,795,457                                    | ~   |
| <b>Change in Net Position</b>              | <u>(15,189,562)</u>       | <u>(110,108,900)</u>     | <u>94,919,338</u>                             | <u>-86.20%</u>                              |
| Net Position - Beginning of Year, Restated | <u>201,232,165</u>        | <u>311,341,065</u>       | <u>(110,108,900)</u>                          | <u>-35.37%</u>                              |
| Net Position - End of Year                 | <u>\$ 186,042,603</u>     | <u>\$ 201,232,165</u>    | <u>\$ (15,189,562)</u>                        | <u>-7.55%</u>                               |

\* As restated and disclosed in Note 17 to the Basic Financial Statements.

**Governmental activities** decreased the City's net position by \$15.2 million or 7.55%. Revenues increased by \$14.4 million or 24.62%. The majority of the increase is in program revenues related to capital grants and contributions, which increased by \$13.2 million or 384.29%. This revenue source will vary from year to year, depending on the completion of grant funded projects. The current year includes capital assets of \$16.6 million transferred from SAWRA to the City. These additions, for the most part are construction in progress projects on public use properties. All other revenues remained fairly static as compared to fiscal year 2014. Tax revenue increased by \$1.0 million or 2.83%.

Program expenses decreased most significantly in the area of public safety, which had a decrease of \$3.5 million or 7.88%. Fiscal year 2014 included approximately \$4.9 million in expenses related to legal proceedings. Similar expenses in the current year totaled \$1.2 million. Absent this expense, and various other one-time fiscal year 2014 costs, fiscal year 2015 public safety expenses increased by \$2.1 million or 5.5%. This increase is due in part to a \$1.1 million increase in salaries and related payroll costs, and an approximate increase of \$576,000 in the City's fire contract with the Orange County Fire Authority (OCFA), and various other increases in operating expenses.

In fiscal year 2015, program revenues funded 52.89% of total expenses, compared to just 29.98% in fiscal year 2014. General revenues fully funded the balance of expenses not funded from program revenues in fiscal year 2015.

Transfers increased by \$5.2 million. As noted previously, the City transferred approximately \$4.0 million to the Enterprise Fund during the year. This was done to more accurately account for the water utility related activity (conservation and capital project related) previously accounted for in the governmental funds. Other transfers mainly related to capital projects, and will vary somewhat from year to year.

The City shows an extraordinary loss of \$17.0 million in governmental activities during the year. As with the loss reported in fiscal year 2014, this is the net amount of property that was transferred between the City and SAWRA. Additional information on this transaction can be found in Notes 6 and 15 in the Notes to the Basic Financial Statements.

The \$79.8 million restatement noted for fiscal year 2014 related to the implementation of the GASB statements for pension liabilities and the reallocation of a portion of the OPEB obligation from the governmental activities to business-type activity.

| <b>Condensed Statement of Activities</b>   |                           |                          |   |   |
|--|---------------------------|--------------------------|---|---|
| <b>Business-type Activity</b>              |                           |                          |   |   |
|  | <b>For the year ended</b> |                          | <b>Increase/<br/>(Decrease)<br/>From 2014</b> | <b>Percent<br/>Increase/<br/>(Decrease)</b> |
|  | <b>June 30,<br/>2015</b>  | <b>June 30,<br/>2014</b> |   |   |
| Revenues:                                  |                           |                          |   |   |
| Program revenues:                          |                           |                          |   |   |
| Charges for services                       | \$ 14,202,098             | \$ 14,742,082            | \$ (539,984)                                  | -3.66%                                      |
| General revenues:                          |                           |                          |   |   |
| Unrestricted investment earnings           | 108,353                   | 36,327                   | 72,026  | 198.27%                                     |
| Total Revenues                             | <u>14,310,451</u>         | <u>14,778,409</u>        | <u>(467,958)</u>                              | -3.17%                                      |
| Expenses:                                  |                           |                          |   |   |
| Water enterprise                           | 13,625,444                | 12,879,866               | 745,578                                       | 5.79%                                       |
| Total Expenses                             | <u>13,625,444</u>         | <u>12,879,866</u>        | <u>745,578</u>                                | 5.79%                                       |
| Excess of Revenues over Expenses           | 685,007                   | 1,898,543                | (1,213,536)                                   | -63.92%                                     |
| Transfers                                  | 4,525,088                 | (660,654)                | 5,185,742                                     | -784.94%                                    |
| Restatement*                               | -                         | (4,930,248)              | 4,930,248                                     | ~   |
| Change in Net Position                     | 5,210,095                 | (3,692,359)              | 8,902,454                                     | -241.10%                                    |
| Net Position - Beginning of Year, Restated | <u>30,948,774</u>         | <u>34,641,133</u>        | <u>(3,692,359)</u>                            | -10.66%                                     |
| Net Position - End of Year                 | <u>\$ 36,158,869</u>      | <u>\$ 30,948,774</u>     | <u>\$ 5,210,095</u>                           | 16.83%                                      |

\*As restated and disclosed in Note 17 to the Basic Financial Statements.

**Business-type activity** increased the City's net position by \$5.2 million or 16.83% in fiscal year 2015. For the most part, revenues and expenses were static for fiscal years 2015 and 2014. The largest changes occurred in transfers and unrestricted investment earnings.

Transfers increased by \$5.2 million. Again these transfers consist primarily of the \$4.0 million transfer from the governmental funds as previously noted. Also as a result of this transfer, unrestricted investment earnings increased by \$72,026 or 198.27% due to an overall increase in the average cash balance throughout the year.

The \$4.9 million restatement noted for fiscal year 2014 relates to the implementation of the GASB statements for pension liabilities and the reallocation of a portion of the OPEB obligation from the governmental activities to business-type activity.

## FINANCIAL ANALYSIS OF CITY FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Overall, the City had a net decrease of \$6.7 million governmental to fund balances in fiscal year 2015 and a net increase of \$4.0 million to its proprietary funds' net position.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. The City presents its financial statements in compliance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of the Statement is to present useful fund balance information by providing clear fund balance classifications and governmental fund type definitions. The Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$74.7 million, a decrease of \$6.7 million in comparison with the prior year. Of the \$74.7 million, \$47,687 or 0.1% is classified as non-spendable fund balance; \$32.7 million or 43.8%, is classified as restricted fund balance; \$20.1 million or 26.9%, is classified as assigned fund balance; and \$21.8 million or 29.2% is classified as unassigned fund balance. For a more detailed description of these classifications see Note 12 in the Notes to the Basic Financial Statements.

The General Fund is the chief operating fund of the City. As of June 30, 2015, the total fund balance was \$22.1 million. The non-spendable portion of this balance is \$47,687. The remaining unassigned fund balance is available for spending at the City's discretion. The unassigned total fund balance represents 45.47% of total General Fund expenditures.

The major factors in fund balance changes are as follows:

### **Governmental Funds**

- The **General Fund** experienced a \$2.0 million decrease in fund balance in fiscal year 2015, compared to a \$1.8 million decrease in fiscal year 2014. Revenues were \$46.6 million, an increase of \$1.1 million compared to fiscal year 2014, while expenditures were \$48.6 million, an increase of \$2.7 million from 2014. Taxes revenue increased by \$1.0 million, or 3%. For the most part, revenues were fairly static in comparison to fiscal year 2014. Although overall expenditures increased by \$2.7 million, cost cutting measures are continuing for all departments. Some rehiring of vacant positions took place during the year resulting in an overall increase of \$1.3 million in personnel related costs. Included in this increase are PERS rates which will continue to grow each year. In fiscal year 2015, PERS rates increased by 0.73 percentage points for miscellaneous employees and up to 1.68 percentage points for some safety employees. In addition to these cost increases, the City's contract with the Orange County Fire Authority (OCFA) has mandatory annual increases. Overall fire safety costs increased \$0.6 million during the year. Other financing sources and uses totaled -\$78,709, a decrease of \$1.3 million compared to the prior year.

- The **Westminster Housing Authority Fund** balance declined by a \$1.0 million decrease in 2015. In 2013, \$14.6 million was recognized in this fund as a long-term receivable from the Successor Agency. This amount represents prior Supplemental Educational Revenue Augmentation Fund (SERAF) payments made by the former Low to Moderate Income Housing Fund of the predecessor Westminster Redevelopment Agency on behalf of the Agency's project funds. This receivable is to be repaid over a number of years from future tax increment funds received by the Successor Agency. During fiscal year 2015, \$644,741 of this advance was reimbursed leaving the receivable balance at \$12.5 million at year-end. The fund's \$26.4 million fund balance is restricted for low and moderate income housing purposes.
- The **Housing and Community Development Fund** had its fund balance increase by \$361,317. This is a grant program which is reimbursed periodically throughout the year. The current year's transfers out was to the Capital Projects Fund for a street improvement and community facility project.
- The **Special Gas Tax and Street Improvements Fund** recognized a \$1,366 decrease in its fund deficit during the fiscal year 2015. Grant-funded projects comprise a significant portion of this fund and many of the projects are reimbursable only upon completion. The fund received \$5.2 million in revenue in fiscal year 2015, compared to expenditures of \$1.9 million. Resources were transferred out in the amount of \$3.3 million. As of June 30, 2015 this fund had a fund deficit of \$40,531.
- The **Capital Improvements Capital Projects Fund** balance decreased by \$2.4 million. There were \$11 million of transfers into the fund from various other funds to complete newly approved projects. A total of \$4.2 million was spent on capital outlay during the year. In addition, \$9.2 million in closed or completed projects was transferred back to the source funds. See Note 6 in the Notes to the Basic Financial Statements for additional information.
- **Other Governmental Funds**, which are the City's non-major funds, recognized a combined decrease of \$1.7 million to fund balances. These funds are further detailed in the Other Supplementary Information section of this annual report.

### **Proprietary Funds**

- The **Enterprise (Water) Fund** recorded an increase of \$5.4 million to its net position during fiscal year 2015. Operating income was \$1.0 million and non-operating expenses were \$0.1 million. The majority of the current year's \$4.6 million of transfers-in were from the governmental Capital Projects Fund, as previously discussed.
- The **Internal Service Funds** had its net position decline by \$1.4 million. These funds had an operating loss of \$1.5 million and non-operating income of \$5,690 and net transfer in of \$67,642. These funds finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis. The City reports four internal service funds in its audited financial statements. These funds are further detailed in the Other Supplementary Information section of this annual report.

## BUDGETARY HIGHLIGHTS

When preparing its budget, the City attempts to estimate its revenues using realistic, but conservative methods so as to budget its expenditure appropriations in a prudent manner. Amendments were approved during the year to the adopted budget. Comparing the FY 2014-15 General Fund's original (adopted) budget revenue amount of \$45.3 million to the final budgeted revenue amount of \$46.1 million shows a net \$789,450 increase. The majority of the increase was due to additional property taxes received in the general fund as a result of the WRA dissolution. The FY 2014-15 General Fund's original (adopted) budget for expenditures was \$48.1 million and the final budget was \$49.1 million, a net increase of \$1.0 million.

The General Fund reflected a net total positive budget variance of \$1.2 million when comparing actual amounts to the final amended budget for the current fiscal year. The ending actual revenue shows a positive variance of \$589,609 or 1.3% of the final budget. The variances of all of the individual revenue categories were of similar size, in terms of dollars, with five being positive and two being negative. In terms of percentage variances, the largest positive variance occurred in intergovernmental revenue, at 246.71% of the final budget, and the largest negative variance was in investment and rental revenue, at -10.18% of the final budget.

Actual expenditures of \$48.6 million generated budgetary savings of \$0.5 million, or 1.1% of the final budget. Most of the savings were in general government, public safety and public works programs.

The General Fund budgetary comparison schedule can be found in the Required Supplementary Information section of this annual report.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital assets:

Capital assets (net of accumulated depreciation) at June 30, 2015 and June 30, 2014 are summarized below:

| <b>Capital Assets (net of accumulated depreciation)</b> |                                    |                                   |                       |
|---|------------------------------------|-----------------------------------|-----------------------|
|   | <b>June 30, 2015</b>               |                                   |                       |
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activity</b> | <b>Total</b>          |
| Land  | \$ 11,703,975                      | \$ 2,484,846                      | \$ 14,188,821         |
| Construction in progress                                | 19,360,245                         | -                                 | 19,360,245            |
| Buildings   | 67,178,127                         | 3,221                             | 67,181,348            |
| Improvements other than buildings                       | 9,825,039                          | 9,413,001                         | 19,238,040            |
| Water distribution lines                                | -                                  | 16,665,923                        | 16,665,923            |
| Vehicles, machinery and equipment                       | 3,164,294                          | 4,040,626                         | 7,204,920             |
| Office furniture and equipment                          | 3,589,803                          | 76,740                            | 3,666,543             |
| Leased property   | 479,905                            | -                                 | 479,905               |
| Infrastructure  | 93,734,980                         | -                                 | 93,734,980            |
| Total capital assets, net                               | <u>\$ 209,036,368</u>              | <u>\$ 32,684,357</u>              | <u>\$ 241,720,725</u> |
| <b>June 30, 2014</b>                                    |                                    |                                   |                       |
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activity</b> | <b>Total</b>          |
| Land  | \$ 11,703,975                      | \$ 2,484,846                      | \$ 14,188,821         |
| Construction in progress                                | 3,130,034                          | -                                 | 3,130,034             |
| Buildings   | 85,887,624                         | 3,527                             | 85,891,151            |
| Improvements other than buildings                       | 9,375,199                          | 9,648,026                         | 19,023,225            |
| Water distribution lines                                | -                                  | 15,967,156                        | 15,967,156            |
| Vehicles, machinery and equipment                       | 3,316,373                          | 4,211,198                         | 7,527,571             |
| Office furniture and equipment                          | 3,262,440                          | 84,093                            | 3,346,533             |
| Leased property   | 727,667                            | -                                 | 727,667               |
| Infrastructure  | 98,987,179                         | -                                 | 98,987,179            |
| Total capital assets, net                               | <u>\$ 216,390,491</u>              | <u>\$ 32,398,846</u>              | <u>\$ 248,789,337</u> |

Capital assets as of June 30, 2015 totaled \$241.7 million (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, infrastructure, and construction in progress. The total decrease in capital assets for fiscal year 2015 was \$7.1 million, composed of a \$7.4 million or 3.4% decrease for governmental activities and a \$285,511 or 0.9% increase for business-type activity. Noteworthy changes to capital assets during fiscal year 2015 included the following:

- The City added \$2.1 million in infrastructure.
- The City added \$1.0 million in park landscaping and irrigation improvements.
- From the buildings category the City transferred a \$17.0 million parking structure to SAWRA as part of the continuing dissolution of the WRA.

- The City added \$1.4 million in new water distribution lines.
- Construction in progress increased by \$16.2 million during the year.
- Annual depreciation expense was \$12.8 million - \$11.6 million on assets related to governmental activities assets and \$1.2 million on assets related to business-type activities (water utility).

Additional information on the City’s capital assets can be found in Note 6 in the Notes to the Basic Financial Statements.

**Long-term debt:**

Long-term debt for June 30, 2015 and June 30, 2014 is summarized below:

|                               | <b>Outstanding Debt</b>            |                                   |                     |
|-------------------------------|------------------------------------|-----------------------------------|---------------------|
|                               | <b>June 30, 2015</b>               |                                   |                     |
|                               | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activity</b> | <b>Total</b>        |
| Certificates of participation | \$ 3,330,000                       | \$ 2,565,000                      | \$ 5,895,000        |
| Leases payable                | 479,507                            | -                                 | 479,507             |
| Loans payable                 | -                                  | 1,686,655                         | 1,686,655           |
| Total outstanding debt        | <u>\$ 3,809,507</u>                | <u>\$ 4,251,655</u>               | <u>\$ 8,061,162</u> |
|                               | <b>June 30, 2014</b>               |                                   |                     |
|                               | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activity</b> | <b>Total</b>        |
| Certificates of participation | \$ 3,855,000                       | \$ 2,800,000                      | \$ 6,655,000        |
| Leases payable                | 552,088                            | -                                 | 552,088             |
| Loans payable                 | -                                  | 1,797,198                         | 1,797,198           |
| Total outstanding debt        | <u>\$ 4,407,088</u>                | <u>\$ 4,597,198</u>               | <u>\$ 9,004,286</u> |

At the end of fiscal year 2015, the City had total long-term debt (excluding compensated absences and claims, pension and OPEB liabilities) outstanding of \$8.1 million. The City’s total debt decreased by \$0.9 million or 10.5%, during fiscal year 2015. The decrease in governmental long-term debt of \$0.6 million was the result of ongoing debt service payments on certificates of participation and leases payable related to the City’s vehicle fleet. The decrease in business-type debt of \$0.3 million was the result of ongoing debt service payments on certificates of participation and loans payable. Additional information can be found in Note 7 in the Notes to the Basic Financial Statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The national, regional and local economies continue to improve, six years after the official end of the “Great Recession.” The City of Westminster has seen positive impacts of the improving economy as tax revenue – most notably property and sales – has grown in recent years. This is an important improvement since tax revenue comprises 78% of General Fund revenue. As the local real estate market improves, increased assessed values of property translate into additional property tax revenue. Most importantly, as consumers return to pre-recession consumption habits, sales tax receipts improve through increased retail and automobile sales.



However, the City continues to manage a structural deficit. Fiscal Year 2014-15 ended with actual expenditures exceeding actual revenue in the General Fund by \$2.0 million. The General Fund has continued to operate at a deficit (expenditures exceeding revenue) since fiscal year 2009.

The City has made a concerted effort to control the growth of expenditures. The City continues to provide services at ratios equal to or exceeding other “full service” cities, while maintaining a ratio for employees per capita that is below the County average, and General Fund expenditures per capita ratio that is substantially below that of the County average:

|                               | <u>City</u> | <u>County Average</u> |
|-------------------------------|-------------|-----------------------|
| Employees per capita (1,000)  | 3.67        | 4.56                  |
| General Fund costs per capita | \$526       | \$777                 |

The City has dedicated itself to delivering cost-effective service, without sacrificing the quality and level of service that is important to the overall quality of life, health and safety of the community.

The adopted budget for FY 2015-16 includes a General Fund deficit of \$3.8 million. The budget authorizes \$52.3 million in General Fund expenditures vs. \$47.4 million in estimated revenue and \$1.5 million in net transfers in from other funds. The City Council has acknowledged the importance of continuing to provide essential services to residents such as police, code enforcement, community services and park and street maintenance. Currently, the City is fortunate to have healthy General Fund reserves in order to continue providing these services. The General Fund ended FY 2014-15 with \$22.1 million in unassigned fund balance, or approximately 45.47% of actual General Fund expenditures. Based on the adopted budget, the General Fund is projected to end FY 2015-16 with \$17.2 million in reserves, representing 33.0% of FY 2015-16 budgeted expenditures.

Total General Fund revenues are estimated to increase 0.9% over actual FY 2014-15 revenues. Taxes are the largest revenue source in the City, comprising approximately 78% of General Fund revenue. Total tax revenues are projected to grow 3.4% over FY 2014-15 actuals. Both property tax revenue and sales tax revenue continue to experience moderate growth, and the FY 2015-16 budget estimates a 3.8% increase over FY 2014-15 actuals for each of these revenue sources.

General Fund expenditure appropriations across all departments are projected to be 7.6% higher when compared to FY 2014-15 actuals. The FY 2015-16 budget included some supplemental requests aimed at enhancing and restoring services: additional personnel in public works, as well as increased contractual appropriations for energy maintenance related operational needs. In addition, the City’s budget for the Orange County Fire Authority (OCFA) was increased 3.25%.

The memoranda of understanding (MOU) between the City and the Police and Municipal Employee groups that were approved during fiscal year 2015 will expire on June 30, 2016. It is hoped that successor MOUs can be agreed upon prior to the end of the 2015-16 fiscal year in order to provide stability and predictability to future budget development discussions. Some of the “savings” passed in the current MOU require employees to pay the full employee share -- and in some instances, some of the employer share -- of retirement contributions.

The adopted FY 2015-16 budget included projections of future General Fund deficits for FY 2016-17 and 2017-18 of \$3.9 million and \$9.6 million, respectively. A financial advisory task force was appointed by the City Council in October 2015 and a financial consultant has been hired by the City to address possible solutions to the City’s ongoing structural deficit.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the financial position of the City for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department at the City of Westminster, 8200 Westminster Boulevard, Westminster, CA 92683, or call (714) 898-3311 or visit our website at [www.westminster-ca.gov](http://www.westminster-ca.gov).

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## **BASIC FINANCIAL STATEMENTS**

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## CITY OF WESTMINSTER

## STATEMENT OF NET POSITION

June 30, 2015

|   | Primary Government         |                           |                       |
|---|----------------------------|---------------------------|-----------------------|
|   | Governmental<br>Activities | Business-type<br>Activity | Total                 |
| <b>ASSETS:</b>  |                            |                           |                       |
| Cash and investments (Note 2)                               | \$ 54,251,117              | \$ 7,235,489              | \$ 61,486,606         |
| Receivables, net of allowances (Note 4)                     | 22,681,613                 | 2,270,740                 | 24,952,353            |
| Prepaid items   | 217,094                    | -                         | 217,094               |
| Internal balances   | (1,232,059)                | 1,232,059                 | -                     |
| Inventory   | 33,809                     | 122,104                   | 155,913               |
| Restricted assets:  |                            |                           |                       |
| Cash and investments (Note 2)                               | 12,717,370                 | 3,728,022                 | 16,445,392            |
| Cash and investments with fiscal agents (Note 2)            | 5                          | 112,548                   | 112,553               |
| Advance to Successor Agency                                 | 12,501,019                 | -                         | 12,501,019            |
| Land held for resale (Note 5)                               | 796,610                    | -                         | 796,610               |
| Capital assets (Note 6):                                    |                            |                           |                       |
| Not being depreciated:                                      |                            |                           |                       |
| Land  | 11,703,975                 | 2,484,846                 | 14,188,821            |
| Construction in progress                                    | 19,360,245                 | -                         | 19,360,245            |
| Being depreciated (net of accumulated depreciation):        |                            |                           |                       |
| Buildings   | 67,178,127                 | 3,221                     | 67,181,348            |
| Improvements other than buildings                           | 9,825,039                  | 9,413,001                 | 19,238,040            |
| Water distribution lines                                    | -                          | 16,665,923                | 16,665,923            |
| Vehicles, machinery and equipment                           | 3,164,294                  | 4,040,626                 | 7,204,920             |
| Office furniture and equipment                              | 3,589,803                  | 76,740                    | 3,666,543             |
| Leased property   | 479,905                    | -                         | 479,905               |
| Infrastructure  | 93,734,980                 | -                         | 93,734,980            |
| <b>TOTAL ASSETS</b>   | <b>311,002,946</b>         | <b>47,385,319</b>         | <b>358,388,265</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                      |                            |                           |                       |
| Deferred loss on refunding, net of accumulated amortization | 171,577                    | 233,965                   | 405,542               |
| Deferred amounts on pension plans (Note 8)                  | 4,427,197                  | 179,630                   | 4,606,827             |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                 | <b>4,598,774</b>           | <b>413,595</b>            | <b>5,012,369</b>      |
| <b>LIABILITIES:</b>   |                            |                           |                       |
| Accounts payable and other liabilities                      | 3,350,043                  | 1,985,449                 | 5,335,492             |
| Due to other governments                                    | 4,492,523                  | -                         | 4,492,523             |
| Unearned revenue  | 79,912                     | -                         | 79,912                |
| Deposits  | 750,318                    | 24,626                    | 774,944               |
| Long-term liabilities:                                      |                            |                           |                       |
| Due within one year (Note 7)                                | 5,366,275                  | 510,754                   | 5,877,029             |
| Due in more than one year (Note 7)                          | 97,194,642                 | 8,581,383                 | 105,776,025           |
| <b>TOTAL LIABILITIES</b>                                    | <b>111,233,713</b>         | <b>11,102,212</b>         | <b>122,335,925</b>    |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                       |                            |                           |                       |
| Deferred amounts on pension plans (Note 8)                  | 18,325,404                 | 537,833                   | 18,863,237            |
| <b>NET POSITION:</b>  |                            |                           |                       |
| Net investment in capital assets                            | 205,398,439                | 28,666,666                | 234,065,105           |
| Restricted for:   |                            |                           |                       |
| Community development                                       | 15,460,606                 | -                         | 15,460,606            |
| Public safety   | 1,875,768                  | -                         | 1,875,768             |
| Public works  | 1,569,826                  | -                         | 1,569,826             |
| Debt service  | -                          | 112,548                   | 112,548               |
| Unrestricted  | (38,262,036)               | 7,379,655                 | (30,882,381)          |
| <b>TOTAL NET POSITION</b>                                   | <b>\$ 186,042,603</b>      | <b>\$ 36,158,869</b>      | <b>\$ 222,201,472</b> |

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

| Functions/programs              | Expenses             | Program Revenues           |  |  |
|---------------------------------|----------------------|----------------------------|--|--|
|                                 |                      | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
| <b>Governmental activities:</b> |                      |                            |  |  |
| General government              | \$ 3,280,458         | \$ 1,708,850               | \$ 117,199                               | \$ -                                   |
| Public safety                   | 40,616,802           | 2,901,892                  | 607,859                                  | -                                      |
| Public works                    | 11,358,510           | 1,535,590                  | -  | -                                      |
| Community development           | 8,417,841            | 2,583,435                  | 7,886,695                                | 16,638,708                             |
| Community services              | 2,854,580            | 351,225                    | 215,655                                  | -                                      |
| Interest on long term debt      | 185,852              | -                          | -  | -                                      |
| Total governmental activities   | <u>66,714,043</u>    | <u>9,080,992</u>           | <u>8,827,408</u>                         | <u>16,638,708</u>                      |
| <b>Business-type activity:</b>  |                      |                            |  |  |
| Water enterprise                | <u>13,625,444</u>    | <u>14,202,098</u>          | <u>-</u>                                 | <u>-</u>                               |
| Total                           | <u>\$ 80,339,487</u> | <u>\$ 23,283,090</u>       | <u>\$ 8,827,408</u>                      | <u>\$ 16,638,708</u>                   |

General revenues:  
 Unrestricted taxes:  
     Sales taxes  
     Property taxes, levied for general purposes  
     Utility users taxes  
     Business operation taxes  
     Franchise taxes  
     Transient occupancy taxes  
     Intergovernmental revenue - Motor vehicle taxes  
 Unrestricted investment earnings  
 Transfers  
  
 Total general revenues and transfers  
  
 Change in net position, before extraordinary loss  
  
 Extraordinary loss  
  
 Change in net position  
  
 Net Position - Beginning of Year, as Restated (Note 17)  
  
 Net Position - End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and  
Changes in Net Position

| Governmental<br>Activities | Business-type<br>Activity | Total                 |
|----------------------------|---------------------------|-----------------------|
| \$ (1,454,409)             | \$ -                      | \$ (1,454,409)        |
| (37,107,051)               | -                         | (37,107,051)          |
| (9,822,920)                | -                         | (9,822,920)           |
| 18,690,997                 | -                         | 18,690,997            |
| (2,287,700)                | -                         | (2,287,700)           |
| (185,852)                  | -                         | (185,852)             |
| <u>(32,166,935)</u>        | <u>-</u>                  | <u>(32,166,935)</u>   |
| <u>-</u>                   | <u>576,654</u>            | <u>576,654</u>        |
| <u>(32,166,935)</u>        | <u>576,654</u>            | <u>(31,590,281)</u>   |
| 15,749,960                 | -                         | 15,749,960            |
| 13,867,837                 | -                         | 13,867,837            |
| 4,917,994                  | -                         | 4,917,994             |
| 1,216,170                  | -                         | 1,216,170             |
| 1,410,626                  | -                         | 1,410,626             |
| 713,760                    | -                         | 713,760               |
| 38,642                     | -                         | 38,642                |
| 550,512                    | 108,353                   | 658,865               |
| (4,525,088)                | 4,525,088                 | -                     |
| <u>33,940,413</u>          | <u>4,633,441</u>          | <u>38,573,854</u>     |
| 1,773,478                  | 5,210,095                 | 6,983,573             |
| <u>(16,963,040)</u>        | <u>-</u>                  | <u>(16,963,040)</u>   |
| (15,189,562)               | 5,210,095                 | (9,979,467)           |
| <u>201,232,165</u>         | <u>30,948,774</u>         | <u>232,180,939</u>    |
| <u>\$ 186,042,603</u>      | <u>\$ 36,158,869</u>      | <u>\$ 222,201,472</u> |



CITY OF WESTMINSTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

|   | General              | Special Revenue Funds         |                                   |
|---|----------------------|-------------------------------|-----------------------------------|
|   |                      | Westminster Housing Authority | Housing and Community Development |
| <b>ASSETS</b>   |                      |                               |                                   |
| Cash and investments (Note 2)   | \$ 21,119,169        | \$ -                          | \$ 58,207                         |
| Receivables, net of allowances (Note 4)                                   | 4,485,390            | 11,562,237                    | 5,625,571                         |
| Prepaid items   | 47,687               | -                             | -                                 |
| Due from other funds (Note 3)   | 100,000              | -                             | -                                 |
| Advance from Successor Agency   | -                    | 12,501,019                    | -                                 |
| Land held for resale (Note 5)   | -                    | 796,610                       | -                                 |
| Restricted assets:  |                      |                               |                                   |
| Cash and investments (Note 2)   | -                    | 1,630,975                     | -                                 |
| Cash and investments with fiscal agents (Note 2)                          | -                    | -                             | -                                 |
| <b>TOTAL ASSETS</b>   | <b>\$ 25,752,246</b> | <b>\$ 26,490,841</b>          | <b>\$ 5,683,778</b>               |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>       |                      |                               |                                   |
| <b>LIABILITIES:</b>   |                      |                               |                                   |
| Accounts payable and other liabilities                                    | \$ 1,999,479         | \$ 46,572                     | \$ 102,961                        |
| Deposits  | 638,375              | -                             | -                                 |
| Unearned revenue  | 6,480                | -                             | 73,432                            |
| Due to other funds (Note 3)   | -                    | -                             | 300,000                           |
| Due to other governments  | 6,419                | -                             | 4,486,104                         |
| <b>TOTAL LIABILITIES</b>  | <b>2,650,753</b>     | <b>46,572</b>                 | <b>4,962,497</b>                  |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                      |                               |                                   |
| Unavailable revenue   | 984,647              | -                             | -                                 |
| <b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>                | <b>3,635,400</b>     | <b>46,572</b>                 | <b>4,962,497</b>                  |
| <b>FUND BALANCES (DEFICIT) (NOTE 12):</b>                                 |                      |                               |                                   |
| Nonspendable  | 47,687               | -                             | -                                 |
| Restricted  | -                    | 26,444,269                    | 721,281                           |
| Assigned  | -                    | -                             | -                                 |
| Unassigned  | 22,069,159           | -                             | -                                 |
| <b>TOTAL FUND BALANCES (DEFICIT)</b>                                      | <b>22,116,846</b>    | <b>26,444,269</b>             | <b>721,281</b>                    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 25,752,246</b> | <b>\$ 26,490,841</b>          | <b>\$ 5,683,778</b>               |

See accompanying notes to basic financial statements.

| Special Revenue<br>Funds (Continued)          | Capital Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------------|--------------------------------|--------------------------------|
| Special Gas<br>Tax and Street<br>Improvements | Capital<br>Improvements  |                                |                                |
| \$ 642,620                                    | \$ 14,375,785            | \$ 6,820,363                   | \$ 43,016,144                  |
| 528,258                                       | -                        | 128,216                        | 22,329,672                     |
| -   | -                        | -                              | 47,687                         |
| -   | 1,350,000                | -                              | 1,450,000                      |
| -   | -                        | -                              | 12,501,019                     |
| -   | -                        | -                              | 796,610                        |
| -   | 3,776,587                | -                              | 5,407,562                      |
| -   | -                        | 5                              | 5                              |
| <u>\$ 1,170,878</u>                           | <u>\$ 19,502,372</u>     | <u>\$ 6,948,584</u>            | <u>\$ 85,548,699</u>           |
| <br>  |                          |                                |                                |
| \$ 61,409                                     | \$ 792,322               | \$ 85,129                      | \$ 3,087,872                   |
| -   | -                        | 111,943                        | 750,318                        |
| -   | -                        | -                              | 79,912                         |
| 1,150,000                                     | -                        | -                              | 1,450,000                      |
| -   | -                        | -                              | 4,492,523                      |
| <u>1,211,409</u>                              | <u>792,322</u>           | <u>197,072</u>                 | <u>9,860,625</u>               |
| <br>  |                          |                                |                                |
| -   | -                        | 2,673                          | 987,320                        |
| <u>1,211,409</u>                              | <u>792,322</u>           | <u>199,745</u>                 | <u>10,847,945</u>              |
| <br>  |                          |                                |                                |
| -   | -                        | -                              | 47,687                         |
| 221,378                                       | -                        | 5,340,693                      | 32,727,621                     |
| -   | 18,710,050               | 1,408,146                      | 20,118,196                     |
| (261,909)                                     | -                        | -                              | 21,807,250                     |
| <u>(40,531)</u>                               | <u>18,710,050</u>        | <u>6,748,839</u>               | <u>74,700,754</u>              |
| <br>  |                          |                                |                                |
| <u>\$ 1,170,878</u>                           | <u>\$ 19,502,372</u>     | <u>\$ 6,948,584</u>            | <u>\$ 85,548,699</u>           |

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CITY OF WESTMINSTER

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

June 30, 2015

|   |                      |                       |
|---|----------------------|-----------------------|
| Fund balances - total governmental funds  |                      | \$ 74,700,754         |
| Amounts reported for governmental activities in the Statement of Net Position are different because:  |                      |                       |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:  |                      |                       |
| Capital assets  | \$ 396,532,266       |                       |
| Accumulated depreciation  | <u>(193,907,056)</u> | 202,625,210           |
| Internal Service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Activities. Internal Service funds net position are:  |                      |                       |
|   |                      | 9,824,273             |
| 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. Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances as of June 30, 2015 are: |                      |                       |
| Certificates of participation payable   | (2,347,493)          |                       |
| Accrued interest  | <u>(7,901)</u>       | (2,355,394)           |
| OPEB obligation is not accrued in governmental funds, but rather is recognized as an expenditure when paid.   |                      |                       |
|   |                      | (18,314,204)          |
| Pension 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 are only reported in the Statement of Net Position as the changes in these amounts effects only the government-wide statements for governmental activities:            |                      |                       |
| Deferred outflows of resources  | 4,427,197            |                       |
| Deferred inflows of resources   | (18,325,404)         |                       |
| Pension liability   | <u>(67,527,149)</u>  | (81,425,356)          |
| Long-term assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the fund financial statements.   |                      |                       |
|   |                      | <u>987,320</u>        |
| Net position of governmental activities   |                      | <u>\$ 186,042,603</u> |

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

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

For the year ended June 30, 2015

|   | General              | Special Revenue Funds               |   |
|---|----------------------|-------------------------------------|---|
|   |                      | Westminster<br>Housing<br>Authority | Housing and<br>Community<br>Development |
| <b>REVENUES:</b>  |                      |                                     |   |
| Taxes   | \$ 36,548,999        | \$ -                                | \$ -                                    |
| Licenses and permits                                    | 841,683              | -                                   | -                                       |
| Fines   | 1,049,660            | -                                   | 4,700                                   |
| Investment and rental                                   | 1,265,532            | 39,488                              | -                                       |
| Intergovernmental                                       | 332,838              | -                                   | 2,496,123                               |
| Charges for services                                    | 6,236,327            | -                                   | -                                       |
| Other   | 374,020              | 4,931                               | -                                       |
| <b>TOTAL REVENUES</b>                                   | <b>46,649,059</b>    | <b>44,419</b>                       | <b>2,500,823</b>                        |
| <b>EXPENDITURES:</b>                                    |                      |                                     |   |
| Current:  |                      |                                     |   |
| General government                                      | 2,772,608            | -                                   | -                                       |
| Public safety   | 37,612,378           | -                                   | -                                       |
| Public works  | 4,059,709            | -                                   | -                                       |
| Community development                                   | 1,903,933            | 1,039,231                           | 1,569,990                               |
| Community services                                      | 2,085,968            | -                                   | -                                       |
| Capital outlay  | 176,846              | -                                   | 53,004                                  |
| Debt service:   |                      |                                     |   |
| Principal retirement                                    | -                    | -                                   | -                                       |
| Interest and fiscal charges                             | -                    | -                                   | -                                       |
| <b>TOTAL EXPENDITURES</b>                               | <b>48,611,442</b>    | <b>1,039,231</b>                    | <b>1,622,994</b>                        |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(1,962,383)</b>   | <b>(994,812)</b>                    | <b>877,829</b>                          |
| <b>OTHER FINANCING SOURCES (USES):</b>                  |                      |                                     |   |
| Sale of equipment and property                          | 10,414               | -                                   | -                                       |
| Transfers in  | 46,877               | -                                   | 18,488                                  |
| Transfers out   | (136,000)            | -                                   | (535,000)                               |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>             | <b>(78,709)</b>      | <b>-</b>                            | <b>(516,512)</b>                        |
| <b>NET CHANGE IN FUND BALANCES</b>                      | <b>(2,041,092)</b>   | <b>(994,812)</b>                    | <b>361,317</b>                          |
| <b>FUND BALANCES (DEFICIT) - BEGINNING OF YEAR</b>      | <b>24,157,938</b>    | <b>27,439,081</b>                   | <b>359,964</b>                          |
| <b>FUND BALANCES (DEFICIT) - END OF YEAR</b>            | <b>\$ 22,116,846</b> | <b>\$ 26,444,269</b>                | <b>\$ 721,281</b>                       |

See accompanying notes to basic financial statements.

| Special Revenue<br>Funds (Continued)          | Capital Projects<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|--------------------------|--------------------------------|--------------------------------|
| Special Gas<br>Tax and Street<br>Improvements | Capital<br>Improvements  |                                |                                |
| \$ 3,491,798                                  | \$ -                     | \$ 1,303,036                   | \$ 41,343,833                  |
| -   | -                        | -                              | 841,683                        |
| -   | -                        | -                              | 1,054,360                      |
| 34,011  | 9,554                    | 112,521                        | 1,461,106                      |
| 1,577,806                                     | -                        | 1,006,442                      | 5,413,209                      |
| 73,633  | -                        | 743,165                        | 7,053,125                      |
| 9,562   | -                        | 111,114                        | 499,627                        |
| <u>5,186,810</u>                              | <u>9,554</u>             | <u>3,276,278</u>               | <u>57,666,943</u>              |
| -   | -                        | 64,945                         | 2,837,553                      |
| -   | -                        | 542,263                        | 38,154,641                     |
| -   | -                        | -                              | 4,059,709                      |
| 1,686,951                                     | -                        | 1,152,872                      | 7,352,977                      |
| -   | -                        | 264,062                        | 2,350,030                      |
| 4,200   | 4,222,331                | 108,942                        | 4,565,323                      |
| 169,311                                       | -                        | 200,789                        | 370,100                        |
| 52,390  | -                        | 62,429                         | 114,819                        |
| <u>1,912,852</u>                              | <u>4,222,331</u>         | <u>2,396,302</u>               | <u>59,805,152</u>              |
| <u>3,273,958</u>                              | <u>(4,212,777)</u>       | <u>879,976</u>                 | <u>(2,138,209)</u>             |
| -   | -                        | -                              | 10,414                         |
| 4,408   | 11,041,615               | 333,007                        | 11,444,395                     |
| (3,277,000)                                   | (9,225,000)              | (2,864,125)                    | (16,037,125)                   |
| <u>(3,272,592)</u>                            | <u>1,816,615</u>         | <u>(2,531,118)</u>             | <u>(4,582,316)</u>             |
| 1,366   | (2,396,162)              | (1,651,142)                    | (6,720,525)                    |
| <u>(41,897)</u>                               | <u>21,106,212</u>        | <u>8,399,981</u>               | <u>81,421,279</u>              |
| <u>\$ (40,531)</u>                            | <u>\$ 18,710,050</u>     | <u>\$ 6,748,839</u>            | <u>\$ 74,700,754</u>           |

CITY OF WESTMINSTER

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

For the year ended June 30, 2015

Net change in fund balances - total governmental funds \$ (6,720,525)

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

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated over  
the estimated useful lives as depreciation expense. This is the amount  
by which capital expense and capital contributions exceeded depreciation  
in the current period.

|  |                     |             |
|--|---------------------|-------------|
| Net change in capital assets                             | \$ 3,726,143        |             |
| Depreciation expense                                     | (10,450,598)        |             |
| Contribution of capital assets from the Successor Agency | 16,638,708          |             |
| Contribution of capital assets to the Successor Agency   | <u>(16,963,040)</u> | (7,048,787) |

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.

|                    |  |         |
|--------------------|--|---------|
| Principal payments |  | 370,100 |
|--------------------|--|---------|

Some expenses reported in the Statement of Activities do not require the use of  
current financial resources and therefore are not reported as expenditures in  
the governmental funds.

|                                |                  |           |
|--------------------------------|------------------|-----------|
| Net change in accrued interest | 1,173            |           |
| OPEB expense                   | <u>(960,923)</u> | (959,750) |

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 change in pension amounts for deferred  
outflows of resources and deferred inflows of resources.

|  |  |         |
|--|--|---------|
|  |  | 360,483 |
|--|--|---------|

Internal service funds are used by management to charge the costs of certain  
activities, such as fleet management, telephones, and warehouse operations  
to individual funds. The net revenue (expense) of these internal service funds  
are reported as governmental activities.

|  |  |             |
|--|--|-------------|
|  |  | (1,215,394) |
|--|--|-------------|

Some revenues reported previously in the Statement of Activities were reported as  
revenues in the governmental funds as they were received in the current fiscal year.

|                                 |  |               |
|---------------------------------|--|---------------|
| Net change in sales tax accrual |  | <u>24,311</u> |
|---------------------------------|--|---------------|

Change in net position of governmental activities \$ (15,189,562)

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS

June 30, 2015

|   | Business-type<br>Activity<br>Enterprise<br>Fund | Governmental<br>Activities<br>Internal Service<br>Funds |
|---|---|---|
| ASSETS:   |   |   |
| CURRENT ASSETS:   |   |   |
| Cash and investments  | \$ 7,235,489                                    | \$ 11,234,973   |
| Receivables, net of allowances                              | 2,270,740                                       | 351,941   |
| Prepaid items   | -   | 169,407   |
| Inventories   | 122,104   | 33,809  |
| Restricted assets:  |   |   |
| Cash and investments  | 3,728,022                                       | 7,309,808   |
| Cash and investments with fiscal agents                     | 112,548   | -   |
| <u>TOTAL CURRENT ASSETS</u>                                 | <u>13,468,903</u>                               | <u>19,099,938</u>                                       |
| CAPITAL ASSETS:   |   |   |
| Land  | 2,484,846                                       | -   |
| Construction in progress                                    | -   | 124,840   |
| Buildings   | 91,579  | 4,384,878   |
| Water distribution lines                                    | 44,702,984                                      | -   |
| Improvements other than buildings                           | 11,808,269                                      | 622,855   |
| Vehicles  | -   | 3,805,344   |
| Machinery and equipment                                     | 13,082,188                                      | 225,343   |
| Office furniture, computers and equipment                   | 166,833   | 2,506,995   |
| Leased property   | -   | 1,384,861   |
| <u>TOTAL CAPITAL ASSETS</u>                                 | <u>72,336,699</u>                               | <u>13,055,116</u>                                       |
| Less accumulated depreciation                               | (39,652,342)                                    | (6,643,958)   |
| <u>NET CAPITAL ASSETS</u>                                   | <u>32,684,357</u>                               | <u>6,411,158</u>  |
| <u>TOTAL ASSETS</u>   | <u>46,153,260</u>                               | <u>25,511,096</u>                                       |
| DEFERRED OUTFLOWS OF RESOURCES:                             |   |   |
| Deferred loss on refunding, net of accumulated amortization | 233,965   | 171,577   |
| Deferred amounts on pension plans                           | 179,630   | -   |
| <u>TOTAL DEFERRED OUTFLOWS OF RESOURCES</u>                 | <u>413,595</u>                                  | <u>171,577</u>  |

See accompanying notes to basic financial statements.

(Continued)



CITY OF WESTMINSTER  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
(CONTINUED)

June 30, 2015

|  | Business-type<br>Activity<br>Enterprise<br>Fund | Governmental<br>Activities<br>Internal Service<br>Funds |
|--|---|---|
| <b>LIABILITIES:</b>  |   |   |
| <b>CURRENT LIABILITIES:</b>  |   |   |
| Accounts payable and other liabilities   | \$ 1,985,449                                    | \$ 254,271  |
| Deposits   | 24,626  | -   |
| Claims payable   | -   | 2,707,230   |
| Compensated absences   | 156,330   | 1,789,778   |
| Leases payable   | -   | 324,267   |
| Certificates of participation  | 240,000   | 160,800   |
| Loans payable  | 114,424   | -   |
|  | <u>2,520,829</u>                                | <u>5,236,346</u>  |
| <b>TOTAL CURRENT LIABILITIES</b>   |   |   |
| <b>LONG-TERM LIABILITIES:</b>  |   |   |
| Claims payable   | -   | 8,121,690   |
| Compensated absences   | 25,449  | 291,359   |
| Leases payable   | -   | 155,240   |
| Certificates of participation  | 2,325,000                                       | 821,706   |
| Loans payable  | 1,572,231                                       | -   |
| OPEB liability   | 2,100,599                                       | -   |
| Pension liability  | 2,558,104                                       | -   |
|  | <u>8,581,383</u>                                | <u>9,389,995</u>  |
| <b>TOTAL LONG-TERM LIABILITIES</b>   |   |   |
| <b>TOTAL LIABILITIES</b>   |   |   |
|  | <u>11,102,212</u>                               | <u>14,626,341</u>                                       |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>  |   |   |
| Deferred amounts on pension plans  | 537,833   | -   |
|  | <u>537,833</u>                                  | <u>-</u>  |
| <b>NET POSITION:</b>   |   |   |
| Net investment in capital assets   | 28,666,666                                      | 5,120,722   |
| Restricted for debt service  | 112,548   | -   |
| Unrestricted   | 6,147,596                                       | 5,935,610   |
|  | <u>34,926,810</u>                               | <u>11,056,332</u>                                       |
| <b>TOTAL NET POSITION</b>  |   |   |
|  | <u>34,926,810</u>                               | <u>\$ 11,056,332</u>                                    |
| <b>Adjustment to reflect the consolidation of internal<br/>service fund activities related to enterprise funds</b> |   |   |
|  | <u>1,232,059</u>                                |   |
| <b>Net position of business-type activity</b>  |   |   |
|  | <u>\$ 36,158,869</u>                            |   |

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

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

For the year ended June 30, 2015

|  | Business-type<br>Activity<br><u>Enterprise<br/>Fund</u> | Governmental<br>Activities<br><u>Internal Service<br/>Funds</u> |
|--|---|---|
| <b>OPERATING REVENUES:</b>   |   |   |
| Charges for services   | \$ 13,998,768   | \$ 20,807,950   |
| Other  | 203,330   | 2,585,390   |
| <b>TOTAL OPERATING REVENUES</b>  | <u>14,202,098</u>                                       | <u>23,393,340</u>   |
| <b>OPERATING EXPENSES:</b>   |   |   |
| Salaries   | 2,721,879   | 5,391,766   |
| Maintenance and operations   | 3,260,744   | 5,689,175   |
| Purchased water  | 3,536,426   | -   |
| Equity taxes   | 2,460,927   | -   |
| Insurance premiums and legal fees  | 2,226   | 3,399,619   |
| Claims and benefits  | -   | 9,249,658   |
| Depreciation and amortization  | 1,225,210   | 1,168,588   |
| <b>TOTAL OPERATING EXPENSES</b>  | <u>13,207,412</u>                                       | <u>24,898,806</u>   |
| <b>OPERATING INCOME (LOSS)</b>   | <u>994,686</u>  | <u>(1,505,466)</u>  |
| <b>NONOPERATING REVENUES (EXPENSES):</b>   |   |   |
| Investment income  | 108,353   | 65,530  |
| Interest and fiscal charges  | (201,293)   | (72,206)  |
| Gain on sale of property and equipment   | -   | 12,366  |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>  | <u>(92,940)</u>   | <u>5,690</u>  |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>  | <u>901,746</u>  | <u>(1,499,776)</u>  |
| <b>TRANSFERS:</b>  |   |   |
| Transfers in   | 4,589,288   | 857,642   |
| Transfers out  | (64,200)  | (790,000)   |
| <b>TOTAL TRANSFERS</b>   | <u>4,525,088</u>  | <u>67,642</u>   |
| <b>CHANGE IN NET POSITION</b>  | 5,426,834   | (1,432,134)   |
| <b>NET POSITION - BEGINNING OF YEAR, AS RESTATED</b>   | <u>29,499,976</u>                                       | <u>12,488,466</u>   |
| <b>NET POSITION - END OF YEAR</b>  | <u>\$ 34,926,810</u>                                    | <u>\$ 11,056,332</u>  |
| Adjustment to reflect the consolidation of internal<br>service fund activities related to enterprise funds | \$ (216,739)  |   |
| <b>Change in net position - Enterprise Funds</b>   | <u>5,426,834</u>  |   |
| <b>Change in net position of business-type activity</b>  | <u>\$ 5,210,095</u>                                     |   |

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2015

|  | Business-type<br>Activity<br>Enterprise<br>Fund | Governmental<br>Activities<br>Internal Service<br>Funds |
|--|---|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                         |   |   |
| Receipts from customers  | \$ 14,572,330                                   | \$ 23,879,488   |
| Payment to suppliers   | (9,344,989)                                     | (17,820,395)  |
| Payment to employees   | (2,558,621)                                     | (5,262,429)   |
| NET CASH PROVIDED BY<br>OPERATING ACTIVITIES                         | 2,668,720                                       | 796,664   |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>              |   |   |
| Cash received from other funds                                       | 4,589,288                                       | 857,642   |
| Cash paid to other funds   | (64,200)  | (790,000)   |
| NET CASH PROVIDED BY<br>NONCAPITAL FINANCING ACTIVITIES              | 4,525,088                                       | 67,642  |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES:</b> |   |   |
| Acquisition of capital assets  | (1,510,721)                                     | (920,242)   |
| Proceeds from sale of assets   | -   | 69,356  |
| Principal payments on capital leases                                 | -   | (72,581)  |
| Principal payments on long-term debt                                 | (345,543)                                       | (154,899)   |
| Interest and fiscal charges  | (175,301)                                       | (47,414)  |
| NET CASH USED BY CAPITAL AND<br>RELATED FINANCING ACTIVITIES         | (2,031,565)                                     | (1,125,780)   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                         |   |   |
| Investment income  | 108,353   | 65,530  |
| NET INCREASE (DECREASE) IN<br>CASH AND CASH EQUIVALENTS              | 5,270,596                                       | (195,944)   |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR                        | 5,805,463                                       | 18,740,725  |
| CASH AND CASH EQUIVALENTS - END OF YEAR                              | \$ 11,076,059                                   | \$ 18,544,781   |
| <b>CASH AND CASH EQUIVALENTS:</b>                                    |   |   |
| Cash and investments - current assets                                | \$ 7,235,489                                    | \$ 11,234,973   |
| Cash and investments - restricted assets                             | 3,840,570                                       | 7,309,808   |
| TOTAL CASH AND CASH EQUIVALENTS                                      | \$ 11,076,059                                   | \$ 18,544,781   |

See accompanying notes to basic financial statements.

(Continued)

CITY OF WESTMINSTER

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (CONTINUED)

For the year ended June 30, 2015

|  | Business-type<br>Activity   | Governmental<br>Activities  |
|--|-----------------------------|-----------------------------|
|  | Enterprise<br>Fund          | Internal Service<br>Funds   |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO<br>NET CASH PROVIDED BY OPERATING ACTIVITIES: |                             |                             |
| Operating income (loss)  | \$ 994,686                  | \$ (1,505,466)              |
| Depreciation and amortization  | 1,225,210                   | 1,168,588                   |
| Change in assets and liabilities:  |                             |                             |
| (Increase) decrease in accounts receivable   | 370,232                     | 11,828                      |
| (Increase) decrease in prepaid items   | -                           | 180,883                     |
| (Increase) decrease in inventories   | (14,933)                    | 13,134                      |
| (Increase) decrease in deferred outflows on pensions                                       | (10,101)                    | -                           |
| Increase (decrease) in accounts payable and other liabilities                              | 16,925                      | (899,025)                   |
| Increase (decrease) in claims payable  | -                           | 1,697,385                   |
| Increase (decrease) in deferred inflows on pensions  | 537,833                     | -                           |
| Increase (decrease) in OPEB  | 110,216                     | -                           |
| Increase (decrease) in pension liability   | (551,290)                   | -                           |
| Increase (decrease) in compensated absences payable  | (10,058)                    | 129,337                     |
|  | <u>                    </u> | <u>                    </u> |
| NET CASH PROVIDED<br>BY OPERATING ACTIVITIES   | <u>\$ 2,668,720</u>         | <u>\$ 796,664</u>           |
| NONCASH ITEM:  |                             |                             |
| Capital lease proceeds   | <u>\$ -</u>                 | <u>\$ 163,708</u>           |

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS

June 30, 2015

|  | Successor<br>Agency to the<br>Westminster<br>Redevelopment<br>Agency<br>Private-Purpose<br>Trust Fund | Agency<br>Fund  |
|--|---|-----------------|
|  |   |                 |
| <b>ASSETS:</b>                                       |   |                 |
| <b>CURRENT ASSETS:</b>                               |   |                 |
| Cash and investments                                 | \$ 13,877,774   | \$ -            |
| Interest receivable                                  | 21,195  | -               |
| Restricted assets:                                   |   |                 |
| Cash and investments                                 | -   | 8,455           |
| Cash and investments with fiscal agents              | 28,182,382  | -               |
| <b>TOTAL CURRENT ASSETS</b>                          | <b>42,081,351</b>   | <b>8,455</b>    |
| <b>NONCURRENT ASSETS:</b>                            |   |                 |
| Capital Assets (Note 15):                            |   |                 |
| Not being depreciated:                               |   |                 |
| Land   | 24,525,485  | -               |
| Being depreciated (net of accumulated depreciation): |   |                 |
| Building   | 16,963,040  | -               |
| <b>TOTAL NONCURRENT ASSETS</b>                       | <b>41,488,525</b>   | <b>-</b>        |
| <b>TOTAL ASSETS</b>                                  | <b>83,569,876</b>   | <b>\$ 8,455</b> |
| <b>LIABILITIES:</b>                                  |   |                 |
| <b>CURRENT LIABILITIES:</b>                          |   |                 |
| Accounts payable and other liabilities               | 2,500,612   | \$ -            |
| Certificates of participation, current portion       | 1,890,000   | -               |
| Due to bondholders                                   | -   | 8,455           |
| Due to the City of Westminster                       | 304,832   | -               |
| <b>TOTAL CURRENT LIABILITIES</b>                     | <b>4,695,444</b>  | <b>8,455</b>    |
| <b>LONG-TERM LIABILITIES:</b>                        |   |                 |
| Certificates of participation                        | 117,970,000   | -               |
| Advance payable to Housing Authority                 | 13,713,792  | -               |
| <b>TOTAL LONG-TERM LIABILITIES</b>                   | <b>131,683,792</b>  | <b>-</b>        |
| <b>TOTAL LIABILITIES</b>                             | <b>136,379,236</b>  | <b>\$ 8,455</b> |
| <b>NET POSITION:</b>                                 |   |                 |
| Net position for private purpose                     | (52,809,360)  |                 |
| <b>TOTAL NET POSITION</b>                            | <b>\$ (52,809,360)</b>  |                 |

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS

For the year ended June 30, 2015

|  | Successor<br>Agency to the<br>Westminster<br>Redevelopment<br>Agency<br>Private-Purpose<br>Trust Fund |
|--|---|
| ADDITIONS:   |   |
| Taxes and assessments                                | \$ 16,814,897   |
| Investment and rental                                | 111,133   |
| TOTAL ADDITIONS                                      | <u>16,926,030</u>   |
| DEDUCTIONS:  |   |
| General government                                   | 728,864   |
| Community development                                | 2,516,083   |
| Interest and fiscal expense                          | 6,665,039   |
| Contribution to City                                 | <u>16,638,708</u>   |
| TOTAL DEDUCTIONS                                     | <u>26,548,694</u>   |
| CHANGE IN NET POSITION,<br>BEFORE EXTRAORDINARY ITEM | (9,622,664)   |
| EXTRAORDINARY ITEM:                                  |   |
| Transfer of building from City of Westminster        | <u>16,963,040</u>   |
| CHANGE IN NET POSITION                               | 7,340,376   |
| NET POSITION AT BEGINNING OF YEAR                    | <u>(60,149,736)</u>   |
| NET POSITION AT END OF YEAR                          | <u><u>\$ (52,809,360)</u></u>   |

See accompanying notes to basic financial statements.

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# CITY OF WESTMINSTER

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### **Description of the Reporting Entity:**

The basic financial statements of the City of Westminster include the activities of the City, the Westminster Public Financing Authority and the Westminster Housing Authority.

The City of Westminster was incorporated in 1957 under the General Laws of the State of California. The City operates under a Council-Manager form of government governed by a five-member council and provides the following services: public safety (police, fire, paramedic and ambulance), highways and streets, parks and recreation, public improvements, planning and zoning, and general administrative services.

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board Statements. The City of Westminster is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for the Westminster Public Financing Authority and Westminster Housing Authority as "blended" component units. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, these basic financial statements present the City and its component units, the Westminster Public Financing Authority and the Westminster Housing Authority. Each blended component unit has a June 30 year end.

The Westminster Public Financing Authority (the Authority) was established on March 23, 1993 pursuant to California Government Code, Section 6500. The Authority was established to provide a financing mechanism for the City's and Agency's various public projects. A separate fund is not maintained for the Authority as principal and interest payments on debt issued by the Authority is paid directly by the City. The payments are reported in the Special Revenue, Enterprise and Internal Service Funds. There are no separate Basic Financial Statements prepared for the Authority.



CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Description of the Reporting Entity (Continued):**

The Westminster Housing Authority (the Housing Authority) was established on February 9, 2011 in accordance with California Housing Authority Law (Health and Safety Code Sections 34200). The Housing Authority was established to provide the City with the ability to participate in one or more of the public Housing Programs offered by Housing and Urban Development (HUD). As such, the City will be able to own and operate housing developments, alleviating the need to find prospective owners or operators for the units created. The Housing Authority is governed by the City Council which has full accountability for the Housing Authority's fiscal affairs. Certain assets of the former Redevelopment Agency's Low and Moderate Income Housing Funds were transferred to the Housing Authority on February 1, 2012. The activity of the Housing Authority is reported in the Special Revenue Funds. There are no separate Basic Financial Statements prepared for the Housing Authority.

The accounting policies of the City of Westminster, the Westminster Public Financing Authority and the Westminster Housing Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

**Government-Wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities and Changes in Net Position) report information about the reporting government as a whole, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activity, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Government-Wide and Fund Financial Statements (Continued):**

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

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

Separate financial statements for the government's governmental, proprietary, and fiduciary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements represent private purpose trust funds and agency funds.

**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 is the proprietary and private purpose trust fund financial statements. Under the economic resources measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Under the modified accrual basis of accounting, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, except for principal and interest on general long-term liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities are reported as other financing sources.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The City's Fiduciary Funds consists of a private purpose trust fund which is reported using the economic resources measurement focus and an agency fund which has no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

All governmental and business-type activities and enterprise funds of the City follow GASB pronouncements.

**Fund Classifications:**

The City reports the following major governmental funds:

The General Fund is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund.

The Westminster Housing Authority Special Revenue Fund is used to account for revenues received primarily from loan repayments and the associated expenditures to be used for increasing or improving low and moderate income housing. The assets in this fund were transferred to the City upon dissolution of the Westminster Redevelopment Agency.

The Housing and Community Development Special Revenue Fund is used to account for Federal grants received from the Department of Housing and Urban Development (HUD). The grants are to be used for the development of a viable community by providing decent housing, suitable living environment, and expanding economic opportunities, principally for persons with low and moderate income.

The Special Gas Tax and Street Improvements Special Revenue Fund is used to account for revenues and expenditures apportioned under the Streets and Highways Code of the State of California, Measure M sales taxes, and various grant programs available for street-related expenditures. Expenditures may be made for any street-related purpose in the City's system of streets, including maintenance thereof.

The Capital Improvements Capital Projects Fund is used to account for City projects funded by various sources.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Fund Classifications (Continued):**

The City reports the following major enterprise fund:

The Water Enterprise Fund is used to account for the provision of water services to residential, commercial and industrial customers.

The City's fund structure also includes the following fund types:

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise assigned for specific purposes.

The Internal Service Funds are used to account for the financing of special activities that provide services within the City. These activities include risk management, compensation and benefits, motor pool and equipment maintenance, and facilities maintenance.

The Private Purpose Trust Fund is used to account for the activities of the Successor Agency to the Westminster Redevelopment Agency.

The Agency Fund is used to account for money and property held by the City as trustee or custodian. This fund is used to account for the 1915 Act Bonds (Limited Obligation Improvement Bonds) for which the City acts as an agent for debt service activity.

**New Accounting Pronouncements:**

Current Year Standards

In fiscal year 2014-2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "*Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*". These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pension plans, these Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards decreased the net position at July 1, 2014 by \$81,785,840 and \$2,939,865, in the governmental activities and business-type activity, respectively.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**New Accounting Pronouncements (Continued):**

Current Year Standards (Continued)

GASB Statement No. 69 - "*Government Combinations and Disposals of Government Operations*" was required to be implemented in the current fiscal year and did not 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 72 - "*Fair Value Measurement and Application*", effective for periods beginning after June 15, 2015.
- GASB 73 - "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", effective for periods beginning after June 15, 2015 - except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for periods beginning after June 15, 2016.
- GASB 74 - "*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*", effective for periods beginning after June 15, 2016.
- GASB 75 - "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", effective for periods beginning after June 15, 2017.
- GASB 76 - "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", effective for periods beginning after June 15, 2015.

**Land Held for Resale:**

Land held for resale is carried at the lower of cost or estimated realizable value determined only upon the execution of a disposition and development agreement.

**Capital Assets:**

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of 1 year or more.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Capital Assets (Continued):**

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, storm drains, bridges and right-of-way corridors within the City.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the Government-Wide Financial Statements and in the Fund Financial Statements of the Enterprise Fund. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective balance sheet.

The lives used for depreciation purposes of each capital asset class are:

|   |                |
|---|----------------|
| Buildings                                 | 30 to 50 years |
| Improvements other than buildings         | 20 years       |
| Water distribution lines                  | 65 years       |
| Vehicles                                  | 4 to 15 years  |
| Machinery and equipment                   | 5 to 30 years  |
| Office furniture, computers and equipment | 5 to 20 years  |
| Leased property                           | 3 to 10 years  |
| Infrastructure                            | 20 to 50 years |

**Deferred Outflows/Inflows of Resources:**

In addition to assets, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has two items that qualify for reporting in this category. The first item is the deferred loss on refunding, net of accumulated amortization reported in the government-wide statement of net position and the proprietary funds financial statements. 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. The second item is the deferred outflow related to pensions. This amount is equal to employer contributions made after the measurement date of the net pension liability.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Deferred Outflows/Inflows of Resources (Continued):**

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. The first item, *unavailable revenues*, which arises only under a modified accrual basis of accounting, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years. The third item is a deferred inflow related to pensions for the changes in employer's proportion and differences between employer contributions and the proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans determined as of June 30, 2013 (the beginning of the measurement period ended June 30, 2014), which is 3.8 years.

**Net Position Flow Assumptions:**

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

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

**Long-Term Obligations:**

In the government-wide financial statements, the proprietary, and the fiduciary private purpose trust fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type statement of net position and the fiduciary statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.



CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Long-Term Obligations (Continued):**

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

**Encumbrances:**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. As of June 30, 2015 all encumbrances at year-end were closed. Unexpended appropriations are reencumbered in the following year after reconsideration, without additional budget appropriation.

**Statement of Cash Flows:**

For purposes of the Statement of Cash Flows, City's Enterprise and Internal Service Funds participate in the pooling of City-wide cash and investments. As amounts are available to these Funds on demand, all cash and investments are considered to be cash and cash equivalents for statement of cash flow purposes.

**Investments:**

Investments are stated at fair value (quoted market price or best available estimate thereof).

**Inventories:**

Inventories are valued at cost, which approximates market, on a first-in, first-out basis. Inventory in the Enterprise Fund consists mostly of water meters and spare parts. Inventory in the Internal Service Funds consists of expendable supplies held for consumption.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Property Taxes:**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on November 1 and February 1 and become delinquent December 11 and April 11. The County bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the assessed values no more than 2% per year. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period.

**Compensated Absences:**

Costs associated with compensated absences, along with any related accruals, are accounted for in the Compensation/Benefits Internal Service Fund. The costs for this program will be recovered from those governmental units through inter-departmental charges for services. Other proprietary funds with payroll costs account for their own respective compensated absences.

**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) and the Public Agency Retirement System (PARS) 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 and PARS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**Use of Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Specifically, the City has made certain estimates and assumptions relating to the collectibility of its receivables (including accounts receivable and notes receivable), fair value of investments, estimated useful lives of capital assets for depreciation purposes, annual required contribution requirements for the other post-employment benefit plan, annual pension costs and related items including the pension liabilities for the defined benefit plans, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

2. CASH AND INVESTMENTS:

**Cash and Investments:**

Cash and investments at June 30, 2015 consisted of the following:

|   | Government<br>Wide<br>Statement of<br><u>Net Position</u> | Fiduciary<br>Funds<br>Statement of<br><u>Net Position</u> | <u>Total</u>              |
|---|---|---|---------------------------|
| Unrestricted assets:                    |   |   |                           |
| Cash and investments                    | <u>\$ 61,486,606</u>                                      | <u>\$ 13,877,774</u>                                      | <u>\$ 75,364,380</u>      |
| Total unrestricted assets               | <u>61,486,606</u>   | <u>13,877,774</u>   | <u>75,364,380</u>         |
| Restricted assets:                      |   |   |                           |
| Cash and investments                    | 16,445,392  | 8,455   | 16,453,847                |
| Cash and investments with fiscal agents | <u>112,553</u>  | <u>28,182,382</u>   | <u>28,294,935</u>         |
| Total restricted assets                 | <u>16,557,945</u>   | <u>28,190,837</u>   | <u>44,748,782</u>         |
| <br>TOTAL CASH AND INVESTMENTS          | <br><u>\$ 78,044,551</u>                                  | <br><u>\$ 42,068,611</u>                                  | <br><u>\$ 120,113,162</u> |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

**Cash and Investments (Continued):**

Cash and investments consist of deposits and investments, as noted below:

Primary Government

|             |                      |
|-------------|----------------------|
| Deposits    | \$ 1,333,060         |
| Investments | <u>76,711,491</u>    |
|             | <u>\$ 78,044,551</u> |

Fiduciary Funds

|                                    |                      |
|------------------------------------|----------------------|
| Pooled with the Primary Government | \$ 8,455             |
| Deposits                           | 667,656              |
| Investments                        | <u>41,392,500</u>    |
|                                    | <u>\$ 42,068,611</u> |

The City follows the practice of pooling cash and investments of all funds except for amounts with fiscal agents, and legally restricted funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Unrestricted assets - cash and investments" or "Restricted assets - cash and investments".

Investment income earned on pooled cash and investments is allocated to the various funds based on ending cash and investment balances. Interest from cash and investments of funds excluded from pooled amounts is credited directly to the related fund.

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

The table below identifies the investment types that are authorized for the City, including the fiduciary private purpose trust fund, by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where 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 trustee 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.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by the California Government Code and the City's Investment Policy (Continued):**

| <u>Authorized Investment Type</u>  | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio*</u> | <u>Maximum Investment in One Issuer</u> |
|--|-------------------------|---|---|
| United States Treasury Obligations   | 5 years                 | No Limit                                | No Limit                                |
| United States Government Sponsored Agency Securities   | 5 years                 | No Limit                                | No Limit                                |
| Municipal Bonds  | 5 years                 | No Limit                                | 5%                                      |
| Banker's Acceptances   | 180 days                | 40%                                     | 5%                                      |
| Federally Insured Time Deposits (Federal Deposit Insurance Corporation)                              | 5 years                 | No Limit                                | Insured Amount                          |
| Time Deposits (Non-negotiable Certificates of Deposit)   | 5 years                 | 20%                                     | No Limit                                |
| Certificate of Deposit Placement Service (CDARS)   | 5 years                 | 30%                                     | No Limit                                |
| Negotiable Certificates of Deposit   | 5 years                 | 30%                                     | 5%                                      |
| Repurchase Agreements  | 1 year                  | No Limit                                | No Limit                                |
| Commercial Paper   | 270 days                | 25%                                     | 5%                                      |
| Local Agency Investment Fund (LAIF)  | N/A                     | No Limit                                | \$ 50,000,000                           |
| Corporate Medium Term Notes (MTN)  | 5 years                 | 30%                                     | 5%                                      |
| Mortgage Pass-through Securities/<br>Collateralized Mortgage Obligations/<br>Asset-Backed Securities | 5 years                 | 20%                                     | No Limit                                |
| Money Market Mutual Funds  | None                    | 20%                                     | No Limit                                |

N/A - Not Applicable

\* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

**Investments Authorized by Debt Agreements:**

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

| <u>Authorized Investment Type</u>                    | <u>Maximum Maturity</u> | <u>Maximum Percentage Allowed</u> | <u>Maximum Investment in One Issuer</u> |
|--|-------------------------|-----------------------------------|---|
| United States Treasury Obligations                   | No Limit                | No Limit                          | No Limit                                |
| United States Government Sponsored Agency Securities | No Limit                | No Limit                          | No Limit                                |
| Banker's Acceptances                                 | 360 days                | No Limit                          | No Limit                                |
| Time Certificate of Deposits                         | 360 days                | No Limit                          | No Limit                                |
| Commercial Paper                                     | 270 days                | No Limit                          | No Limit                                |
| Money Market Mutual Funds                            | N/A                     | No Limit                          | No Limit                                |

N/A - Not Applicable

**Disclosures Relating to Interest Rate Risk:**

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

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk (Continued):**

Primary Government

| Investment Type                                | Remaining Maturity (in Months) |                      |                      | Total                |
|--|--------------------------------|----------------------|----------------------|----------------------|
|  | 12 Months<br>or Less           | 13 - 36<br>Months    | 37 - 60<br>Months    |                      |
| Local Agency Investment Fund (LAIF)            | \$ 12,491,983                  | \$ -                 | \$ -                 | \$ 12,491,983        |
| United States Treasury Obligations             | 2,012,422                      | 6,766,373            | 5,220,634            | 13,999,429           |
| Federal National Mortgage Association (FNMA)   | 2,405,871                      | 3,302,632            | 3,934,383            | 9,642,886            |
| Federal Home Loan Mortgage Corporation (FHLMC) | 1,051,164                      | 5,211,650            | 2,200,283            | 8,463,097            |
| Federal Home Loan Bank (FHLB)                  | 1,404,424                      | 6,402,658            | -                    | 7,807,082            |
| Federal Farm Credit Bank (FFCB)                | 1,439,275                      | 2,662,198            | -                    | 4,101,473            |
| Corporate Medium Term Notes (MTN)              | -                              | 7,926,084            | 6,275,267            | 14,201,351           |
| Tennessee Valley Authority                     | -                              | -                    | 1,109,595            | 1,109,595            |
| Commercial Paper                               | 1,028,970                      | -                    | -                    | 1,028,970            |
| Asset-Backed Securities                        | -                              | 1,929,653            | 1,555,973            | 3,485,626            |
| Money Market Mutual Funds                      | 379,999                        | -                    | -                    | 379,999              |
|  | <u>\$ 22,214,108</u>           | <u>\$ 34,201,248</u> | <u>\$ 20,296,135</u> | <u>\$ 76,711,491</u> |

Fiduciary Funds

| Investment Type                                | Remaining Maturity (in Months) |                   |                     | Total                |
|--|--------------------------------|-------------------|---------------------|----------------------|
|  | 12 Months<br>or Less           | 13 - 36<br>Months | 37 - 60<br>Months   |                      |
| Local Agency Investment Fund (LAIF)            | \$ 13,194,479                  | \$ -              | \$ -                | \$ 13,194,479        |
| United States Treasury Obligations             | -                              | 202,172           | 580,630             | 782,802              |
| Federal Home Loan Bank (FHLB)                  | 1,999,627                      | -                 | 537,562             | 2,537,189            |
| Federal National Mortgage Association (FNMA)   | -                              | 249,385           | 914,873             | 1,164,258            |
| Federal Home Loan Mortgage Corporation (FHLMC) | 1,589,750                      | 328,357           | 617,542             | 2,535,649            |
| Money Market Mutual Funds                      | 21,178,123                     | -                 | -                   | 21,178,123           |
|  | <u>\$ 37,961,979</u>           | <u>\$ 779,914</u> | <u>\$ 2,650,607</u> | <u>\$ 41,392,500</u> |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Credit Risk:**

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

Primary Government

| <u>Investment Type</u>     | <u>Minimum Legal Rating</u> | <u>Total as of June 30, 2015</u> | <u>AAA</u>          | <u>AA+</u>          | <u>Other</u>        | <u>Not Required to be Rated</u> | <u>Not Rated</u>    |
|----------------------------|-----------------------------|----------------------------------|---------------------|---------------------|---------------------|---------------------------------|---------------------|
| LAIF                       | N/A                         | \$12,491,983                     | \$ -                | \$ -                | \$ -                | \$ -                            | \$12,491,983        |
| U.S. Treasury Obligations  | N/A                         | 13,999,429                       | -                   | -                   | -                   | 13,999,429                      | -                   |
| FNMA                       | N/A                         | 9,642,886                        | -                   | 9,642,886           | -                   | -                               | -                   |
| FHLMC                      | N/A                         | 8,463,097                        | -                   | 8,463,097           | -                   | -                               | -                   |
| FHLB                       | N/A                         | 7,807,082                        | -                   | 7,807,082           | -                   | -                               | -                   |
| FFCB                       | N/A                         | 4,101,473                        | -                   | 4,101,473           | -                   | -                               | -                   |
| MTN                        | A                           | 14,201,351                       | -                   | -                   | 14,201,351          | -                               | -                   |
| Tennessee Valley Authority | N/A                         | 1,109,595                        | -                   | 1,109,595           | -                   | -                               | -                   |
| Commercial Paper           | A-1/A                       | 1,028,970                        | -                   | -                   | -                   | -                               | 1,028,970           |
| Asset-Backed Securities    | N/A                         | 3,485,626                        | 2,534,882           | -                   | -                   | -                               | 950,744             |
| Money Market               |                             |                                  |                     |                     |                     |                                 |                     |
| Mutual Funds               | AAA                         | 379,999                          | 379,999             | -                   | -                   | -                               | -                   |
|                            |                             | <u>\$76,711,491</u>              | <u>\$ 2,914,881</u> | <u>\$31,124,133</u> | <u>\$14,201,351</u> | <u>\$ 13,999,429</u>            | <u>\$14,471,697</u> |

The actual ratings for the "Other" category above are as follows:

| <u>Investment Type</u> | <u>AA+</u>          | <u>AA-</u>          | <u>AA</u>           | <u>A+</u>           | <u>A</u>            | <u>Total</u>        |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| MTN                    | <u>\$ 1,186,205</u> | <u>\$ 3,116,005</u> | <u>\$ 2,228,359</u> | <u>\$ 5,828,138</u> | <u>\$ 1,842,644</u> | <u>\$14,201,351</u> |

Fiduciary Funds

| <u>Investment Type</u>    | <u>Minimum Legal Rating</u> | <u>Total as of June 30, 2015</u> | <u>AAA</u>           | <u>AA+</u>          | <u>A-1+</u>         | <u>Not Required to be Rated</u> | <u>Not Rated</u>    |
|---------------------------|-----------------------------|----------------------------------|----------------------|---------------------|---------------------|---------------------------------|---------------------|
| LAIF                      | N/A                         | \$13,194,479                     | \$ -                 | \$ -                | \$ -                | \$ -                            | \$13,194,479        |
| U.S. Treasury Obligations | N/A                         | 782,802                          | -                    | -                   | -                   | 782,802                         | -                   |
| FHLB                      | N/A                         | 2,537,189                        | -                    | 537,562             | 1,999,627           | -                               | -                   |
| FNMA                      | N/A                         | 1,164,258                        | -                    | 1,164,258           | -                   | -                               | -                   |
| FHLMC                     | N/A                         | 2,535,649                        | -                    | 945,899             | 1,589,750           | -                               | -                   |
| Money Market              |                             |                                  |                      |                     |                     |                                 |                     |
| Mutual Funds              | AAA                         | 21,178,123                       | 21,178,123           | -                   | -                   | -                               | -                   |
|                           |                             | <u>\$41,392,500</u>              | <u>\$ 21,178,123</u> | <u>\$ 2,647,719</u> | <u>\$ 3,589,377</u> | <u>\$ 782,802</u>               | <u>\$13,194,479</u> |

N/A - Not Applicable



CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

**Concentration of Credit Risk:**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Primary Government

| <u>Issuer</u>                          | <u>Investment Type</u>                                  | <u>Reported<br/>Amount</u> |
|--|---|----------------------------|
| Federal Home Loan Mortgage Corporation | United States Government<br>Sponsored Agency Securities | \$ 8,463,097               |
| Federal Home Loan Bank                 | United States Government<br>Sponsored Agency Securities | 7,807,082                  |
| Federal National Mortgage Association  | United States Government<br>Sponsored Agency Securities | 9,642,886                  |
| Federal Farm Credit Bank               | United States Government<br>Sponsored Agency Securities | 4,101,473                  |

Fiduciary Funds

| <u>Issuer</u>                          | <u>Investment Type</u>                                  | <u>Reported<br/>Amount</u> |
|--|---|----------------------------|
| Federal Home Loan Bank                 | United States Government<br>Sponsored Agency Securities | \$ 2,537,189               |
| Federal Home Loan Mortgage Corporation | United States Government<br>Sponsored Agency Securities | 2,535,649                  |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

2. CASH AND INVESTMENTS (CONTINUED):

**Custodial Credit Risk:**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following 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 (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2015, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

**Investment in State Investment Pool:**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 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 the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund receivables and payables at June 30, 2015 are as follows:

|   | <u>Receivable</u>   | <u>Payable</u>      |
|---|---------------------|---------------------|
| General Fund                            | \$ 100,000          | \$ -                |
| Special Revenue Funds:                  |                     |                     |
| Housing and Community Development       | -                   | 300,000             |
| Special Gas Tax and Street Improvements | -                   | 1,150,000           |
| Capital Projects Fund:                  |                     |                     |
| Capital Improvements                    | <u>1,350,000</u>    | <u>-</u>            |
|   | <u>\$ 1,450,000</u> | <u>\$ 1,450,000</u> |

The interfund amounts from the General Fund and the Capital Improvements Capital Projects Fund to the Housing and Community Development Special Revenue Fund and the Special Gas Tax and Street Improvements Special Revenue Fund are for short-term loans to cover operations.

The compositions of the City's interfund transfer balances as of June 30, 2015 are as follows:

**Governmental Activities:**

|  | <u>Transfers In</u> |  |  |  |                                 |                               | <u>Total</u>         |
|--|---------------------|--|--|--|---------------------------------|-------------------------------|----------------------|
|  | <u>General</u>      | <u>Westminster<br/>Housing<br/>Authority</u> | <u>Housing<br/>and<br/>Community<br/>Development</u> | <u>Special Gas<br/>Tax and Street<br/>Improvements</u> | <u>Capital<br/>Improvements</u> | <u>Other<br/>Governmental</u> |                      |
| <b>Transfers Out:</b>                      |                     |  |  |  |                                 |                               |                      |
| General                                    | \$ -                | \$ -   | \$ -   | \$ -   | \$ -                            | \$ 111,000                    | \$ 111,000           |
| Housing and<br>Community Development       | -                   | -  | -  | -  | 535,000                         | -                             | 535,000              |
| Special Gas Tax and<br>Street Improvements | -                   | -  | -  | -  | 3,277,000                       | -                             | 3,277,000            |
| Capital Improvements                       | 6,877               | -  | 18,488   | 4,408  | 3,769,615                       | 7,882                         | 3,807,270            |
| Other Governmental Funds                   | -                   | -  | -  | -  | 2,710,000                       | 154,125                       | 2,864,125            |
| Water Enterprise                           | -                   | -  | -  | -  | -                               | 60,000                        | 60,000               |
| Internal Service                           | <u>40,000</u>       | <u>-</u>                                     | <u>-</u>   | <u>-</u>   | <u>750,000</u>                  | <u>-</u>                      | <u>790,000</u>       |
|  | <u>\$ 46,877</u>    | <u>\$ -</u>                                  | <u>\$ 18,488</u>                                     | <u>\$ 4,408</u>  | <u>\$ 11,041,615</u>            | <u>\$ 333,007</u>             | <u>\$ 11,444,395</u> |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED):

Interfund Transfer Balances (Continued):

**Business-type Activity:**

|                       | Transfers In        |                     |                     |
|-----------------------|---------------------|---------------------|---------------------|
|                       | Water<br>Enterprise | Internal<br>Service | Total               |
| <u>Transfers Out:</u> |                     |                     |                     |
| General               | \$ 25,000           | \$ -                | \$ 25,000           |
| Capital Improvements  | <u>4,564,288</u>    | <u>857,642</u>      | <u>5,421,930</u>    |
|                       | <u>\$ 4,589,288</u> | <u>\$ 857,642</u>   | <u>\$ 5,446,930</u> |

Transfers between/to funds are to primarily fund capital projects, which are then transferred back to the original fund upon completion of the project. The General Fund transferred monies to the Water Enterprise Fund for operations.

4. RECEIVABLES:

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

**Governmental Funds:**

|                            | General             | Westminster<br>Housing<br>Authority | Housing<br>and<br>Community<br>Development | Special Gas<br>Tax and Street<br>Improvements | Other<br>Governmental | Total                |
|----------------------------|---------------------|-------------------------------------|--|---|-----------------------|----------------------|
| Taxes                      | \$ 3,396,990        | \$ -                                | \$ -                                       | \$ -  | \$ 14,175             | \$ 3,411,165         |
| Accounts                   | 501,230             | -                                   | -  | -   | -                     | 501,230              |
| Interest                   | 223,330             | -                                   | -  | -   | -                     | 223,330              |
| Loans                      | -                   | 5,541,798                           | 4,452,933                                  | -   | -                     | 9,994,731            |
| Notes                      | -                   | 6,020,439                           | 850,000                                    | -   | -                     | 6,870,439            |
| Other                      | -                   | -                                   | -  | -   | 5,255                 | 5,255                |
| Due from other governments | <u>363,840</u>      | <u>-</u>                            | <u>322,638</u>                             | <u>528,258</u>                                | <u>108,786</u>        | <u>1,323,522</u>     |
| Net Total Receivables      | <u>\$ 4,485,390</u> | <u>\$ 11,562,237</u>                | <u>\$ 5,625,571</u>                        | <u>\$ 528,258</u>                             | <u>\$ 128,216</u>     | <u>\$ 22,329,672</u> |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

4. RECEIVABLES (CONTINUED):

**Proprietary Funds:**

|                       | Water<br><u>Enterprise</u> | Internal<br><u>Service</u> | <u>Total</u>        |
|-----------------------|----------------------------|----------------------------|---------------------|
| Accounts              | \$ 2,270,740               | \$ 1,292                   | \$ 2,272,032        |
| Other                 | <u>-</u>                   | <u>350,649</u>             | <u>350,649</u>      |
| Net Total Receivables | <u>\$ 2,270,740</u>        | <u>\$ 351,941</u>          | <u>\$ 2,622,681</u> |

**Governmental Activities:**

A detailed summary of the loans and notes receivable balances follows:

Loans Receivable - Housing and Community Development

|  |                     |
|--|---------------------|
| Community Development Block Grant - Housing Rehab Loans, due upon sale of property   | \$ 459,351          |
| HOME Rehab Loans, due upon sale of property  | 83,744              |
| HOME Single Residence Loans, due upon sale of property   | 325,388             |
| HOME Down Payment Assistance Loans, payable in monthly installments, with balance due upon sale of property                                | 231,275             |
| HOME Lease Purchase Program - payable upon sale of property. The program is administered by American Family Housing, Inc. or Abrazar, Inc. | <u>3,353,175</u>    |
| Total Loans Receivable - Housing and Community Development   | <u>\$ 4,452,933</u> |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

4. RECEIVABLES (CONTINUED):

**Governmental Activities (Continued):**

Summary of the Loans and Notes Receivable Balances (Continued):

Loans Receivable - Westminster Housing Authority

|   |                     |
|---|---------------------|
| Housing Rehab Loans, due upon sale of property  | \$ 2,548,394        |
| Housing Single Residence Loans, deferred 35 years, or payable upon sale of property   | 70,000              |
| Housing Lease Purchase Program due upon sale of property. The program is administered by American Family Housing, Inc. or Abrazar, Inc. | 2,798,404           |
| Housing First Time Homebuyers Loans, due upon sale of property.   | <u>125,000</u>      |
| Total Loans Receivable - Westminster Housing Authority  | <u>\$ 5,541,798</u> |

Note Receivable - Housing and Community Development

|   |                   |
|---|-------------------|
| \$850,000 note receivable from Cambridge Heights, L.P., a qualified affordable housing development partnership, dated May 26, 2004. The purpose of the loan is to assist with the development for 22 units, 21 of which will be affordable senior citizen housing (project). Repayment of the 40 year, 3% interest loan is to be paid in annual payments equal to 50% of the projects "residual receipts". No payments have been made on this note. | <u>\$ 850,000</u> |
|---|-------------------|

Notes Receivable - Westminster Housing Authority

|  |            |
|--|------------|
| \$600,000 note receivable from Corporation for Better Housing dated November 5, 2003. The purpose of the loan is to assist with the development of Very Low and Low Income Senior Housing (project). Repayment of the 55 year, 1% compounded annually interest loan is to be paid in annual payments equal to 50% of the projects "residual receipts". | \$ 248,848 |
|--|------------|

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

4. RECEIVABLES (CONTINUED):

**Governmental Activities (Continued):**

Summary of the Loans and Notes Receivable Balances (Continued):

Notes Receivable - Westminster Housing Authority (Continued)

\$600,000 note receivable from The Related Companies of California dated November 5, 2003. The purpose of the loan is to assist with the development of 86 units of affordable housing for families and seniors (project). Repayment of the 55 year, 3% simple interest loan was deferred for three years. Thereafter, repayment is to be made in annual payments equal to 20% of the projects "residual receipts".

\$ 328,546

\$300,000 note receivable from Coventry Heights dated December 30, 2003. The purpose of the loan is to assist with the development of 76 units of affordable housing for seniors (project). Repayment of the 55 year, 3% simple interest loan is to be made in annual payments equal to 25% of the projects "residual receipts".

169,170

\$200,000 note receivable from Shelter for the Homeless dated April 25, 2006. The purpose of the loan is to assist with the development of housing units for extremely low income families (project). Repayment of the 30 year, 1% simple interest loan is to be made in monthly payments of principal and interest.

145,001

\$5,544,000 note receivable from AMCAL Royale Fund, L.P., dated February 2, 2010. The purpose of the loan is to assist the developer in the purchase and development of property located at 230 Hospital Circle in the City of Westminster, California as a multi-family affordable housing (project). As of June 30, 2015, \$5,128,874 has been disbursed to the developer. Repayment of the 55 year loan is to be made in annual payments equal to 50% of the projects "residual receipts".

5,128,874

Total Notes Receivable - Westminster Housing Authority \$ 6,020,439

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

5. LAND HELD FOR RESALE:

Land held for resale consists of property acquired by the dissolved Redevelopment Agency and held for resale. The property is carried at the lower of cost or estimated net realizable value.

| <u>Land Held For Resale<br/>Description</u> | <u>Parcel<br/>Number</u> | <u>Balance<br/>June 30, 2014</u> | <u>Transfers</u> | <u>Balance<br/>June 30, 2015</u> |
|---|--------------------------|----------------------------------|------------------|----------------------------------|
| 14282 Locust Street                         | 096-162-03               | \$ 203,810                       | \$ -             | \$ 203,810                       |
| 14242 Locust Street                         | 096-162-01               | 296,400                          | -                | 296,400                          |
| 14262 Locust Street                         | 096-162-02               | <u>296,400</u>                   | <u>-</u>         | <u>296,400</u>                   |
|   |                          | <u>\$ 796,610</u>                | <u>\$ -</u>      | <u>\$ 796,610</u>                |



CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

6. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2015 is as follows:

| <b>Governmental Activities:</b>                   | Balance at<br>July 1, 2014 | Additions             | Deletions           | Transfers<br>(a)    | Balance at<br>June 30, 2015 |
|---|----------------------------|-----------------------|---------------------|---------------------|-----------------------------|
| Capital assets, not being depreciated:            |                            |                       |                     |                     |                             |
| Land  | \$ 11,703,975              | \$ -                  | \$ -                | \$ -                | \$ 11,703,975               |
| Construction in progress                          | <u>3,130,034</u>           | <u>354,632</u>        | <u>(694,864)</u>    | <u>16,570,443</u>   | <u>19,360,245</u>           |
| Total capital assets, not being depreciated       | <u>14,834,009</u>          | <u>354,632</u>        | <u>(694,864)</u>    | <u>16,570,443</u>   | <u>31,064,220</u>           |
| Capital assets, being depreciated:                |                            |                       |                     |                     |                             |
| Buildings   | 101,504,183                | 389,758               | -                   | (17,700,564)        | 84,193,377                  |
| Improvements other than buildings                 | 13,011,619                 | 1,001,512             | -                   | -                   | 14,013,131                  |
| Vehicles, machinery and equipment                 | 8,452,059                  | 632,591               | (225,673)           | -                   | 8,858,977                   |
| Office furniture and equipment                    | 6,953,193                  | 655,465               | (238,345)           | 68,265              | 7,438,578                   |
| Leased property                                   | 1,366,917                  | 163,708               | (145,762)           | -                   | 1,384,863                   |
| Infrastructure                                    | <u>260,490,665</u>         | <u>2,143,585</u>      | <u>-</u>            | <u>-</u>            | <u>262,634,250</u>          |
| Total capital assets, being depreciated           | <u>391,778,636</u>         | <u>4,986,619</u>      | <u>(609,780)</u>    | <u>(17,632,299)</u> | <u>378,523,176</u>          |
| Less accumulated depreciation for:                |                            |                       |                     |                     |                             |
| Buildings   | (15,616,559)               | (2,136,215)           | -                   | 737,524             | (17,015,250)                |
| Improvements other than buildings                 | (3,636,420)                | (551,672)             | -                   | -                   | (4,188,092)                 |
| Vehicles, machinery and equipment                 | (5,135,686)                | (736,080)             | 177,083             | -                   | (5,694,683)                 |
| Office furniture and equipments                   | (3,690,753)                | (396,366)             | 238,344             | -                   | (3,848,775)                 |
| Leased property                                   | (639,250)                  | (403,070)             | 137,362             | -                   | (904,958)                   |
| Infrastructure                                    | <u>(161,503,486)</u>       | <u>(7,395,784)</u>    | <u>-</u>            | <u>-</u>            | <u>(168,899,270)</u>        |
| Total accumulated depreciation                    | <u>(190,222,154)</u>       | <u>(11,619,187)</u>   | <u>552,789</u>      | <u>737,524</u>      | <u>(200,551,028)</u>        |
| Total capital assets, being depreciated, net      | <u>201,556,482</u>         | <u>(6,632,568)</u>    | <u>(56,991)</u>     | <u>(16,894,775)</u> | <u>177,972,148</u>          |
| Total governmental activities capital assets, net | <u>\$ 216,390,491</u>      | <u>\$ (6,277,936)</u> | <u>\$ (751,855)</u> | <u>\$ (324,332)</u> | <u>\$ 209,036,368</u>       |

(a) A transfer of \$16,638,708 relates to the transfer of capital assets to the City from the Successor Agency to the Westminster Redevelopment Agency. A net transfer of \$16,963,040 consists of a parking structure previously transferred to the City back to the Successor Agency to the Westminster Redevelopment Agency.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

6. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activity capital assets at June 30, 2015 is as follows:

| <b>Business-type Activity:</b>                  | Balance at<br>July 1,<br>2014 | Additions          | Deletions       | Balance at<br>June 30,<br>2015 |
|---|-------------------------------|--------------------|-----------------|--------------------------------|
| Capital assets, not being depreciated:          |                               |                    |                 |                                |
| Land and land rights                            | \$ 2,484,846                  | \$ -               | \$ -            | \$ 2,484,846                   |
| Total capital assets,<br>not being depreciated  | <u>2,484,846</u>              | <u>-</u>           | <u>-</u>        | <u>2,484,846</u>               |
| Capital assets, being depreciated:              |                               |                    |                 |                                |
| Buildings                                       | 91,579                        | -                  | -               | 91,579                         |
| Improvements other than buildings               | 11,808,269                    | -                  | -               | 11,808,269                     |
| Water distribution lines                        | 43,279,945                    | 1,423,039          | -               | 44,702,984                     |
| Machinery and equipment                         | 13,020,177                    | 78,292             | (16,281)        | 13,082,188                     |
| Office furniture and equipment                  | <u>161,209</u>                | <u>9,390</u>       | <u>(3,766)</u>  | <u>166,833</u>                 |
| Total capital assets,<br>being depreciated      | <u>68,361,179</u>             | <u>1,510,721</u>   | <u>(20,047)</u> | <u>69,851,853</u>              |
| Less accumulated depreciation for:              |                               |                    |                 |                                |
| Buildings                                       | (88,052)                      | (306)              | -               | (88,358)                       |
| Improvements other than buildings               | (2,160,243)                   | (235,025)          | -               | (2,395,268)                    |
| Water distribution lines                        | (27,312,789)                  | (724,272)          | -               | (28,037,061)                   |
| Machinery and equipment                         | (8,808,979)                   | (248,864)          | 16,281          | (9,041,562)                    |
| Office furniture and equipment                  | <u>(77,116)</u>               | <u>(16,743)</u>    | <u>3,766</u>    | <u>(90,093)</u>                |
| Total accumulated depreciation                  | <u>(38,447,179)</u>           | <u>(1,225,210)</u> | <u>20,047</u>   | <u>(39,652,342)</u>            |
| Total capital assets,<br>being depreciated, net | <u>29,914,000</u>             | <u>285,511</u>     | <u>-</u>        | <u>30,199,511</u>              |
| Business-type Activity<br>capital assets, net   | <u>\$ 32,398,846</u>          | <u>\$ 285,511</u>  | <u>\$ -</u>     | <u>\$ 32,684,357</u>           |

The City maintains a reserve fund for capital improvement designed to encourage and improve on water conservation. For the year ended June 30, 2015, the Enterprise Funds' conservation projects reserve account totaled \$3,726,006.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

6. CAPITAL ASSETS (CONTINUED):

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

|  |                      |
|--|----------------------|
| General government                                   | \$ 92,633            |
| Public safety  | 1,354,034            |
| Public works   | 7,404,422            |
| Community development                                | 1,022,489            |
| Community services                                   | 577,021              |
| Internal service funds                               | <u>1,168,588</u>     |
| Total depreciation expense - governmental activities | <u>\$ 11,619,187</u> |

**Business-type Activity:**

|            |                     |
|------------|---------------------|
| Water Fund | <u>\$ 1,225,210</u> |
|------------|---------------------|

7. LONG-TERM LIABILITIES:

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

**Governmental Activities:**

|                               | Balance<br>July 1, 2014<br><u>(Restated)</u> | <u>Additions</u>  | <u>Reductions</u> | Balance<br>June 30,<br>2015 | Due<br>Within<br><u>One Year</u> | Due in<br>More Than<br><u>One Year</u> |
|-------------------------------|--|-------------------|-------------------|-----------------------------|----------------------------------|--|
| Certificates of participation | \$ 3,855,000                                 | \$ -              | \$ 525,000        | \$ 3,330,000                | \$ 545,000                       | \$ 2,785,000                           |
| Leases payable                | 552,088                                      | 163,708           | 236,289           | 479,507                     | 324,267                          | 155,240                                |
| Compensated absences          | 1,951,800                                    | 1,579,822         | 1,450,485         | 2,081,137                   | 1,789,778                        | 291,359                                |
| Claims liabilities (Note 11)  | 9,131,535                                    | 3,035,262         | 1,337,877         | 10,828,920                  | 2,707,230                        | 8,121,690                              |
| Pension liability (Note 8)    | 85,984,525                                   | 4,196,801         | 22,654,177        | 67,527,149                  | -                                | 67,527,149                             |
| OPEB liability (Note 9)       | <u>17,353,281</u>                            | <u>2,789,994</u>  | <u>1,829,071</u>  | <u>18,314,204</u>           | <u>-</u>                         | <u>18,314,204</u>                      |
| Total                         |  |                   |                   |                             |                                  |  |
| Governmental Activities       | <u>118,828,229</u>                           | <u>11,765,587</u> | <u>28,032,899</u> | <u>102,560,917</u>          | <u>5,366,275</u>                 | <u>97,194,642</u>                      |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

7. LONG-TERM LIABILITIES (CONTINUED):

**Business-type Activity:**

|                               | Balance<br>July 1, 2014 |                      |                      | Balance<br>June 30,<br>2015 | Due<br>Within<br>One Year | Due in<br>More Than<br>One Year |
|-------------------------------|-------------------------|----------------------|----------------------|-----------------------------|---------------------------|---------------------------------|
|                               | (Restated)              | Additions            | Reductions           |                             |                           |                                 |
| Certificates of participation | \$ 2,800,000            | \$ -                 | \$ 235,000           | \$ 2,565,000                | \$ 240,000                | \$ 2,325,000                    |
| Loans payable                 | 1,797,198               | -                    | 110,543              | 1,686,655                   | 114,424                   | 1,572,231                       |
| Compensated absences          | 191,837                 | 105,142              | 115,200              | 181,779                     | 156,330                   | 25,449                          |
| Pension liability (Note 8)    | 3,109,394               | 156,975              | 708,265              | 2,558,104                   | -                         | 2,558,104                       |
| OPEB liability (Note 9)       | <u>1,990,383</u>        | <u>320,006</u>       | <u>209,790</u>       | <u>2,100,599</u>            | <u>-</u>                  | <u>2,100,599</u>                |
| Total                         |                         |                      |                      |                             |                           |                                 |
| Business-type Activity        | <u>9,888,812</u>        | <u>582,123</u>       | <u>1,378,798</u>     | <u>9,092,137</u>            | <u>510,754</u>            | <u>8,581,383</u>                |
| <b>City Total</b>             | <u>\$ 128,717,041</u>   | <u>\$ 12,347,710</u> | <u>\$ 29,411,697</u> | <u>\$ 111,653,054</u>       | <u>\$ 5,877,029</u>       | <u>\$ 105,776,025</u>           |

**Governmental Activities:**

Certificates of Participation

\$7,825,000 City of Westminster 2008 Certificates of Participation (Civic Center Refunding), dated May 1, 2008. The Certificates are payable in annual installments ranging from \$320,000 to \$860,000 until maturity on June 1, 2022. Interest is payable bi-annually at an average rate of 4.1%. The 2008 Certificates were issued for the purpose of advance refunding the \$13,600,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998A (1998 Civic Center Refunding Program). Proceeds from the Series 2008 Certificates were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the Certificates until fully retired. The 1998 Certificates are legally defeased and no longer a liability of the City. The reacquisition price exceeded the net carrying amount of the debt. This amount is shown as deferred outflows of resources. These bonds have an AAA/AA-rating.

Principal outstanding at June 30, 2015

\$ 3,330,000

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

7. LONG-TERM LIABILITIES (CONTINUED):

**Governmental Activities (Continued):**

Lease Payable

The City of Westminster entered into a capital lease for the purpose of leasing City cars. The lease term is 36 months with an option to purchase. Principal and interest payments are payable annually at an average rate of 2%.

Principal outstanding at June 30, 2015 \$ 479,507

Capital assets acquired through the lease consisted of equipment with a net value of \$479,905, which consists of an original cost of \$1,226,639 less accumulated depreciation of \$746,734.

Compensated Absences/Claims Liabilities

Compensated absences and claims liabilities which do not have any set annual debt service requirements are being liquidated in the internal service funds. These internal service funds predominately serve the governmental funds. Accordingly, these liabilities are part of the total liabilities for governmental activities.

**Business-type Activity:**

The Business-type Activity long-term liability transactions at June 30, 2015 are comprised of the following individual items:

Certificates of Participation

\$5,035,000 Certificates of Participation (Water System Refunding) Series 2008, dated June 1, 2008. The Certificates are payable in annual installments ranging from \$220,000 to \$465,000 until maturity on June 1, 2024. Interest is payable bi-annually at an average rate of 4.1%. The 2008 Certificates were issued for the purpose of advance refunding the \$5,210,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998B (1998 Water System Refunding Program) and the \$2,200,000 installment purchase agreement payable to Zions First National Bank. The 2008 Series Certificates were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the 2008 Certificates until fully retired. The 1998 Certificates are legally defeased and no longer a liability of the City. The reacquisition price exceeded the net carrying amount of the debt. This amount is shown as deferred outflow of resources. These bonds have an AAA/AA- rating.

Principal outstanding at June 30, 2015 \$ 2,565,000

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

7. LONG-TERM LIABILITIES (CONTINUED):

**Business-type Activity (Continued):**

Certificates of Participation (Continued)

The covenants authorizing the 2008 Water System Refunding Program Certificates of Participation stipulate that water rates must be maintained at levels sufficient to generate revenues in excess of certain predetermined amounts. Additionally, the City must establish certain management guidelines with respect to the operation of the water system. Resolution No. 4147, authorizing the issuance, terms and conditions of the 2008 Water System Refunding Program Certificates of Participation, includes a covenant requiring that the charges for the services, facilities and water costs of the enterprise be so fixed that the “net revenues” of the enterprise shall be at least 120% of the installment payments on the Certificates, and the California Infrastructure and Economic Development Bank Loan.

For the fiscal year ended June 30, 2015, the calculation of the Enterprise Fund’s compliance with the rate coverage covenant is as follows:

|  |                     |
|--|---------------------|
| Gross revenues:                                    |                     |
| Charges for services                               | \$ 13,998,768       |
| Investment income                                  | 108,353             |
| Other  | <u>203,330</u>      |
| Total gross revenues                               | <u>14,310,451</u>   |
| Operating expenses:                                |                     |
| Operating expenses                                 | 13,207,412          |
| Depreciation and amortization                      | (1,225,210)         |
| Vehicle replacement charges                        | <u>(188,000)</u>    |
| Total operating costs                              | <u>11,794,202</u>   |
| Net revenues                                       | <u>\$ 2,516,249</u> |
| Installment payments:                              |                     |
| Principal payments                                 | \$ 294,637          |
| Interest payments                                  | <u>166,031</u>      |
| Total installment payments                         | <u>\$ 460,668</u>   |
| Net revenues to installment payment coverage ratio | <u>546%</u>         |

City management believes it is in compliance with all such covenants.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

7. LONG-TERM LIABILITIES (CONTINUED):

**Business-type Activity (Continued):**

Certificates of Participation (Continued)

Additionally, the City has agreed to maintain a replacement reserve at a level the City determines to be economically prudent. For the fiscal year ended June 30, 2015, the Enterprise Fund's capital equipment replacement reserve is as follows:

|                                       |                     |
|---------------------------------------|---------------------|
| Capital equipment replacement reserve | \$ <u>1,336,622</u> |
|---------------------------------------|---------------------|

Loans Payable

\$889,355 loan payable to Orange County Water District dated August 1, 2000. The loan is payable in annual installments ranging from \$31,449 to \$60,640 until maturity on February 1, 2020. Interest is payable at a fixed rate of 3.5%. The loan was issued as per a conjunctive use well construction program agreement with the Orange County Water District for the completion of a well.

|  |            |
|--|------------|
|  | \$ 282,534 |
|--|------------|

\$2,000,000 installment sale agreement payable to California Infrastructure and Economic Development Bank, dated January 28, 2002. The agreement was issued to provide for the financing of a water tank. The project was completed, and the loan was fully funded as of June 30, 2004. The agreement is payable in annual installments ranging from \$40,000 to \$105,000 until maturity on August 1, 2032. Interest is payable at a fixed rate of 3.26% per annum until fully funded. Once funded, the interest is payable at a fixed rate of 3.52% per annum.

|  |                  |
|--|------------------|
|  | <u>1,404,121</u> |
|--|------------------|

|                     |                     |
|---------------------|---------------------|
| Total Loans Payable | \$ <u>1,686,655</u> |
|---------------------|---------------------|

Compensated Absences

Compensated absences which do not have any set debt service requirements are expected to be liquidated by the Water Enterprise Fund are reported as a liability for Business-type Activity.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

7. LONG-TERM LIABILITIES (CONTINUED):

**Governmental and Business-type Activity:**

Annual Amortization Requirements of Governmental and Business-type Long-Term Liabilities

The annual requirements to amortize all governmental and business-type long-term liabilities (excluding compensated absences and claims payable) outstanding as of June 30, 2015, including interest payments are as follows:

| Year Ending<br>June 30, | Certificates of Participation<br>Governmental Activities |                   |                     |
|-------------------------|--|-------------------|---------------------|
|                         | Principal  | Interest          | Total               |
|                         | 2016   | \$ 545,000        | \$ 141,450          |
| 2017                    | 570,000  | 119,650           | 689,650             |
| 2018                    | 595,000  | 91,150            | 686,150             |
| 2019                    | 615,000  | 67,350            | 682,350             |
| 2020                    | 320,000  | 42,750            | 362,750             |
| 2021-2022               | 685,000  | 44,863            | 729,863             |
|                         | <u>\$ 3,330,000</u>                                      | <u>\$ 507,213</u> | <u>\$ 3,837,213</u> |

| Year Ending<br>June 30, | Leases Payable<br>Governmental Activities |                 |                   |
|-------------------------|---|-----------------|-------------------|
|                         | Principal                                 | Interest        | Total             |
|                         | 2016                                      | \$ 324,267      | \$ 6,485          |
| 2017                    | 89,083                                    | 1,782           | 90,865            |
| 2018                    | 66,157                                    | 1,323           | 67,480            |
|                         | <u>\$ 479,507</u>                         | <u>\$ 9,590</u> | <u>\$ 489,097</u> |

| Year Ending<br>June 30, | Certificates of Participation<br>Business-type Activity |                   |                     |
|-------------------------|---|-------------------|---------------------|
|                         | Principal   | Interest          | Total               |
|                         | 2016  | \$ 240,000        | \$ 106,156          |
| 2017                    | 250,000   | 96,556            | 346,556             |
| 2018                    | 260,000   | 86,556            | 346,556             |
| 2019                    | 270,000   | 76,156            | 346,156             |
| 2020                    | 285,000   | 65,356            | 350,356             |
| 2021-2024               | 1,260,000   | 130,234           | 1,390,234           |
|                         | <u>\$ 2,565,000</u>                                     | <u>\$ 561,014</u> | <u>\$ 3,126,014</u> |



CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

7. LONG-TERM LIABILITIES (CONTINUED):

**Governmental and Business-type Activity (Continued):**

Annual Amortization Requirements of Governmental and Business-type Long-Term Liabilities  
(Continued)

| Year Ending<br>June 30, | Loans Payable          |                   |                     |
|-------------------------|------------------------|-------------------|---------------------|
|                         | Business-type Activity |                   |                     |
|                         | Principal              | Interest          | Total               |
| 2016                    | \$ 114,424             | \$ 58,227         | \$ 172,651          |
| 2017                    | 118,441                | 54,172            | 172,613             |
| 2018                    | 122,599                | 49,974            | 172,573             |
| 2019                    | 126,904                | 45,629            | 172,533             |
| 2020                    | 131,359                | 41,131            | 172,490             |
| 2021-2025               | 393,733                | 143,191           | 536,924             |
| 2026-2030               | 468,083                | 87,726            | 555,809             |
| 2031-2033               | 211,112                | 11,210            | 222,322             |
|                         | <u>\$ 1,686,655</u>    | <u>\$ 491,260</u> | <u>\$ 2,177,915</u> |

| Year Ending<br>June 30, | Grand Totals                              |                     |                     |
|-------------------------|---|---------------------|---------------------|
|                         | Governmental and Business-type Activities |                     |                     |
|                         | Principal                                 | Interest            | Total               |
| 2016                    | \$ 1,223,691                              | \$ 312,318          | \$ 1,536,009        |
| 2017                    | 1,027,524                                 | 272,160             | 1,299,684           |
| 2018                    | 1,043,756                                 | 229,003             | 1,272,759           |
| 2019                    | 1,011,904                                 | 189,135             | 1,201,039           |
| 2020                    | 736,359                                   | 149,237             | 885,596             |
| 2021-2025               | 2,338,733                                 | 318,288             | 2,657,021           |
| 2026-2030               | 468,083                                   | 87,726              | 555,809             |
| 2031-2033               | 211,112                                   | 11,210              | 222,322             |
|                         | <u>\$ 8,061,162</u>                       | <u>\$ 1,569,077</u> | <u>\$ 9,630,239</u> |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS:

The following is a summary of pension related items for the year ended June 30, 2015:

|                       | Pension<br><u>Liability</u> | Deferred<br>Outflows<br><u>of Resources</u> | Deferred<br>Inflows<br><u>of Resources</u> | Pension<br><u>Expense</u> |
|-----------------------|-----------------------------|---|--|---------------------------|
| CalPERS Miscellaneous | \$ 28,423,387               | \$ 4,603,520                                | \$ (18,863,237)                            | \$ 1,744,165              |
| CalPERS Safety        | 40,599,811                  | -   | -  | 2,485,959                 |
| PARS                  | <u>1,062,055</u>            | <u>3,307</u>                                | <u>                    </u>                | <u>120,345</u>            |
|                       | <u>\$ 70,085,253</u>        | <u>\$ 4,606,827</u>                         | <u>\$ (18,863,237)</u>                     | <u>\$ 4,350,469</u>       |

a. Public Employees' Retirement System (CalPERS):

**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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**General Information about the Pension Plans (Continued):**

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

|   | Miscellaneous                      |                                       |
|---|------------------------------------|---------------------------------------|
|   | Prior to<br><u>January 1, 2013</u> | On or After<br><u>January 1, 2013</u> |
| Hire date   |                                    |                                       |
| Benefit formula                                   | 2.5%@55                            | 2%@62                                 |
| Benefit vesting schedule                          | 5 years of service                 | 5 years of service                    |
| Benefit payments                                  | monthly for life                   | monthly for life                      |
| Retirement age                                    | 50 - 67                            | 52 - 67                               |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5%                       | 1.0% to 2.5%                          |
| Required employee contribution rates              | 8%                                 | 6.75%                                 |
| Required employer contribution rates              | 20.757%                            | 20.757%                               |
|   | Safety                             |                                       |
|   | Prior to<br><u>January 1, 2013</u> | On or After<br><u>January 1, 2013</u> |
| Hire date   |                                    |                                       |
| Benefit formula                                   | 3%@50                              | 2.7%@57                               |
| Benefit vesting schedule                          | 5 years of service                 | 5 years of service                    |
| Benefit payments                                  | monthly for life                   | monthly for life                      |
| Retirement age                                    | 50 - 55                            | 50 - 57                               |
| Monthly benefits, as a % of eligible compensation | 3.00%                              | 2.0% to 2.7%                          |
| Required employee contribution rates              | 9%                                 | 12.25%                                |
| Required employer contribution rates              | 29.971%                            | 12.25%-21.463%                        |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**General Information about the Pension Plans (Continued):**

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for the Miscellaneous Plan:

|  | <u>Miscellaneous</u> |
|--|----------------------|
| Inactive employees or beneficiaries currently receiving benefits | 228                  |
| Inactive employees entitled to but not yet receiving benefits    | 133                  |
| Active employees   | <u>123</u>           |
| Total  | <u><u>484</u></u>    |

Contributions

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

**Net Pension Liability:**

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Net Pension Liability (Continued):**

Actuarial Assumptions

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

|                           | <u>Miscellaneous</u>            | <u>Safety</u>                   |
|---------------------------|---------------------------------|---------------------------------|
| Valuation Date            | June 30, 2013                   | June 30, 2013                   |
| Measurement Date          | June 30, 2014                   | June 30, 2014                   |
| Actuarial Cost Method     | Entry-Age Normal<br>Cost Method | Entry-Age Normal<br>Cost Method |
| Actuarial Assumptions:    |                                 |                                 |
| Discount Rate             | 7.50%                           | 7.50%                           |
| Inflation                 | 2.75%                           | 2.75%                           |
| Payroll Growth            | 3.00%                           | 3.00%                           |
| Projected Salary Increase | 3.3% - 14.2% (1)                | 3.3% - 14.2% (1)                |
| Investment Rate of Return | 7.5% (2)                        | 7.5% (2)                        |
| Mortality                 | (3)                             | (3)                             |

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

(2) Net of pension plan investment expenses, including inflation

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

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Net Pension Liability (Continued):**

Discount Rate

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

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

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

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Net Pension Liability (Continued):**

Discount Rate (Continued)

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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

| Asset Class                   | New<br>Strategic<br>Allocation | Real Return<br>Years<br>1 - 10 (a) | Real Return<br>Years<br>11+ (b) |
|-------------------------------|--------------------------------|------------------------------------|---------------------------------|
| Global Equity                 | 47.00%                         | 5.25%                              | 5.71%                           |
| Global Fixed Income           | 19.00%                         | 0.99%                              | 2.43%                           |
| Inflation Sensitive           | 6.00%                          | 0.45%                              | 3.36%                           |
| Private Equity                | 12.00%                         | 6.83%                              | 6.95%                           |
| Real Estate                   | 11.00%                         | 4.50%                              | 5.13%                           |
| Infrastructure and Forestland | 3.00%                          | 4.50%                              | 5.09%                           |
| Liquidity                     | 2.00%                          | -0.55%                             | -1.05%                          |
| Total                         | 100.00%                        |                                    |                                 |

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

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Changes in the Net Pension Liability:**

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

|  | Increase (Decrease)           |                                   |                                     |
|--|-------------------------------|-----------------------------------|-------------------------------------|
|  | Total<br>Pension<br>Liability | Plan<br>Fiduciary<br>Net Position | Net Pension<br>Liability<br>(Asset) |
| <b>Balance at June 30, 2014</b>                                  | <u>\$ 111,222,033</u>         | <u>\$ 76,673,206</u>              | <u>\$ 34,548,827</u>                |
| <b>Changes in the Year:</b>                                      |                               |                                   |                                     |
| Service cost   | 1,596,416                     | -                                 | 1,596,416                           |
| Interest on the total pension liability                          | 8,193,716                     | -                                 | 8,193,716                           |
| Differences between actual and<br>expected experience            | -                             | -                                 | -                                   |
| Changes in assumptions   | -                             | -                                 | -                                   |
| Changes in benefit terms   | -                             | -                                 | -                                   |
| Contribution - employer  | -                             | 1,893,680                         | (1,893,680)                         |
| Contribution - employee<br>(paid by employer)                    | -                             | -                                 | -                                   |
| Contribution - employee  | -                             | 950,841                           | (950,841)                           |
| Net investment income  | -                             | 13,071,051                        | (13,071,051)                        |
| Administrative expenses  | -                             | -                                 | -                                   |
| Benefit payments, including refunds<br>of employee contributions | (5,541,372)                   | (5,541,372)                       | -                                   |
| <b>Net Changes</b>   | <u>4,248,760</u>              | <u>10,374,200</u>                 | <u>(6,125,440)</u>                  |
| <b>Balance at June 30, 2015</b>                                  | <u>\$ 115,470,793</u>         | <u>\$ 87,047,406</u>              | <u>\$ 28,423,387</u>                |



CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Changes in the Net Pension Liability (Continued):**

Proportionate Share of Net Pension Liability

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability for the Safety Plan as follows:

|        | Proportionate<br>Share of<br>Net Pension<br>Liability |
|--------|---|
|        | <u>                    </u>                           |
| Safety | <u><u>\$ 40,599,811</u></u>                           |

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, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's 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 June 30, 2013 and 2014 was as follows:

|                              | <u>Safety</u> |
|------------------------------|---------------|
| Proportion - June 30, 2013   | 1.11935%      |
| Proportion - June 30, 2014   | 1.08238%      |
| Change - Increase (Decrease) | -0.03697%     |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

**Changes in the Net Pension Liability (Continued):**

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

The following presents the net pension liability of the 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 1-percentage point lower or 1-percentage point higher than the current rate:

|                       | <u>Miscellaneous</u> | <u>Safety</u> |
|-----------------------|----------------------|---------------|
| 1% Decrease           | 6.50%                | 6.50%         |
| Net Pension Liability | \$ 43,659,424        | \$ 69,538,172 |
| Current Discount Rate | 7.50%                | 7.50%         |
| Net Pension Liability | \$ 28,423,387        | \$ 40,599,811 |
| 1% Increase           | 8.50%                | 8.50%         |
| Net Pension Liability | \$ 15,828,571        | \$ 16,755,851 |

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 WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

a. Public Employees' Retirement System (CalPERS) (Continued):

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

For the year ended June 30, 2015, the City recognized pension expense of \$4,230,124. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Pension contributions subsequent to measurement date   | \$ 4,603,520                         | \$ -                                |
| Differences between actual and expected experience   | -                                    | -                                   |
| Change in assumptions  | -                                    | -                                   |
| Change in employer's proportion and differences<br>between the employer's contributions and the<br>employer's proportionate share of contributions | -                                    | (798,059)                           |
| Net differences between projected and actual<br>earnings on plan investments   | -                                    | (18,065,178)                        |
| Total  | <u>\$ 4,603,520</u>                  | <u>\$ (18,863,237)</u>              |

\$4,603,520 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year<br>Ending<br>June 30, | Amount         |
|----------------------------|----------------|
| 2016                       | \$ (4,801,316) |
| 2017                       | (4,801,316)    |
| 2018                       | (4,744,312)    |
| 2019                       | (4,516,293)    |
| 2020                       | -              |
| Thereafter                 | -              |

**Payable to the Pension Plan:**

At June 30, 2015, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan:

**General Information about the Pension Plan:**

Plan Description and Benefits

Effective July 1, 2007, pursuant to sections 401(a) and 501(a) of the Internal Revenue Code, the City adopted a tax-qualified single-employer governmental defined benefit plan that is to be administered for the City by Public Agency Retirement Service (PARS), a third-party administrator. The plan was established to provide eligible employees, supplemental retirement benefits in addition to the benefits employees will receive from the California Public Employees Retirement System (CalPERS). The plan is closed and 6 eligible retirees or their beneficiaries are paid monthly

Contributions

The actuarially contribution is determined on the funding policy and most recent measurement available when the contribution for the reporting period was adopted. The City is funding the plan to pay the benefit payments payable each year. For the year ended June 30, 2015, the City's contribution was \$53,370.

Employees Covered

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

|  | <u>Safety</u> |
|--|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 6             |
| Inactive employees entitled to but not yet receiving benefits    | -             |
| Active employees   | -             |
| Total  | <u>6</u>      |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

**Net Pension Liability:**

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

|   | <u>Miscellaneous</u>  |
|---|---|
| Valuation Date                          | June 30, 2014   |
| Measurement Date                        | June 30, 2015   |
| Actuarial Cost Method                   | Entry-Age Normal Cost Method  |
| Amortization Method:                    |   |
| Level percent or level dollar           | Level Dollar  |
| Closed, Open, or layered periods        | Closed  |
| Amortization period at January 31, 2014 | 8.0 years   |
| Amortization growth rate                | 0.00%   |
| Inflation                               | 2.50%   |
| Salary Increases                        | N/A   |
| Investment Rate of Return               | 6.00%   |
| Cost of Living Adjustments              | 2.00%   |
| Withdrawal/Disability                   | N/A   |
| Mortality                               | Males: 1983 GAM Males (as prescribed by PARS) Females: 1983 GAM Females (as prescribed by PARS) |
| Form of Payment                         | Monthly as determined by plan document  |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

**Net Pension Liability (Continued):**

Discount Rate

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

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

- Employer contributions are generally assumed to equal expected annual benefit payments plus expenses.
- Benefit payments are projected based on the actuarial assumptions and the current plan provisions.
- All cash flows are assumed to occur on average halfway through the year.
- The long-term expected rate of return on pension plan investments is 6.00%.
- The actuarial assumptions do not change.
  
- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the actuary's opinion that the detailed depletion date projections outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be insufficient to cover benefit payments and administrative expenses.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

**Net Pension Liability (Continued):**

Discount Rate (Continued)

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of January 1, 2015.

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

| Asset Class                            | Index  | Target Allocation | Long-Term Expected Arithmetic Real Rate of Return | Long-Term Expected Geometric Real Rate of Return |
|--|--|-------------------|---|--|
| Cash                                   | Bank of America Merrill Lynch 90-Day T-Bills | 33.28%            | 0.53%   | 0.53%  |
| Core Fixed Income                      | Barclays Aggregate                           | 66.72%            | 2.08%   | 1.96%  |
| Assumed Inflation - Mean               |  |                   | 2.60%   | 2.53%  |
| Assumed Inflation - Standard Deviation |  |                   | 1.85%   | 1.85%  |
| Portfolio Real Mean Return             |  |                   | 1.57%   | 1.51%  |
| Portfolio Nominal Mean Return          |  |                   | 4.17%   | 4.12%  |
| Portfolio Standard Deviation           |  |                   |   | 3.27%  |
| Long-Term Expected Rate of Return      |  |                   |   | 6.00%  |

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current retirees. Therefore, the discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. The City chose the Bond Buyer General Obligation 20-Bond Index resulting in the use of a 3.80% rate in calculating the pension liability.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

**Changes in the Net Pension Liability:**

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

|  | Increase (Decrease)           |                                   |                                     |
|--|-------------------------------|-----------------------------------|-------------------------------------|
|  | Total<br>Pension<br>Liability | Plan<br>Fiduciary<br>Net Position | Net Pension<br>Liability<br>(Asset) |
| <b>Balance at June 30, 2014</b>                                  | <u>\$ 1,064,329</u>           | <u>\$ 72,556</u>                  | <u>\$ 991,773</u>                   |
| <b>Changes in the Year:</b>                                      |                               |                                   |                                     |
| Service cost   | -                             | -                                 | -                                   |
| Interest on the total pension liability                          | 42,514                        | -                                 | 42,514                              |
| Differences between actual and<br>expected experience            | -                             | -                                 | -                                   |
| Changes in assumptions   | 78,569                        | -                                 | 78,569                              |
| Changes in benefit terms   | -                             | -                                 | -                                   |
| Contribution - employer  | -                             | 53,370                            | (53,370)                            |
| Contribution - employee<br>(paid by employer)                    | -                             | -                                 | -                                   |
| Contribution - employee  | -                             | -                                 | -                                   |
| Net investment income  | -                             | 274                               | (274)                               |
| Administrative expenses  | -                             | (2,843)                           | 2,843                               |
| Benefit payments, including refunds<br>of employee contributions | (48,685)                      | (48,685)                          | -                                   |
| <b>Net Changes</b>   | <u>72,398</u>                 | <u>2,116</u>                      | <u>70,282</u>                       |
| <b>Balance at June 30, 2015</b>                                  | <u>\$ 1,136,727</u>           | <u>\$ 74,672</u>                  | <u>\$ 1,062,055</u>                 |



CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

**Changes in the Net Pension Liability (Continued):**

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

|                               |                      |
|-------------------------------|----------------------|
|                               | <u>Miscellaneous</u> |
| 1% Decrease                   | 2.80%                |
| Net Pension Liability         | \$ 1,247,535         |
| Current Discount Rate         | 3.80%                |
| Net Pension Liability (Asset) | \$ 1,062,055         |
| 1% Increase                   | 4.80%                |
| Net Pension Liability (Asset) | \$ 914,363           |

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

For the year ended June 30, 2015, the City recognized pension expense of \$120,345. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Pension contributions subsequent to measurement date                      | \$ -  | \$ -   |
| Differences between actual and expected experience                        | -   | -  |
| Change in assumptions   | -   | -  |
| Net differences between projected and actual earnings on plan investments | 3,307   | -  |
| Total   | <u>\$ 3,307</u>                               | <u>\$ -</u>                                  |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

8. PENSION PLANS (CONTINUED):

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (Continued):

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction of pension expense as follows:

| Year<br>Ending<br>June 30, | Amount |
|----------------------------|--------|
| 2016                       | \$ 827 |
| 2017                       | 827    |
| 2018                       | 827    |
| 2019                       | 827    |
| 2020                       | -      |
| Thereafter                 | -      |

**Payable to the Pension Plan:**

At June 30, 2015, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

c. Part-time, Seasonal and Temporary Employees-Alternate Retirement System Plan:

**Plan Description - Other Defined Contribution Pension Plans:**

Omnibus Budget Reconciliation Act of 1990 (OBRA 90) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by Social Security or an alternate plan. In accordance with this federal law, the City provides pension benefits for all part-time, seasonal and temporary employees through the City of Westminster Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan and benefits depend solely on amounts contributed to the plan plus investment earnings. Federal legislation requires defined contributions to the retirement plan of at least 7.5% of the employee's salary. Accordingly, contributions to the plan consist of 6% by the employee and 1.5% by the City. All part-time, seasonal or temporary employees are immediately eligible to participate in the plan from the date of employment and all contributions are fully vested. The contribution requirements are established by Federal statutes and may be amended by the Federal government.

For the year ended June 30, 2015, the City's payroll covered by the plan was \$1,126,315. Contributions to the plan totaled \$84,474 with employee contributions in the amount of \$67,664 (6.0% of current covered payroll) and City contributions in the amount of \$16,810 (1.5% of current covered payroll).

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

a. Plan Description:

The City provides post-employment healthcare benefits including medical, dental, vision, and life insurance to eligible employees and their dependents at retirement through a single employer defined benefit OPEB plan administered by the City. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its management employees, and unions representing the City's employees. Eligible retirees (service or disability retire through CalPERS directly from the City) receive reimbursement from the City for a portion of the costs for the coverage. The retiree healthcare plan does not issue a financial report.

The medical benefit through the California Public Employees Retirement System Healthcare Program (PEMHCA) is based on the hire date and the employee group. For employees in employee groups hired prior to dates in the following table, the City pays up to 100% of the cap.

| <u>Employee Group</u> | <u>2015 Cap</u> | <u>Hire Date</u> |
|-----------------------|-----------------|------------------|
| POA                   | \$ 892.00       | 07/01/2004       |
| Mgmt/Admin/Conf       | 937.00          | 08/10/2005       |
| WMEA                  | 937.00          | 06/22/2005       |

For employees hired after the dates in the table above, the City pays a percent of the cap based on years of service with the City.

| <u>Years of Service</u> | <u>Percentage of Cap</u>       |
|-------------------------|--------------------------------|
| Less than 5             | PEMHCA minimum (\$122 in 2015) |
| 5 through 10            | 25%                            |
| 11 through 15           | 50%                            |
| More than 15            | 100%                           |

The benefit to a surviving spouse continues based on CalPERS retirement plan election.

Dental, vision, and life insurance benefits are provided through the City's group insurance plans. The City provides full vision coverage, pays dental coverage up to \$20/month, and pays life insurance premiums up to \$19.10/month.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

b. Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City, the City's City Council, and/or the employee associations. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2015, the City paid \$2,038,861 in health care costs for its retirees and their covered dependents. The plan does not require employee contributions.

c. Annual OPEB Cost and Net OPEB Obligation:

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

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan made primarily by the General Fund, and changes in the City's net OPEB obligation to the Retiree Health Plan:

|  | Governmental<br><u>Activities</u> | Business-type<br><u>Activity</u> | <u>Totals</u>        |
|--|-----------------------------------|----------------------------------|----------------------|
| Annual required contribution               | \$ 2,912,000                      | \$ 334,000                       | \$ 3,246,000         |
| Interest on net OPEB obligation            | 694,359                           | 79,641                           | 774,000              |
| Adjustment to annual required contribution | <u>(816,365)</u>                  | <u>(93,635)</u>                  | <u>(910,000)</u>     |
| Annual OPEB cost (expense)                 | 2,789,994                         | 320,006                          | 3,110,000            |
| Actual contributions made                  | <u>(1,829,071)</u>                | <u>(209,790)</u>                 | <u>(2,038,861)</u>   |
| Increase in net OPEB obligation            | 960,923                           | 110,216                          | 1,071,139            |
| Net OPEB Obligation - beginning of year    | <u>17,353,281</u>                 | <u>1,990,383</u>                 | <u>19,343,664</u>    |
| Net OPEB Obligation - end of year          | <u>\$ 18,314,204</u>              | <u>\$ 2,100,599</u>              | <u>\$ 20,414,803</u> |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

c. Annual OPEB Cost and Net OPEB Obligation (Continued):

The City's annual OPEB cost, the actual contributions, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three years ended June 30, 2015, were as follows:

| Fiscal<br>Year<br>Ended | Annual<br>OPEB<br>Cost | Actual<br>Contributions | Percentage<br>of Annual<br>OPEB Cost<br>Contributed | Net<br>OPEB<br>Obligation |
|-------------------------|------------------------|-------------------------|---|---------------------------|
| 06/30/13                | \$ 4,272,000           | \$ 2,206,588            | 51.7 %  | \$ 16,950,443             |
| 06/30/14                | 4,466,000              | 2,072,779               | 46.4 %  | 19,343,664                |
| 06/30/15                | 3,110,000              | 2,038,861               | 65.6 %  | 20,414,803                |

d. Funded Status and Funding Progress:

As of June 30, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$46,709,000 (\$42,227,000 for the governmental activities and \$4,482,000 for the business-type activity), and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$46,709,000. The funded ratio (actuarial value of assets as a percentage of actuarial accrued liability) was 0%. The covered payroll (annual payroll of active employees covered by the plan) was \$19,205,000 (\$17,405,000 for the governmental activities and \$1,800,000 for the business-type activities) and the ratio of the UAAL to the covered payroll was 243%.

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

e. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment interest rate of 4.00% per annum (net of administrative expenses), and a general inflation rate of 3% per annum. Medical premiums were assumed to increase annually with a pre-Medicare cost increase rate of 7.0% for HMOs and PPOs for 2017 premiums over 2016 premiums, both grading down to 5.0% for calendar year 2021 and thereafter. The post-Medicare annual medical cost increase rates were 7.2% for HMOs and PPOs for 2017 premiums over 2016 premiums, both grading down to 5.0% for calendar year 2021 and thereafter. The PEMHCA minimum was assumed to increase with medical inflation (4.5%) annually after 2016. Medical caps were assumed to follow healthcare trend. Vision premiums were assumed to increase by 3% annually. Dental and life insurance caps were assumed to remain frozen in the future. The UAAL is being amortized as a level percentage of projected payroll over 24 years on a closed basis commencing in fiscal year 2014. The remaining amortization period at June 30, 2015 was 23 years.

10. DEFERRED COMPENSATION:

Certain provisions of the Small Business Job Protection Act (the Act) effected Internal Revenue Code Section 457 plans by eliminating the requirement that Section 457 plan assets legally remain the assets of the sponsoring government. The Act requires that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors.

The City has implemented GASB 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The assets have been transferred into a trust, and are no longer subject to claims of the City's general creditors, and are no longer considered the assets of the City. The plan permits all City employees to defer a portion of their salary until future years. The amount deferred is not available to employees until termination, retirement, death or unforeseeable emergency.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

10. DEFERRED COMPENSATION (CONTINUED):

The City contracts with private deferred compensation administration firms to act as an agent of the City to fulfill all the City's administrative responsibilities. The duties performed by this fiduciary on behalf of the City include assisting employees in the execution of investment transactions and providing summary and participant reporting of these investments.

Since the City has placed the assets into a trust and has little administrative involvement and does not perform the investing function for the plan, the assets have been removed from the City's financial statements.

11. RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The City retains the risk of loss for general liability claims of up to \$350,000 per occurrence and workers' compensation claims of up to \$300,000 per person per occurrence. The City has established the Risk Management and Compensation/Benefits Internal Service Funds to account for and finance these uninsured risks of loss, and liabilities are accrued when incurred, whether or not reported, in each of these Funds.

The City is also a member of the California Insurance Pool Authority (CIPA), a public entity risk pool consisting of 11 member cities in Orange County, California, which was established to pool resources, share risks, purchase excess insurance, and share costs for professional risk management and claims administration. Portions of general liability and workers compensation claims exceeding the above mentioned amounts are covered by CIPA up to a maximum \$10,000,000 per claim and \$50,000,000 annual aggregate amount for general liability claims. The coverage for workers' compensation extends to statutory limit. Member cities make payments to CIPA based on underwriting estimates and may be assessed the difference between funds available and the \$50,000,000 annual aggregate in proportion to their annual premiums. Additional coverage is maintained through a commercial insurer for claims in excess of the per claim units and the annual aggregate amounts.

The City continues to carry commercial insurance for all other risks of loss, including employee health, fire, water, boiler and machinery insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

11. RISK MANAGEMENT (CONTINUED):

All Funds of the City participate in the risk management program and make payments to the Risk Management and Compensation/Benefits Internal Service Funds based on estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. At June 30, 2015, the Risk Management Fund had an accumulated fund deficit of \$1,108,732. Also, at June 30, 2015, the Compensation/Benefits Fund had a reserve for catastrophic losses of \$3,468,287, which is reported as net position in this fund. The claims liabilities of \$7,578,008 and \$3,250,912 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2015 are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and amount of the loss can be reasonably estimated.

Changes in the Risk Management and Compensation/Benefits Internal Service Funds' claims liability amounts in fiscal years 2015 and 2014 were as follows:

|   | <u>Risk Management<br/>Fund</u> |                     | <u>Compensation/Benefits<br/>Fund</u> |                     |
|---|---------------------------------|---------------------|---------------------------------------|---------------------|
|   | <u>2015</u>                     | <u>2014</u>         | <u>2015</u>                           | <u>2014</u>         |
| Beginning-year liability                        | \$ 6,417,620                    | \$ 2,352,072        | \$ 2,713,915                          | \$ 1,386,390        |
| Current-year claims and<br>changes in estimates | 1,371,318                       | 4,645,022           | 1,663,944                             | 1,962,603           |
| Claim payments                                  | <u>(210,930)</u>                | <u>(579,474)</u>    | <u>(1,126,947)</u>                    | <u>(635,078)</u>    |
| Balance at fiscal year-end                      | <u>\$ 7,578,008</u>             | <u>\$ 6,417,620</u> | <u>\$ 3,250,912</u>                   | <u>\$ 2,713,915</u> |



CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications established as of June 30, 2015 were as follows:

|                                      | General       | Special Revenue Funds               |  |   | Capital                                     | Other        | Total         |
|--------------------------------------|---------------|-------------------------------------|--|---|---|--------------|---------------|
|                                      |               | Westminster<br>Housing<br>Authority | Housing<br>and<br>Community<br>Development | Special Gas<br>Tax and Street<br>Improvements | Projects<br>Fund<br>Capital<br>Improvements |              |               |
| Nonspendable:                        |               |                                     |  |   |   |              |               |
| Prepaid items                        | \$ 47,687     | \$ -                                | \$ -                                       | \$ -  | \$ -  | \$ -         | \$ 47,687     |
| Restricted for:                      |               |                                     |  |   |   |              |               |
| Housing authority                    | -             | 26,444,269                          | -  | -   | -   | -            | 26,444,269    |
| Housing and community<br>development | -             | -                                   | 721,281                                    | -   | -   | -            | 721,281       |
| Debt service                         | -             | -                                   | -  | 221,378                                       | -   | 262,537      | 483,915       |
| Parks                                | -             | -                                   | -  | -   | -   | 740,726      | 740,726       |
| Special police services              | -             | -                                   | -  | -   | -   | 1,875,768    | 1,875,768     |
| Municipal lighting                   | -             | -                                   | -  | -   | -   | 1,610,357    | 1,610,357     |
| Other grants                         | -             | -                                   | -  | -   | -   | 706,427      | 706,427       |
| Offside drainage district            | -             | -                                   | -  | -   | -   | 144,878      | 144,878       |
| Total Restricted                     | -             | 26,444,269                          | 721,281                                    | 221,378                                       | -   | 5,340,693    | 32,727,621    |
| Assigned:                            |               |                                     |  |   |   |              |               |
| Capital projects                     | -             | -                                   | -  | -   | 18,710,050                                  | -            | 18,710,050    |
| Community promotions                 | -             | -                                   | -  | -   | -   | 1,408,146    | 1,408,146     |
| Total Assigned                       | -             | -                                   | -  | -   | 18,710,050                                  | 1,408,146    | 20,118,196    |
| Unassigned                           | 22,069,159    | -                                   | -  | (261,909)                                     | -   | -            | 21,807,250    |
| Total Fund                           |               |                                     |  |   |   |              |               |
| Balances (Deficit)                   | \$ 22,116,846 | \$ 26,444,269                       | \$ 721,281                                 | \$ (40,531)                                   | \$ 18,710,050                               | \$ 6,748,839 | \$ 74,700,754 |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED):

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

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

Committed - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment through the passage of an ordinance, the City's highest level of decision-making authority.

Assigned - This classification includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. This amount includes amounts that are assigned through adoption of the budget. Council may delegate the ability of an employee or committee to assign the use of specific funds for specific purposes. Such delegation has not yet been granted to persons or committees other than the City Council. The City assigns unspent capital project balances and amounts in its Community Promotion Special Revenue Fund.

Unassigned - The classifications include the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balance first.

When an expenditure is incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

**Deficit Fund Balances**

The following Funds have a deficit fund balance at June 30, 2015. The Special Revenue Fund's deficit is primarily the result of cash being transferred to the Capital Improvements Capital Projects Fund prior to the funding of projects. As projects are completed and funded, revenues will be accrued in the various Special Revenue Funds. The Internal Service Fund's deficit is primarily the result of an increase in the claims payable liability.

|  |    |             |
|--|----|-------------|
| Major Fund:  |    |             |
| Special Gas Tax and Street Improvements Special Revenue Fund | \$ | (40,531)    |
| Internal Service Fund:                                       |    |             |
| Risk Management  |    | (1,108,732) |

**Excess of Expenditures over Appropriations:**

|   | <u>Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget</u> |
|---|---------------|---------------|---------------------------------------|
| Other Governmental Funds:               |               |               |                                       |
| Parks Dedication Special Revenue Fund   | \$ 26,700     | \$ 37,327     | \$ (10,627)                           |
| Municipal Lighting Special Revenue Fund | 916,000       | 928,484       | (12,484)                              |

14. COMMITMENTS AND CONTINGENCIES:

**Claims and Judgments:**

At June 30, 2015, the City was a defendant in a number of lawsuits arising in the ordinary course of operations which allege liability on the part of the City in connection with workers compensation and general liability matters. Management believes that potential losses relating to these lawsuits will not materially affect the financial position of the City.

**Grant Contingencies:**

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

15. SUCCESSOR AGENCY DISCLOSURES:

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:

**Capital Assets:**

The Successor Agency transferred capital assets to the City in the amount of \$16,638,708 in fiscal year 2014-2015. A transfer of \$16,963,040 consists of a parking structure previously transferred to the City back to the Successor Agency at June 30, 2015.

**Long-Term Liabilities:**

Long-term liability activity for the year ended June 30, 2015 was as follows:

|                                 | Balance at<br>July 1,<br>2014 | Additions   | Reductions          | Balance at<br>June 30,<br>2015 | Due<br>Within<br>One Year | Due in<br>More Than<br>One Year |
|---------------------------------|-------------------------------|-------------|---------------------|--------------------------------|---------------------------|---------------------------------|
| Tax allocation<br>bonds payable | <u>\$121,685,000</u>          | <u>\$ -</u> | <u>\$ 1,825,000</u> | <u>\$119,860,000</u>           | <u>\$ 1,890,000</u>       | <u>\$117,970,000</u>            |

Tax Allocation Bonds

\$30,140,000 Westminster Commercial Redevelopment Project No. 1, 2008 Tax Allocation Refunding Bonds dated June 1, 2008. The bonds are payable in annual installments ranging from \$960,000 to \$2,260,000 until maturity on August 1, 2027. Interest is payable bi-annually at an average rate of 4.4%. The 2008 bonds were issued for the purpose of advance refunding \$40,250,000 Westminster Commercial Redevelopment Project No. 1, 1997 Tax Allocation Revenue Refunding Bonds. Proceeds from the 2008 bonds were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the bonds until fully retired. The 1997 bonds are legally defeased and are no longer a liability of the Agency.

\$ 23,005,000

\$73,055,000 Westminster Commercial Redevelopment Project No. 1, 2009 Subordinate Tax Allocation Bonds (Police Facility) dated March 12, 2009. The bonds are payable in annual installments ranging from \$2,360,000 to \$6,345,000 from November 1, 2028 until maturity on November 1, 2045. Interest is payable bi-annually at an average rate of 4.4%. The 2009 bonds were issued for the purpose of acquiring and constructing a new headquarters for the Westminster Police Department.

73,055,000

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**Long-Term Liabilities (Continued):**

Tax Allocation Bonds (Continued)

\$24,305,000 Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds, Series A, dated June 9, 2011. The bonds are payable in annual installments ranging from \$505,000 to \$1,285,000 from November 1, 2014 until maturity on November 1, 2045. Interest is payable bi-annually at an average rate of 5.6%. The 2011 bonds were issued for the purpose of constructing a new Civic Center parking facility and an evidence storage facility for the City police department. \$ 23,800,000

Total Tax Allocation Bonds \$ 119,860,000

The annual requirements to amortize the tax allocation bonds outstanding as of June 30, 2015, including interest payments are as follows:

| Year Ending<br>June 30, | Tax Allocation Bonds  |                       |                       |
|-------------------------|-----------------------|-----------------------|-----------------------|
|                         | Principal             | Interest              | Total                 |
| 2016                    | \$ 1,890,000          | \$ 6,616,094          | \$ 8,506,094          |
| 2017                    | 1,965,000             | 6,538,994             | 8,503,994             |
| 2018                    | 2,050,000             | 6,457,988             | 8,507,988             |
| 2019                    | 2,130,000             | 6,372,950             | 8,502,950             |
| 2020                    | 2,215,000             | 6,284,557             | 8,499,557             |
| 2021-2025               | 12,595,000            | 27,014,417            | 39,609,417            |
| 2026-2030               | 14,955,000            | 26,827,689            | 41,782,689            |
| 2031-2035               | 17,920,000            | 22,443,182            | 40,363,182            |
| 2036-2040               | 24,165,000            | 16,196,444            | 40,361,444            |
| 2041-2045               | 32,345,000            | 8,010,662             | 40,355,662            |
| 2046                    | <u>7,630,000</u>      | <u>440,332</u>        | <u>8,070,332</u>      |
|                         | <u>\$ 119,860,000</u> | <u>\$ 133,203,309</u> | <u>\$ 253,063,309</u> |

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**Debt Contingencies:**

Not included in the accompanying financial statements are Variable Rate Demand Multifamily Housing Revenue Bonds (Brookhurst Royale Senior Assisting Living Project) 2000 Series A and Subordinate Taxable Multifamily Housing Revenue Bonds (Brookhurst Royale Senior Assisted Living Project) 2000 Series A-S (collectively, the “Bonds”), conduit debt obligations issued under the name of the Redevelopment Agency. The Bonds were issued to finance the construction of a 117-unit residential care facility for the elderly. The Bonds are not secured by or payable from revenues or assets of the City or the Redevelopment Agency. Neither the faith and credit nor the taxing power of the City of Westminster, the Westminster Redevelopment Agency, the State of California or any political subdivision thereof is pledged to the payment of the principal of and interest on the Bonds nor is the City or the Agency in any manner obligated to make appropriations for payment on these bonds. At June 30, 2015, the aggregate principal amount of Bonds outstanding totaled \$5,242,500.

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the “Dissolution Act”) and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each a “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 11, 2012, the City elected to serve as the Successor Agency of the Westminster Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City elected on February 9, 2011 to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Westminster Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs. The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months. The Successor Agency's management has identified \$5,060,188 in expenditures through June 30, 2015 on enforceable obligations that the Department of Finance did not approve. Management does not concur with the Department of Finance's disapproval of these enforceable obligations. Management is pursuing a multi-tracked approach in order to remedy the Department of Finances' denial of this item. Under authority granted to the Successor Agency by AB 1484, the Successor Agency Board intends to reauthorize the contract in question in order to align its approval with the Department of Finance's approved process. This effort will be coupled with management's intent to use the Meet and Confer process to clearly delineate the City's position and the justifications for the questioned enforceable obligations. The Successor Agency has also initiated legal proceedings in order to aid in the clarification of this issue.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

17. RESTATEMENTS OF PRIOR YEAR FINANCIAL STATEMENTS:

Restatements of the Government-Wide Financial Statements' net position as of July 1, 2014 are as follows:

|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activity</u> | <u>Total</u>          |
|--|------------------------------------|-----------------------------------|-----------------------|
| Net position at July 1, 2014,<br>as originally reported  | \$ 281,027,622                     | \$ 35,879,022                     | \$ 316,906,644        |
| Implementation of GASB Statements<br>68 and 71 to record pension liability<br>at beginning of year | (81,785,840)                       | (2,939,865)                       | (84,725,705)          |
| Allocation of OPEB liability from<br>Governmental activities to<br>Business-type activity          | <u>1,990,383</u>                   | <u>(1,990,383)</u>                | <u>-</u>              |
| Net position at July 1, 2014, as restated  | <u>\$ 201,232,165</u>              | <u>\$ 30,948,774</u>              | <u>\$ 232,180,939</u> |



CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS  
(CONTINUED)

June 30, 2015

17. RESTATEMENTS OF PRIOR YEAR FINANCIAL STATEMENTS (CONTINUED):

Restatement of the Water Enterprise Fund's net position as of July 1, 2014 is as follows:

|   | Water<br>Enterprise<br>Fund |
|---|-----------------------------|
| Net position at July 1, 2014, as originally reported  | \$ 34,430,224               |
| Implementation of GASB Statements 68 and 71<br>to record pension liability at beginning of year | (2,939,865)                 |
| Allocation of OPEB liability from Governmental<br>activities to Business-type activity          | <u>(1,990,383)</u>          |
| Net position at July 1, 2014, as restated   | <u>\$ 29,499,976</u>        |

18. SUBSEQUENT EVENTS:

Events occurring after June 30, 2015 have been evaluated for possible adjustments to the financial statements or disclosure as of November 30, 2015, which is the date these financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

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CITY OF WESTMINSTER

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 CalPERS SAFETY PLAN

Last Ten Fiscal Years\*

|   | <u>2015</u>   |
|---|---------------|
| Plan's proportion of the net pension liability  | 0.65247%      |
| Plan's proportionate share of the net pension liability   | \$ 40,599,811 |
| Plan's covered - employee payroll   | \$ 9,177,397  |
| Plan's proportionate share of the net pension liability as<br>a percentage of covered - employee payroll          | 442.39%       |
| Plan's proportionate share of the fiduciary net position as<br>a percentage of the Plan's total pension liability | 81.21%        |
| Plan's proportionate share of aggregate employer contributions  | \$ 4,966,989  |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions

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

CITY OF WESTMINSTER  
 SCHEDULE OF CONTRIBUTIONS  
 CalPERS SAFETY PLAN

Last Ten Fiscal Years\*

|   | 2015         |
|---|--------------|
| Contractually required contribution (actuarially determined)          | \$ 2,607,628 |
| Contributions in relation to the actuarially determined contributions | (2,607,628)  |
| Contribution deficiency (excess)                                      | \$ -         |
| Covered - employee payroll  | \$ 9,177,397 |
| Contributions as a percentage of covered - employee payroll           | 28.41%       |

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

|                               |   |
|-------------------------------|---|
| Single and agent employers    | Entry age   |
| Amortization method           | Level percentage of payroll, closed   |
| Remaining amortization period | 19 years as of the Valuation Date   |
| Asset valuation method        | 15 Year Smoothed Market   |
| Inflation                     | 2.75%   |
| Salary increases              | 3.30% to 14.20% depending on Age, Service, and type of employment   |
| Investment rate of return     | 7.50%, net of pension plan investment expense, including inflation  |
| Retirement age                | 3% at 50 retirement age 50, 2.7% at 57 retirement age 50-57   |
| Mortality                     | Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date. |

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

CITY OF WESTMINSTER

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
CalPERS MISCELLANEOUS PLAN

Last Ten Fiscal Years\*

|  | <u>2015</u>                  |
|--|------------------------------|
| Total Pension Liability:   |                              |
| Service cost   | \$ 1,596,416                 |
| Interest on total pension liability  | 8,193,716                    |
| Differences between expected and actual experience                         | -                            |
| Changes in assumptions   | -                            |
| Changes in benefits  | -                            |
| Benefit payments, including refunds of employee contributions              | <u>(5,541,372)</u>           |
| Net Change in Total Pension Liability                                      | 4,248,760                    |
| Total Pension Liability - Beginning of Year                                | <u>111,222,033</u>           |
| Total Pension Liability - End of Year (a)                                  | <u><u>\$ 115,470,793</u></u> |
| Plan Fiduciary Net Position:   |                              |
| Contributions - employer   | \$ 1,893,680                 |
| Contributions - employee   | 950,841                      |
| Net investment income  | 13,071,051                   |
| Benefit payments   | <u>(5,541,372)</u>           |
| Net Change in Plan Fiduciary Net Position                                  | 10,374,200                   |
| Plan Fiduciary Net Position - Beginning of Year                            | <u>76,673,206</u>            |
| Plan Fiduciary Net Position - End of Year (b)                              | <u><u>\$ 87,047,406</u></u>  |
| Net Pension Liability - Ending (a)-(b)                                     | <u><u>\$ 28,423,387</u></u>  |
| Plan fiduciary net position as a percentage of the total pension liability | 75.38%                       |
| Covered - employee payroll   | \$ 9,177,397                 |
| Net pension liability as percentage of covered- employee payroll           | 309.71%                      |

Notes to Schedule:

Benefit Changes:

There were not changes in benefits.

Changes in Assumptions:

There were not changes in assumptions

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

CITY OF WESTMINSTER

SCHEDULE OF CONTRIBUTIONS  
CalPERS MISCELLANEOUS PLAN

Last Ten Fiscal Years\*

|   | <u>2015</u>        |
|---|--------------------|
| Actuarially determined contribution                                   | \$ 1,995,892       |
| Contributions in relation to the actuarially determined contributions | <u>(1,995,892)</u> |
| Contribution deficiency (excess)                                      | <u>\$ -</u>        |
| Covered - employee payroll  | \$ 9,615,714       |
| Contributions as a percentage of covered - employee payroll           | 20.76%             |

Notes to Schedule:

Valuation Date 6/30/2012

Methods and Assumptions Used to Determine Contribution Rates:

|                               |   |
|-------------------------------|---|
| Single and agent employers    | Entry age   |
| Amortization method           | Level percentage of payroll, closed   |
| Remaining amortization period | 23 years as of the valuation date   |
| Asset valuation method        | 15 year smoothed market   |
| Inflation                     | 2.75%   |
| Salary increases              | 3.30% to 14.20% depending on Age, Service, and type of employment   |
| Investment rate of return     | 7.50%, net of pension plan investment expense, including inflation  |
| Retirement age                | 2.0% at 55 retirement age from 55-67, 2% at 62 retirement age 52-67   |
| Mortality                     | Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the June 30, 2009 valuation. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010. There is no margin for future mortality improvement beyond the valuation date. |

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

CITY OF WESTMINSTER

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
 PARS PENSION PLAN

Last Ten Fiscal Years\*

|   | <u>2015</u>                |
|---|----------------------------|
| Total Pension Liability:  |                            |
| Service cost  | \$ -                       |
| Interest on total pension liability   | 42,514                     |
| Differences between expected and actual experience                          | -                          |
| Changes in assumptions  | 78,569                     |
| Changes in benefits   | -                          |
| Benefit payments, including refunds of employee contributions               | <u>(48,685)</u>            |
| Net Change in Total Pension Liability                                       | 72,398                     |
| Total Pension Liability - Beginning of Year                                 | <u>1,064,329</u>           |
| Total Pension Liability - End of Year (a)                                   | <u><u>\$ 1,136,727</u></u> |
| Plan Fiduciary Net Position:  |                            |
| Contributions - employer  | \$ 53,370                  |
| Contributions - employee  | -                          |
| Net investment income   | (2,569)                    |
| Benefit payments  | <u>(48,685)</u>            |
| Net Change in Plan Fiduciary Net Position                                   | 2,116                      |
| Plan Fiduciary Net Position - Beginning of Year                             | <u>72,556</u>              |
| Plan Fiduciary Net Position - End of Year (b)                               | <u><u>\$ 74,672</u></u>    |
| Net Pension Liability (Asset) - Ending (a)-(b)                              | <u><u>\$ 1,062,055</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability  | 6.57%                      |
| Covered - employee payroll  | N/A                        |
| Net pension (asset ) liability as a percentage of covered- employee payroll | N/A                        |

Notes to Schedule:

Benefit Changes:

There were not changes in benefits.

Changes in Assumptions:

There were not changes in assumptions

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



CITY OF WESTMINSTER  
 SCHEDULE OF CONTRIBUTIONS  
 PARS PENSION PLAN

Last Ten Fiscal Years\*

|   | 2015       |
|---|------------|
| Actuarially determined contribution                                   | \$ 129,852 |
| Contributions in relation to the actuarially determined contributions | (53,370)   |
| Contribution deficiency (excess)                                      | \$ 76,482  |
| Covered - employee payroll  | N/A        |
| Contributions as a percentage of covered - employee payroll           | N/A        |

Notes to Schedule:

Valuation Date 06/30/2014

Methods and Assumptions Used to Determine Contribution Rates:

|                               |                          |
|-------------------------------|--------------------------|
| Single and agent employers    | Entry age                |
| Amortization method           | Level dollar             |
| Remaining amortization period | 8 years at June 30, 2014 |
| Asset valuation method        | None                     |
| Inflation                     | 0.00%                    |
| Salary increases              | N/A                      |
| Cost of living adjustment     | 2.00%                    |
| Investment rate of return     | 6%                       |

Mortality Males: 1983 GAM Males Females: 1983 GAM Females (as prescribed by PARS)

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

CITY OF WESTMINSTER

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2015

**OTHER POST-EMPLOYMENT BENEFIT PLAN**  
**(dollar amounts in thousands)**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value<br>of Assets<br>(AVA)<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b) - (a) | Funded<br>Ratio<br>(a)/(b) | Covered<br>Payroll<br>(c) | UAAL as a<br>% of<br>Payroll<br>[(b)-(a)]/c] |
|--------------------------------|---|---|--|----------------------------|---------------------------|--|
| 06/30/08                       | \$ -  | \$ 65,676   | \$ 65,676                              | 0.00%                      | \$ 19,019                 | 345.32%                                      |
| 06/30/10                       | -   | 75,544  | 75,544                                 | 0.00%                      | 19,739                    | 382.71%                                      |
| 06/30/12                       | -   | 62,216  | 62,216                                 | 0.00%                      | 20,722                    | 300.24%                                      |
| 06/30/14                       | -   | 46,709  | 46,709                                 | 0.00%                      | 19,205                    | 243.21%                                      |

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CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

For the year ended June 30, 2015

|   | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
|   | Original             | Final                |                      |   |
| REVENUES:   |                      |                      |                      |   |
| Taxes   | \$ 35,604,000        | \$ 36,339,000        | \$ 36,548,999        | \$ 209,999  |
| Licenses and permits                                    | 634,000              | 634,000              | 841,683              | 207,683   |
| Fines   | 893,000              | 893,000              | 1,049,660            | 156,660   |
| Investment and rental                                   | 1,231,000            | 1,409,000            | 1,265,532            | (143,468)   |
| Intergovernmental                                       | 96,000               | 96,000               | 332,838              | 236,838   |
| Charges for services                                    | 6,621,000            | 6,422,450            | 6,236,327            | (186,123)   |
| Other   | 191,000              | 266,000              | 374,020              | 108,020   |
| <b>TOTAL REVENUES</b>                                   | <b>45,270,000</b>    | <b>46,059,450</b>    | <b>46,649,059</b>    | <b>589,609</b>  |
| EXPENDITURES:   |                      |                      |                      |   |
| Current:  |                      |                      |                      |   |
| General government                                      | 2,899,000            | 3,022,700            | 2,772,608            | 250,092   |
| Public safety   | 37,147,000           | 37,775,050           | 37,612,378           | 162,672   |
| Public works  | 4,161,000            | 4,263,500            | 4,059,709            | 203,791   |
| Community development                                   | 1,801,841            | 1,916,941            | 1,903,933            | 13,008  |
| Community services                                      | 2,062,000            | 2,158,450            | 2,085,968            | 72,482  |
| Capital outlay  | -                    | -                    | 176,846              | (176,846)   |
| <b>TOTAL EXPENDITURES</b>                               | <b>48,070,841</b>    | <b>49,136,641</b>    | <b>48,611,442</b>    | <b>525,199</b>  |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(2,800,841)</b>   | <b>(3,077,191)</b>   | <b>(1,962,383)</b>   | <b>1,114,808</b>  |
| OTHER FINANCING SOURCES (USES):                         |                      |                      |                      |   |
| Sale of equipment and property                          | 5,000                | 5,000                | 10,414               | 5,414   |
| Transfers in  | -                    | 6,877                | 46,877               | 40,000  |
| Transfers out   | (136,000)            | (136,000)            | (136,000)            | -   |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>(131,000)</b>     | <b>(124,123)</b>     | <b>(78,709)</b>      | <b>45,414</b>   |
| <b>NET CHANGE IN FUND BALANCE</b>                       | <b>(2,931,841)</b>   | <b>(3,201,314)</b>   | <b>(2,041,092)</b>   | <b>1,160,222</b>  |
| FUND BALANCE - BEGINNING OF YEAR                        | 24,157,938           | 24,157,938           | 24,157,938           | -   |
| FUND BALANCE - END OF YEAR                              | <u>\$ 21,226,097</u> | <u>\$ 20,956,624</u> | <u>\$ 22,116,846</u> | <u>\$ 1,160,222</u>                                     |

See accompanying note to required supplementary information.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE

WESTMINSTER HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2015

|   | Budgeted Amounts     |                      | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|----------------------|----------------------|----------------------|---|
|   | Original             | Final                |                      |   |
| REVENUES:                                       |                      |                      |                      |   |
| Investment and rental                           | \$ 30,000            | \$ 30,000            | \$ 39,488            | \$ 9,488  |
| Intergovernmental                               | 100,000              | 100,000              | -                    | (100,000)   |
| Other   | 3,000                | 3,000                | 4,931                | 1,931   |
| TOTAL REVENUES                                  | <u>133,000</u>       | <u>133,000</u>       | <u>44,419</u>        | <u>(88,581)</u>   |
| EXPENDITURES:                                   |                      |                      |                      |   |
| Current:  |                      |                      |                      |   |
| Community development                           | <u>1,242,000</u>     | <u>1,669,988</u>     | <u>1,039,231</u>     | <u>630,757</u>  |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (1,109,000)          | (1,536,988)          | (994,812)            | 542,176   |
| FUND BALANCE - BEGINNING OF YEAR                | <u>27,439,081</u>    | <u>27,439,081</u>    | <u>27,439,081</u>    | <u>-</u>  |
| FUND BALANCE - END OF YEAR                      | <u>\$ 26,330,081</u> | <u>\$ 25,902,093</u> | <u>\$ 26,444,269</u> | <u>\$ 542,176</u>                                       |

See accompanying note to required supplementary information.

## CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE  
HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

|   | Budgeted Amounts |            | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------|------------|---|
|   | Original         | Final      |            |   |
| REVENUES:                                       |                  |            |            |   |
| Fines   | \$ -             | \$ -       | \$ 4,700   | \$ 4,700  |
| Intergovernmental                               | 4,188,000        | 4,338,000  | 2,496,123  | (1,841,877)   |
| TOTAL REVENUES                                  | 4,188,000        | 4,338,000  | 2,500,823  | (1,837,177)   |
| EXPENDITURES:                                   |                  |            |            |   |
| Current:  |                  |            |            |   |
| Community development                           | 3,484,000        | 3,634,000  | 1,569,990  | 2,064,010   |
| Capital outlay                                  | -                | -          | 53,004     | (53,004)  |
| TOTAL EXPENDITURES                              | 3,484,000        | 3,634,000  | 1,622,994  | 2,011,006   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 704,000          | 704,000    | 877,829    | 173,829   |
| OTHER FINANCING SOURCES (USES):                 |                  |            |            |   |
| Transfers in                                    | -                | 18,488     | 18,488     | -   |
| Transfers out                                   | (535,000)        | (535,000)  | (535,000)  | -   |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | (535,000)        | (516,512)  | (516,512)  | -   |
| NET CHANGE IN FUND BALANCE                      | 169,000          | 187,488    | 361,317    | 173,829   |
| FUND BALANCE - BEGINNING OF YEAR                | 359,964          | 359,964    | 359,964    | -   |
| FUND BALANCE - END OF YEAR                      | \$ 528,964       | \$ 547,452 | \$ 721,281 | \$ 173,829  |

See accompanying note to required supplementary information.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE  
SPECIAL GAS TAX AND STREET IMPROVEMENTS SPECIAL REVENUE FUND

For the year ended June 30, 2015

|   | Budgeted Amounts    |                     | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|--------------------|---|
|   | Original            | Final               |                    |   |
| REVENUES:                                       |                     |                     |                    |   |
| Taxes   | \$ 3,071,000        | \$ 3,121,000        | \$ 3,491,798       | \$ 370,798  |
| Investment and rental                           | 30,000              | 30,000              | 34,011             | 4,011   |
| Intergovernmental                               | 1,826,000           | 1,826,000           | 1,577,806          | (248,194)   |
| Charges for services                            | 50,000              | 50,000              | 73,633             | 23,633  |
| Other   | -                   | -                   | 9,562              | 9,562   |
| TOTAL REVENUES                                  | <u>4,977,000</u>    | <u>5,027,000</u>    | <u>5,186,810</u>   | <u>159,810</u>  |
| EXPENDITURES:                                   |                     |                     |                    |   |
| Current:  |                     |                     |                    |   |
| Community development                           | 1,838,000           | 1,838,000           | 1,686,951          | 151,049   |
| Capital outlay                                  | -                   | -                   | 4,200              | (4,200)   |
| Debt service:                                   |                     |                     |                    |   |
| Principal retirement                            | 170,000             | 170,000             | 169,311            | 689   |
| Interest and fiscal charges                     | 53,000              | 53,000              | 52,390             | 610   |
| TOTAL EXPENDITURES                              | <u>2,061,000</u>    | <u>2,061,000</u>    | <u>1,912,852</u>   | <u>148,148</u>  |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>2,916,000</u>    | <u>2,966,000</u>    | <u>3,273,958</u>   | <u>307,958</u>  |
| OTHER FINANCING SOURCES (USES):                 |                     |                     |                    |   |
| Transfers in                                    | -                   | 208                 | 4,408              | 4,200   |
| Transfers out                                   | <u>(3,227,000)</u>  | <u>(3,277,000)</u>  | <u>(3,277,000)</u> | <u>-</u>  |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | <u>(3,227,000)</u>  | <u>(3,276,792)</u>  | <u>(3,272,592)</u> | <u>4,200</u>  |
| NET CHANGE IN FUND BALANCE                      | (311,000)           | (310,792)           | 1,366              | 312,158   |
| FUND BALANCE (DEFICIT) -<br>BEGINNING OF YEAR   | <u>(41,897)</u>     | <u>(41,897)</u>     | <u>(41,897)</u>    | <u>-</u>  |
| FUND BALANCE (DEFICIT) - END OF YEAR            | <u>\$ (352,897)</u> | <u>\$ (352,689)</u> | <u>\$ (40,531)</u> | <u>\$ 312,158</u>                                       |

See accompanying note to required supplementary information.

CITY OF WESTMINSTER

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2015

1. BUDGETS AND BUDGETARY ACCOUNTING:

The City establishes accounting control through formal adoption of an annual operating budget for the General and Special Revenue Funds. The City Council's policy is to adopt a formal operating budget by June 30 of each year. The legal level of budgetary control, that is, the level at which expenditures cannot exceed appropriations, is the fund level for all General and Special Revenue Funds, and by project in the Capital Projects Funds.

The City Manager may authorize appropriation transfers within a single department, between capital projects with a single funding source, and between departments within the same fund. All increases at the overall fund level must be approved by the City Council. All budget appropriations, except capital project and grant funded budgets, lapse at the end of each fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All increases to the adopted budget require Council approval and must clearly state the amount of increase requested, as well as the availability of appropriate funding sources.



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**OTHER SUPPLEMENTAL INFORMATION**

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## OTHER GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or City Council resolution to expenditure for specific purposes.

Parks Dedication Fund - accounts for payments assessed against new residential developments to support community parks. Amounts are required to be used for acquisition and improvement of City parks.

Special Police Services Fund - accounts for the regional and local narcotics suppression programs, Federal grants related to crime prevention and the Westminster Mall police patrol.

Municipal Lighting Fund - accounts for the City's share of property taxes collected under the Municipal Lighting District Act of 1919. Property taxes are collected by the County and paid to the City for operating and maintaining the municipal lighting district.

Other Grants Fund - accounts for all Federal, State, County or other grants received which are not otherwise separately accounted for in other funds. These grants include family resource center, senior transportation, air quality management, and Safety, Health and Understanding in Education (S.H.U.E.).

Offsite Drainage District Fund - accounts for revenues received from developers and expenditures to provide storm drain systems within each District.

Community Promotion Fund - accounts for the assets generated by the sale of the City's cable franchise. Interest earnings on the proceeds of the sale are used to fund various cable television broadcasts and community promotion activities.

CITY OF WESTMINSTER

COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS

June 30, 2015

|   | Special Revenue Funds |                               |                       |                   |
|---|-----------------------|-------------------------------|-----------------------|-------------------|
|   | Parks<br>Dedication   | Special<br>Police<br>Services | Municipal<br>Lighting | Other<br>Grants   |
| ASSETS  |                       |                               |                       |                   |
| Cash and investments  | \$ 740,726            | \$ 1,982,862                  | \$ 1,598,854          | \$ 682,365        |
| Receivables, net of allowance:  |                       |                               |                       |                   |
| Taxes   | -                     | -                             | 14,176                | 52,141            |
| Due from other governments  | -                     | 61,899                        | -                     | -                 |
| Restricted assets:  |                       |                               |                       |                   |
| Cash and investments with fiscal agents                                       | -                     | -                             | -                     | -                 |
| <b>TOTAL ASSETS</b>   | <b>\$ 740,726</b>     | <b>\$ 2,044,761</b>           | <b>\$ 1,613,030</b>   | <b>\$ 734,506</b> |
| LIABILITIES, DEFERRED INFLOWS OF<br>RESOURCES AND FUND BALANCES               |                       |                               |                       |                   |
| LIABILITIES:  |                       |                               |                       |                   |
| Accounts payable and other liabilities  | \$ -                  | \$ 57,050                     | \$ -                  | \$ 28,079         |
| Deposits  | -                     | 111,943                       | -                     | -                 |
| <b>TOTAL LIABILITIES</b>  | <b>-</b>              | <b>168,993</b>                | <b>-</b>              | <b>28,079</b>     |
| DEFERRED INFLOWS OF RESOURCES:  |                       |                               |                       |                   |
| Unavailable revenue   | -                     | -                             | 2,673                 | -                 |
| <b>TOTAL LIABILITIES AND DEFERRED<br/>    INFLOWS OF RESOURCES</b>            | <b>-</b>              | <b>168,993</b>                | <b>2,673</b>          | <b>28,079</b>     |
| FUND BALANCES:  |                       |                               |                       |                   |
| Restricted for:   |                       |                               |                       |                   |
| Parks   | 740,726               | -                             | -                     | -                 |
| Special police services   | -                     | 1,875,768                     | -                     | -                 |
| Municipal lighting  | -                     | -                             | 1,610,357             | -                 |
| Other grants  | -                     | -                             | -                     | 706,427           |
| Offsite drainage district   | -                     | -                             | -                     | -                 |
| Debt service  | -                     | -                             | -                     | -                 |
| Assigned:   |                       |                               |                       |                   |
| Community promotions  | -                     | -                             | -                     | -                 |
| <b>TOTAL FUND BALANCES</b>  | <b>740,726</b>        | <b>1,875,768</b>              | <b>1,610,357</b>      | <b>706,427</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>OF RESOURCES AND FUND BALANCES</b> | <b>\$ 740,726</b>     | <b>\$ 2,044,761</b>           | <b>\$ 1,613,030</b>   | <b>\$ 734,506</b> |

| <u>Special Revenue Funds (Continued)</u> |                                | Total<br>Other<br>Governmental<br>Funds |
|--|--------------------------------|---|
| <u>Offsite<br/>Drainage<br/>District</u> | <u>Community<br/>Promotion</u> |   |
| \$ 144,878                               | \$ 1,670,678                   | \$ 6,820,363                            |
| -  | -                              | 66,317                                  |
| -  | -                              | 61,899                                  |
| -  | 5                              | 5                                       |
| <u>\$ 144,878</u>                        | <u>\$ 1,670,683</u>            | <u>\$ 6,948,584</u>                     |
| <br>                                     |                                |   |
| \$ -                                     | \$ -                           | \$ 85,129                               |
| -  | -                              | 111,943                                 |
| -  | -                              | 197,072                                 |
| -  | -                              | 2,673                                   |
| -  | -                              | 199,745                                 |
| -  | -                              | 740,726                                 |
| -  | -                              | 1,875,768                               |
| -  | -                              | 1,610,357                               |
| -  | -                              | 706,427                                 |
| 144,878                                  | -                              | 144,878                                 |
| -  | 262,537                        | 262,537                                 |
| -  | 1,408,146                      | 1,408,146                               |
| <u>144,878</u>                           | <u>1,670,683</u>               | <u>6,748,839</u>                        |
| <br>                                     |                                |   |
| <u>\$ 144,878</u>                        | <u>\$ 1,670,683</u>            | <u>\$ 6,948,584</u>                     |

CITY OF WESTMINSTER

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

For the year ended June 30, 2015

|   | Special Revenue Funds |                               |                       |                   |
|---|-----------------------|-------------------------------|-----------------------|-------------------|
|   | Parks<br>Dedication   | Special<br>Police<br>Services | Municipal<br>Lighting | Other<br>Grants   |
| REVENUES:                                       |                       |                               |                       |                   |
| Taxes   | \$ -                  | \$ -                          | \$ 1,303,036          | \$ -              |
| Investment and rental                           | 16,202                | 21,179                        | 52,432                | 6,029             |
| Intergovernmental                               | -                     | 460,479                       | -                     | 545,963           |
| Charges for services                            | 730,327               | 1,990                         | -                     | -                 |
| Other   | -                     | 81,675                        | -                     | 29,439            |
| TOTAL REVENUES                                  | <u>746,529</u>        | <u>565,323</u>                | <u>1,355,468</u>      | <u>581,431</u>    |
| EXPENDITURES:                                   |                       |                               |                       |                   |
| Current:  |                       |                               |                       |                   |
| General government                              | -                     | -                             | -                     | 64,945            |
| Public safety                                   | -                     | 542,263                       | -                     | -                 |
| Community development                           | 37,327                | -                             | 928,484               | 185,938           |
| Community services                              | -                     | -                             | -                     | 264,062           |
| Capital outlay                                  | -                     | 108,942                       | -                     | -                 |
| Debt service:                                   |                       |                               |                       |                   |
| Principal retirement                            | -                     | 80,315                        | -                     | -                 |
| Interest and fiscal charges                     | -                     | 25,151                        | -                     | -                 |
| TOTAL EXPENDITURES                              | <u>37,327</u>         | <u>756,671</u>                | <u>928,484</u>        | <u>514,945</u>    |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>709,202</u>        | <u>(191,348)</u>              | <u>426,984</u>        | <u>66,486</u>     |
| OTHER FINANCING SOURCES (USES):                 |                       |                               |                       |                   |
| Transfers in                                    | -                     | 214,224                       | -                     | -                 |
| Transfers out                                   | <u>(810,000)</u>      | <u>(154,125)</u>              | <u>(1,900,000)</u>    | <u>-</u>          |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | <u>(810,000)</u>      | <u>60,099</u>                 | <u>(1,900,000)</u>    | <u>-</u>          |
| NET CHANGE IN FUND BALANCES                     | (100,798)             | (131,249)                     | (1,473,016)           | 66,486            |
| FUND BALANCES - BEGINNING OF YEAR               | <u>841,524</u>        | <u>2,007,017</u>              | <u>3,083,373</u>      | <u>639,941</u>    |
| FUND BALANCES - END OF YEAR                     | <u>\$ 740,726</u>     | <u>\$ 1,875,768</u>           | <u>\$ 1,610,357</u>   | <u>\$ 706,427</u> |

| <u>Special Revenue Funds (Continued)</u> |                     | Total               |
|--|---------------------|---------------------|
| <u>Offsite</u>                           |                     | <u>Other</u>        |
| <u>Drainage</u>                          | <u>Community</u>    | <u>Governmental</u> |
| <u>District</u>                          | <u>Promotion</u>    | <u>Funds</u>        |
| \$ -                                     | \$ -                | \$ 1,303,036        |
| 1,400                                    | 15,279              | 112,521             |
| -  | -                   | 1,006,442           |
| 10,848                                   | -                   | 743,165             |
| -  | -                   | 111,114             |
| <u>12,248</u>                            | <u>15,279</u>       | <u>3,276,278</u>    |
| -  | -                   | 64,945              |
| -  | -                   | 542,263             |
| 613                                      | 510                 | 1,152,872           |
| -  | -                   | 264,062             |
| -  | -                   | 108,942             |
| -  | 120,474             | 200,789             |
| -  | 37,278              | 62,429              |
| <u>613</u>                               | <u>158,262</u>      | <u>2,396,302</u>    |
| <u>11,635</u>                            | <u>(142,983)</u>    | <u>879,976</u>      |
| -  | 118,783             | 333,007             |
| -  | -                   | (2,864,125)         |
| <u>-</u>                                 | <u>118,783</u>      | <u>(2,531,118)</u>  |
| 11,635                                   | (24,200)            | (1,651,142)         |
| <u>133,243</u>                           | <u>1,694,883</u>    | <u>8,399,981</u>    |
| <u>\$ 144,878</u>                        | <u>\$ 1,670,683</u> | <u>\$ 6,748,839</u> |



CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS DEDICATION SPECIAL REVENUE FUND

For the year ended June 30, 2015

|   | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|---|
|   | Original          | Final             |                   |   |
| REVENUES:                                       |                   |                   |                   |   |
| Investment and rental                           | \$ 25,000         | \$ 25,000         | \$ 16,202         | \$ (8,798)  |
| Charges for services                            | 50,000            | 450,000           | 730,327           | 280,327   |
| TOTAL REVENUES                                  | <u>75,000</u>     | <u>475,000</u>    | <u>746,529</u>    | <u>271,529</u>  |
| EXPENDITURES:                                   |                   |                   |                   |   |
| Current:  |                   |                   |                   |   |
| Community development                           | <u>4,000</u>      | <u>26,700</u>     | <u>37,327</u>     | <u>(10,627)</u>   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 71,000            | 448,300           | 709,202           | 260,902   |
| OTHER FINANCING USES:                           |                   |                   |                   |   |
| Transfers out                                   | <u>(160,000)</u>  | <u>(810,000)</u>  | <u>(810,000)</u>  | <u>-</u>  |
| NET CHANGE IN FUND BALANCE                      | (89,000)          | (361,700)         | (100,798)         | 260,902   |
| FUND BALANCE - BEGINNING OF YEAR                | <u>841,524</u>    | <u>841,524</u>    | <u>841,524</u>    | <u>-</u>  |
| FUND BALANCE - END OF YEAR                      | <u>\$ 752,524</u> | <u>\$ 479,824</u> | <u>\$ 740,726</u> | <u>\$ 260,902</u>                                       |

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL POLICE SERVICES SPECIAL REVENUE FUND

For the year ended June 30, 2015

|   | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
|   | Original            | Final               |                     |   |
| REVENUES:                                       |                     |                     |                     |   |
| Investment and rental                           | \$ 17,000           | \$ 17,000           | \$ 21,179           | \$ 4,179  |
| Intergovernmental                               | 189,606             | 494,809             | 460,479             | (34,330)  |
| Charges for services                            | 2,000               | 2,000               | 1,990               | (10)  |
| Other   | 65,000              | 85,000              | 81,675              | (3,325)   |
| TOTAL REVENUES                                  | <u>273,606</u>      | <u>598,809</u>      | <u>565,323</u>      | <u>(33,486)</u>   |
| EXPENDITURES:                                   |                     |                     |                     |   |
| Current:  |                     |                     |                     |   |
| Public safety                                   | 831,603             | 1,099,201           | 542,263             | 556,938   |
| Capital outlay                                  | -                   | 63,225              | 108,942             | (45,717)  |
| Debt service:                                   |                     |                     |                     |   |
| Principal retirement                            | 81,000              | 81,000              | 80,315              | 685   |
| Interest and fiscal charges                     | 26,000              | 26,000              | 25,151              | 849   |
| TOTAL EXPENDITURES                              | <u>938,603</u>      | <u>1,269,426</u>    | <u>756,671</u>      | <u>512,755</u>  |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>(664,997)</u>    | <u>(670,617)</u>    | <u>(191,348)</u>    | <u>479,269</u>  |
| OTHER FINANCING SOURCES (USES):                 |                     |                     |                     |   |
| Transfers in                                    | 171,000             | 171,000             | 214,224             | 43,224  |
| Transfers out                                   | -                   | -                   | (154,125)           | (154,125)   |
| TOTAL OTHER FINANCING<br>SOURCES (USES)         | <u>171,000</u>      | <u>171,000</u>      | <u>60,099</u>       | <u>(110,901)</u>  |
| NET CHANGE IN FUND BALANCE                      | (493,997)           | (499,617)           | (131,249)           | 368,368   |
| FUND BALANCE - BEGINNING OF YEAR                | <u>2,007,017</u>    | <u>2,007,017</u>    | <u>2,007,017</u>    | <u>-</u>  |
| FUND BALANCE - END OF YEAR                      | <u>\$ 1,513,020</u> | <u>\$ 1,507,400</u> | <u>\$ 1,875,768</u> | <u>\$ 368,368</u>                                       |

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MUNICIPAL LIGHTING SPECIAL REVENUE FUND

For the year ended June 30, 2015

|   | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
|   | Original            | Final               |                     |   |
| REVENUES:                                       |                     |                     |                     |   |
| Taxes   | \$ 822,000          | \$ 1,135,000        | \$ 1,303,036        | \$ 168,036  |
| Investment and rental                           | 22,000              | 42,000              | 52,432              | 10,432  |
| TOTAL REVENUES                                  | <u>844,000</u>      | <u>1,177,000</u>    | <u>1,355,468</u>    | <u>178,468</u>  |
| EXPENDITURES:                                   |                     |                     |                     |   |
| Current:  |                     |                     |                     |   |
| Community development                           | <u>896,000</u>      | <u>916,000</u>      | <u>928,484</u>      | <u>(12,484)</u>   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (52,000)            | 261,000             | 426,984             | 165,984   |
| OTHER FINANCING USES:                           |                     |                     |                     |   |
| Transfers out                                   | <u>-</u>            | <u>(1,900,000)</u>  | <u>(1,900,000)</u>  | <u>-</u>  |
| NET CHANGE IN FUND BALANCE                      | (52,000)            | (1,639,000)         | (1,473,016)         | 165,984   |
| FUND BALANCE - BEGINNING OF YEAR                | <u>3,083,373</u>    | <u>3,083,373</u>    | <u>3,083,373</u>    | <u>-</u>  |
| FUND BALANCE - END OF YEAR                      | <u>\$ 3,031,373</u> | <u>\$ 1,444,373</u> | <u>\$ 1,610,357</u> | <u>\$ 165,984</u>                                       |

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OTHER GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2015

|   | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|---|
|   | Original          | Final             |                   |   |
| REVENUES:                                       |                   |                   |                   |   |
| Investment and rental                           | \$ 6,000          | \$ 6,000          | \$ 6,029          | \$ 29   |
| Intergovernmental                               | 551,000           | 551,000           | 545,963           | (5,037)   |
| Other   | 9,000             | 9,000             | 29,439            | 20,439  |
| TOTAL REVENUES                                  | <u>566,000</u>    | <u>566,000</u>    | <u>581,431</u>    | <u>15,431</u>   |
| EXPENDITURES:                                   |                   |                   |                   |   |
| Current:  |                   |                   |                   |   |
| General government                              | 80,000            | 80,000            | 64,945            | 15,055  |
| Community development                           | 266,000           | 270,500           | 185,938           | 84,562  |
| Community services                              | 271,000           | 271,000           | 264,062           | 6,938   |
| TOTAL EXPENDITURES                              | <u>617,000</u>    | <u>621,500</u>    | <u>514,945</u>    | <u>106,555</u>  |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (51,000)          | (55,500)          | 66,486            | 121,986   |
| FUND BALANCE - BEGINNING OF YEAR                | <u>639,941</u>    | <u>639,941</u>    | <u>639,941</u>    | -   |
| FUND BALANCE - END OF YEAR                      | <u>\$ 588,941</u> | <u>\$ 584,441</u> | <u>\$ 706,427</u> | <u>\$ 121,986</u>                                       |

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

OFFSITE DRAINAGE DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2015

|   | Budgeted Amounts |            | Actual     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------|------------|---|
|   | Original         | Final      |            |   |
| REVENUES:                                       |                  |            |            |   |
| Investment and rental                           | \$ 2,000         | \$ 2,000   | \$ 1,400   | \$ (600)  |
| Charges for services                            | 3,000            | 13,000     | 10,848     | (2,152)   |
| TOTAL REVENUES                                  | 5,000            | 15,000     | 12,248     | (2,752)   |
| EXPENDITURES:                                   |                  |            |            |   |
| Current:  |                  |            |            |   |
| Community development                           | 1,000            | 1,000      | 613        | 387   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | 4,000            | 14,000     | 11,635     | (2,365)   |
| FUND BALANCE - BEGINNING OF YEAR                | 133,243          | 133,243    | 133,243    | -   |
| FUND BALANCE - END OF YEAR                      | \$ 137,243       | \$ 147,243 | \$ 144,878 | \$ (2,365)  |

CITY OF WESTMINSTER

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY PROMOTION SPECIAL REVENUE FUND

For the year ended June 30, 2015

|   | Budgeted Amounts |              | Actual       | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|--------------|--------------|---|
|   | Original         | Final        |              |   |
| REVENUES:                                       |                  |              |              |   |
| Investment and rental                           | \$ 15,000        | \$ 15,000    | \$ 15,279    | \$ 279  |
| TOTAL REVENUES                                  | 15,000           | 15,000       | 15,279       | 279   |
| EXPENDITURES:                                   |                  |              |              |   |
| Current:  |                  |              |              |   |
| Community development                           | 1,000            | 1,000        | 510          | 490   |
| Debt service:                                   |                  |              |              |   |
| Principal retirement                            | 121,000          | 121,000      | 120,474      | 526   |
| Interest and fiscal charges                     | 38,000           | 38,000       | 37,278       | 722   |
| TOTAL EXPENDITURES                              | 160,000          | 160,000      | 158,262      | 1,738   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (145,000)        | (145,000)    | (142,983)    | 2,017   |
| OTHER FINANCING SOURCES:                        |                  |              |              |   |
| Transfers in                                    | -                | 7,883        | 118,783      | 110,900   |
| NET CHANGE IN FUND BALANCE                      | (145,000)        | (137,117)    | (24,200)     | 112,917   |
| FUND BALANCE - BEGINNING OF YEAR                | 1,694,883        | 1,694,883    | 1,694,883    | -   |
| FUND BALANCE - END OF YEAR                      | \$ 1,549,883     | \$ 1,557,766 | \$ 1,670,683 | \$ 112,917  |

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## INTERNAL SERVICE FUNDS

Internal Service Funds finance and account for goods and services provided by one City department to other City departments, or to other governments, on a cost-reimbursement basis, including depreciation. The City used the following Internal Service Funds:

Risk Management Fund - accounts for the administration of the City's general liability insurance and for the payment of any related claims.

Compensation/Benefits Fund - finances and accounts for the City's group medical, vision and dental insurance, workers compensation insurance, unemployment insurance, employee life insurance and compensated absences.

Motor Pool/Equipment Fund - accounts for the maintenance and replacement of City-owned vehicles and equipment.

Facilities/Maintenance Fund - accounts for the City's buildings maintenance and utilities costs.



CITY OF WESTMINSTER  
 COMBINING STATEMENT OF NET POSITION  
 INTERNAL SERVICE FUNDS

June 30, 2015

|   | <u>Risk<br/>Management</u> | <u>Compensation/<br/>Benefits</u> |
|---|----------------------------|-----------------------------------|
| <b>ASSETS:</b>  |                            |                                   |
| <b>CURRENT ASSETS:</b>                                      |                            |                                   |
| Cash and investments  | \$ 4,574,380               | \$ 3,744,979                      |
| Accounts receivable   | 394                        | -                                 |
| Other receivables   | -                          | 342,891                           |
| Prepaid items   | -                          | 26,685                            |
| Inventories   | -                          | -                                 |
|   | <hr/>                      | <hr/>                             |
| <b>TOTAL CURRENT ASSETS</b>                                 | <b>4,574,774</b>           | <b>4,114,555</b>                  |
|   | <hr/>                      | <hr/>                             |
| <b>RESTRICTED ASSETS:</b>                                   |                            |                                   |
| Cash and investments  | 1,952,141                  | 4,615,695                         |
|   | <hr/>                      | <hr/>                             |
| <b>CAPITAL ASSETS:</b>                                      |                            |                                   |
| Constuction in progress                                     | -                          | -                                 |
| Buildings   | -                          | -                                 |
| Improvements other than buildings                           | -                          | -                                 |
| Vehicles  | -                          | -                                 |
| Machinery and equipment                                     | -                          | -                                 |
| Office furniture, computers and equipment                   | -                          | -                                 |
| Leased property   | -                          | -                                 |
|   | <hr/>                      | <hr/>                             |
| <b>TOTAL CAPITAL ASSETS</b>                                 | <b>-</b>                   | <b>-</b>                          |
| Less accumulated depreciation                               | -                          | -                                 |
|   | <hr/>                      | <hr/>                             |
| <b>NET CAPITAL ASSETS</b>                                   | <b>-</b>                   | <b>-</b>                          |
|   | <hr/>                      | <hr/>                             |
| <b>TOTAL ASSETS</b>   | <b>6,526,915</b>           | <b>8,730,250</b>                  |
|   | <hr/>                      | <hr/>                             |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                      |                            |                                   |
| Deferred loss on refunding, net of accumulated amortization | -                          | -                                 |
|   | <hr/>                      | <hr/>                             |

| <u>Motor Pool/<br/>Equipment</u> | <u>Facilities/<br/>Maintenance</u> | <u>Totals</u>      |
|----------------------------------|------------------------------------|--------------------|
| \$ 1,797,175                     | \$ 1,118,439                       | \$ 11,234,973      |
| 7,758                            | 898                                | 9,050              |
| -                                | -                                  | 342,891            |
| 142,722                          | -                                  | 169,407            |
| 33,809                           | -                                  | 33,809             |
| <u>1,981,464</u>                 | <u>1,119,337</u>                   | <u>11,790,130</u>  |
| <br>                             |                                    |                    |
| <u>467,235</u>                   | <u>274,737</u>                     | <u>7,309,808</u>   |
| <br>                             |                                    |                    |
| 124,840                          | -                                  | 124,840            |
| -                                | 4,384,878                          | 4,384,878          |
| 585,555                          | 37,300                             | 622,855            |
| 3,805,344                        | -                                  | 3,805,344          |
| 196,771                          | 28,572                             | 225,343            |
| 2,308,732                        | 198,263                            | 2,506,995          |
| 1,384,861                        | -                                  | 1,384,861          |
| <u>8,406,103</u>                 | <u>4,649,013</u>                   | <u>13,055,116</u>  |
| <u>(4,972,766)</u>               | <u>(1,671,192)</u>                 | <u>(6,643,958)</u> |
| <br>                             |                                    |                    |
| <u>3,433,337</u>                 | <u>2,977,821</u>                   | <u>6,411,158</u>   |
| <br>                             |                                    |                    |
| <u>5,882,036</u>                 | <u>4,371,895</u>                   | <u>25,511,096</u>  |
| <br>                             |                                    |                    |
| <u>7,034</u>                     | <u>164,543</u>                     | <u>171,577</u>     |

(Continued)

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
(CONTINUED)

June 30, 2015

|  | <u>Risk<br/>Management</u> | <u>Compensation/<br/>Benefits</u> |
|--|----------------------------|-----------------------------------|
| LIABILITIES:                           |                            |                                   |
| CURRENT LIABILITIES:                   |                            |                                   |
| Accounts payable and other liabilities | \$ 57,639                  | \$ -                              |
| Claims payable                         | 1,894,502                  | 812,728                           |
| Compensated absences                   | -                          | 1,729,504                         |
| Leases payable                         | -                          | -                                 |
| Certificates of participation          | -                          | -                                 |
|  | <u>1,952,141</u>           | <u>2,542,232</u>                  |
| TOTAL CURRENT LIABILITIES              |                            |                                   |
| LONG-TERM LIABILITIES:                 |                            |                                   |
| Claims payable                         | 5,683,506                  | 2,438,184                         |
| Compensated absences                   | -                          | 281,547                           |
| Leases payable                         | -                          | -                                 |
| Certificates of participation          | -                          | -                                 |
|  | <u>5,683,506</u>           | <u>2,719,731</u>                  |
| TOTAL LONG-TERM LIABILITIES            |                            |                                   |
|  | <u>7,635,647</u>           | <u>5,261,963</u>                  |
| TOTAL LIABILITIES                      |                            |                                   |
| NET POSITION:                          |                            |                                   |
| Net investment in capital assets       | -                          | -                                 |
| Unrestricted                           | (1,108,732)                | 3,468,287                         |
|  | <u>\$ (1,108,732)</u>      | <u>\$ 3,468,287</u>               |
| TOTAL NET POSITION                     |                            |                                   |

| <u>Motor Pool/<br/>Equipment</u> | <u>Facilities/<br/>Maintenance</u> | <u>Totals</u>        |
|----------------------------------|------------------------------------|----------------------|
| \$ 82,197                        | \$ 114,435                         | \$ 254,271           |
| -                                | -                                  | 2,707,230            |
| 42,075                           | 18,199                             | 1,789,778            |
| 324,267                          | -                                  | 324,267              |
| 18,697                           | 142,103                            | 160,800              |
| <u>467,236</u>                   | <u>274,737</u>                     | <u>5,236,346</u>     |
| -                                | -                                  | 8,121,690            |
| 6,849                            | 2,963                              | 291,359              |
| 155,240                          | -                                  | 155,240              |
| 95,545                           | 726,161                            | 821,706              |
| <u>257,634</u>                   | <u>729,124</u>                     | <u>9,389,995</u>     |
| <u>724,870</u>                   | <u>1,003,861</u>                   | <u>14,626,341</u>    |
| 2,846,623                        | 2,274,099                          | 5,120,722            |
| 2,317,577                        | 1,258,478                          | 5,935,610            |
| <u>\$ 5,164,200</u>              | <u>\$ 3,532,577</u>                | <u>\$ 11,056,332</u> |

CITY OF WESTMINSTER

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

For the year ended June 30, 2015

|  | <u>Risk<br/>Management</u>   | <u>Compensation/<br/>Benefits</u> |
|--|------------------------------|-----------------------------------|
| OPERATING REVENUES:                    |                              |                                   |
| Charges for services                   | \$ 1,708,000                 | \$ 13,986,015                     |
| Other                                  | <u>1,000,000</u>             | <u>1,525,120</u>                  |
| TOTAL OPERATING REVENUES               | <u>2,708,000</u>             | <u>15,511,135</u>                 |
| OPERATING EXPENSES:                    |                              |                                   |
| Salaries                               | -                            | 4,194,517                         |
| Maintenance and operations             | 506,294                      | 1,494,677                         |
| Insurance premiums and legal fees      | 1,363,385                    | 2,036,234                         |
| Claims and benefits                    | 1,371,318                    | 7,878,340                         |
| Depreciation and amortization          | <u>-</u>                     | <u>-</u>                          |
| TOTAL OPERATING EXPENSES               | <u>3,240,997</u>             | <u>15,603,768</u>                 |
| OPERATING INCOME (LOSS)                | <u>(532,997)</u>             | <u>(92,633)</u>                   |
| NONOPERATING REVENUES (EXPENSES):      |                              |                                   |
| Investment income                      | -                            | -                                 |
| Interest and fiscal charges            | -                            | -                                 |
| Gain on sale of property and equipment | <u>-</u>                     | <u>-</u>                          |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>-</u>                     | <u>-</u>                          |
| NET INCOME (LOSS) BEFORE TRANSFERS     | <u>(532,997)</u>             | <u>(92,633)</u>                   |
| TRANSFERS:                             |                              |                                   |
| Transfers in                           | -                            | -                                 |
| Transfers out                          | <u>-</u>                     | <u>-</u>                          |
| TOTAL TRANSFERS                        | <u>-</u>                     | <u>-</u>                          |
| CHANGE IN NET POSITION                 | (532,997)                    | (92,633)                          |
| NET POSITION - BEGINNING OF YEAR       | <u>(575,735)</u>             | <u>3,560,920</u>                  |
| NET POSITION - END OF YEAR             | <u><u>\$ (1,108,732)</u></u> | <u><u>\$ 3,468,287</u></u>        |

| <u>Motor Pool/<br/>Equipment</u> | <u>Facilities/<br/>Maintenance</u> | <u>Totals</u>        |
|----------------------------------|------------------------------------|----------------------|
| \$ 3,193,935                     | \$ 1,920,000                       | \$ 20,807,950        |
| 54,907                           | 5,363                              | 2,585,390            |
| <u>3,248,842</u>                 | <u>1,925,363</u>                   | <u>23,393,340</u>    |
| 867,487                          | 329,762                            | 5,391,766            |
| 2,170,172                        | 1,518,032                          | 5,689,175            |
| -                                | -                                  | 3,399,619            |
| -                                | -                                  | 9,249,658            |
| <u>1,021,149</u>                 | <u>147,439</u>                     | <u>1,168,588</u>     |
| <u>4,058,808</u>                 | <u>1,995,233</u>                   | <u>24,898,806</u>    |
| <u>(809,966)</u>                 | <u>(69,870)</u>                    | <u>(1,505,466)</u>   |
| 45,003                           | 20,527                             | 65,530               |
| (6,521)                          | (65,685)                           | (72,206)             |
| <u>12,366</u>                    | <u>-</u>                           | <u>12,366</u>        |
| <u>50,848</u>                    | <u>(45,158)</u>                    | <u>5,690</u>         |
| <u>(759,118)</u>                 | <u>(115,028)</u>                   | <u>(1,499,776)</u>   |
| 841,025                          | 16,617                             | 857,642              |
| <u>(702,000)</u>                 | <u>(88,000)</u>                    | <u>(790,000)</u>     |
| <u>139,025</u>                   | <u>(71,383)</u>                    | <u>67,642</u>        |
| (620,093)                        | (186,411)                          | (1,432,134)          |
| <u>5,784,293</u>                 | <u>3,718,988</u>                   | <u>12,488,466</u>    |
| <u>\$ 5,164,200</u>              | <u>\$ 3,532,577</u>                | <u>\$ 11,056,332</u> |

CITY OF WESTMINSTER

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS

For the year ended June 30, 2015

|   | <u>Risk<br/>Management</u> | <u>Compensation/<br/>Benefits</u> |
|---|----------------------------|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                            |                                   |
| Receipts from customer  | \$ 2,711,094               | \$ 16,116,101                     |
| Payment to suppliers  | (2,915,466)                | (11,539,337)                      |
| Payment to employees  | -                          | (4,064,600)                       |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES  | <u>(204,372)</u>           | <u>512,164</u>                    |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |                            |                                   |
| Cash received from other funds  | -                          | -                                 |
| Cash paid to other funds  | -                          | -                                 |
| NET CASH PROVIDED (USED) BY<br>NONCAPITAL FINANCING ACTIVITIES  | <u>-</u>                   | <u>-</u>                          |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>  |                            |                                   |
| Acquisition of capital assets   | -                          | -                                 |
| Proceeds from sale of assets  | -                          | -                                 |
| Principal payments on capital leases  | -                          | -                                 |
| Principal payments on bonds   | -                          | -                                 |
| Interest and fiscal charges   | -                          | -                                 |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES   | <u>-</u>                   | <u>-</u>                          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                            |                                   |
| Investment income   | -                          | -                                 |
| NET (INCREASE) DECREASE IN CASH AND CASH EQUIVALENTS  | (204,372)                  | 512,164                           |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR   | <u>6,730,893</u>           | <u>7,848,510</u>                  |
| CASH AND CASH EQUIVALENTS - END OF YEAR   | <u>\$ 6,526,521</u>        | <u>\$ 8,360,674</u>               |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO<br/>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                            |                                   |
| Operating income (loss)   | \$ (532,997)               | \$ (92,633)                       |
| Depreciation and amortization   | -                          | -                                 |
| Changes in operating assets and liabilities:  |                            |                                   |
| (Increase) decrease in accounts receivable  | 3,094                      | (61,425)                          |
| (Increase) decrease in prepaid items  | -                          | (523)                             |
| (Increase) decrease in inventories  | -                          | -                                 |
| Increase (decrease) in accounts payable and other liabilities   | (834,857)                  | (169)                             |
| Increase (decrease) in claims payable   | 1,160,388                  | 536,997                           |
| Increase (decrease) in compensated absences payable   | -                          | 129,917                           |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES  | <u>\$ (204,372)</u>        | <u>\$ 512,164</u>                 |
| <b>NONCASH ITEM:</b>  |                            |                                   |
| Capital lease proceeds  | <u>\$ -</u>                | <u>\$ -</u>                       |

| <u>Motor Pool/<br/>Equipment</u> | <u>Facilities/<br/>Maintenance</u> | <u>Totals</u>        |
|----------------------------------|------------------------------------|----------------------|
| \$ 3,137,430                     | \$ 1,914,863                       | \$ 23,879,488        |
| (1,884,597)                      | (1,480,995)                        | (17,820,395)         |
| <u>(867,164)</u>                 | <u>(330,665)</u>                   | <u>(5,262,429)</u>   |
| <u>385,669</u>                   | <u>103,203</u>                     | <u>796,664</u>       |
| 841,025                          | 16,617                             | 857,642              |
| <u>(702,000)</u>                 | <u>(88,000)</u>                    | <u>(790,000)</u>     |
| <u>139,025</u>                   | <u>(71,383)</u>                    | <u>67,642</u>        |
| (895,925)                        | (24,317)                           | (920,242)            |
| 69,356                           | -                                  | 69,356               |
| (72,581)                         | -                                  | (72,581)             |
| (18,011)                         | (136,888)                          | (154,899)            |
| <u>(5,512)</u>                   | <u>(41,902)</u>                    | <u>(47,414)</u>      |
| <u>(922,673)</u>                 | <u>(203,107)</u>                   | <u>(1,125,780)</u>   |
| 45,003                           | 20,527                             | 65,530               |
| <u>(352,976)</u>                 | <u>(150,760)</u>                   | <u>(195,944)</u>     |
| <u>2,617,386</u>                 | <u>1,543,936</u>                   | <u>18,740,725</u>    |
| <u>\$ 2,264,410</u>              | <u>\$ 1,393,176</u>                | <u>\$ 18,544,781</u> |
| \$ (809,966)                     | \$ (69,870)                        | \$ (1,505,466)       |
| 1,021,149                        | 147,439                            | 1,168,588            |
| 70,659                           | (500)                              | 11,828               |
| 181,406                          | -                                  | 180,883              |
| 13,134                           | -                                  | 13,134               |
| (91,036)                         | 27,037                             | (899,025)            |
| -                                | -                                  | 1,697,385            |
| 323                              | (903)                              | 129,337              |
| <u>\$ 385,669</u>                | <u>\$ 103,203</u>                  | <u>\$ 796,664</u>    |
| <u>\$ 163,708</u>                | <u>\$ -</u>                        | <u>\$ -</u>          |



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## AGENCY FUND

The Agency fund is used to account for assets held by the City as an agent for individuals, principle organizations, other governments and/or funds.

1915 Acts Bonds Fund - accounts for the collection of assessments and debt repayments on the Limited Obligation Improvement Bonds issued to finance the costs of acquisition of streets, storm drains and traffic improvements in Assessment District No. 92-1.

CITY OF WESTMINSTER

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
1915 ACT BONDS AGENCY FUND

For the year ended June 30, 2015

|                                 | <u>Balance<br/>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance<br/>June 30, 2015</u> |
|---------------------------------|---------------------------------|------------------|------------------|----------------------------------|
| ASSETS:                         |                                 |                  |                  |                                  |
| Restricted cash and investments | <u>\$ 8,373</u>                 | <u>\$ 82</u>     | <u>\$ -</u>      | <u>\$ 8,455</u>                  |
| LIABILITIES:                    |                                 |                  |                  |                                  |
| Due to bondholders              | <u>\$ 8,373</u>                 | <u>\$ 82</u>     | <u>\$ -</u>      | <u>\$ 8,455</u>                  |

## **STATISTICAL SECTION**

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## DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2015

This part of the City of Westminster'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 say about the government's overall financial health.

| Contents:   | <u>Pages</u> |
|---|--------------|
| <u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.   | 146 - 155    |
| <u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.   | 156 - 165    |
| <u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.                            | 166 - 172    |
| <u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                    | 173 - 174    |
| <u>Operating Information</u> 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. | 175 - 177    |

CITY OF WESTMINSTER

NET POSITION BY COMPONENT

Last Ten Fiscal Years  
(accrual bases of accounting)

|  | Fiscal Year Ended June 30, |                       |                       |                       |
|--|----------------------------|-----------------------|-----------------------|-----------------------|
|  | 2006                       | 2007                  | 2008                  | 2009                  |
| Governmental activities:                   |                            |                       |                       |                       |
| Net investment in capital assets           | \$ 89,013,498              | \$ 93,264,276         | \$ 97,870,305         | \$ 100,104,347        |
| Restricted                                 | 43,466,845                 | 62,906,004            | 78,051,423            | 99,106,443            |
| Unrestricted                               | 65,750,751                 | 64,244,252            | 71,423,945            | 63,917,681            |
| Total governmental activities net position | <u>\$ 198,231,094</u>      | <u>\$ 220,414,532</u> | <u>\$ 247,345,673</u> | <u>\$ 263,128,471</u> |
| Business-type activity:                    |                            |                       |                       |                       |
| Net investment in capital assets           | \$ 31,958,977              | \$ 31,234,034         | \$ 30,019,525         | \$ 28,951,409         |
| Restricted                                 | 367,947                    | 367,355               | 380,756               | 335,645               |
| Unrestricted                               | 2,133,832                  | 1,872,906             | 1,093,307             | 2,017,567             |
| Total business-type activity net position  | <u>\$ 34,460,756</u>       | <u>\$ 33,474,295</u>  | <u>\$ 31,493,588</u>  | <u>\$ 31,304,621</u>  |
| Primary government:                        |                            |                       |                       |                       |
| Net investment in capital assets           | \$ 120,972,475             | \$ 124,498,310        | \$ 127,889,830        | \$ 129,055,756        |
| Restricted                                 | 43,834,792                 | 63,273,359            | 78,432,179            | 99,442,088            |
| Unrestricted                               | 67,884,583                 | 66,117,158            | 72,517,252            | 65,935,248            |
| Total primary government net position      | <u>\$ 232,691,850</u>      | <u>\$ 253,888,827</u> | <u>\$ 278,839,261</u> | <u>\$ 294,433,092</u> |

Source: City Finance Department

Fiscal Year Ended June 30,

| 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 115,917,966        | \$ 130,622,799        | \$ 224,286,618        | \$ 233,128,695        | \$ 212,179,772        | \$ 205,398,439        |
| 88,669,819            | 81,222,098            | 14,770,657            | 18,418,248            | 20,922,791            | 18,906,200            |
| 57,608,308            | 58,305,385            | 63,601,972            | 59,794,122            | 47,925,059            | (38,262,036)          |
| <u>\$ 262,196,093</u> | <u>\$ 270,150,282</u> | <u>\$ 302,659,247</u> | <u>\$ 311,341,065</u> | <u>\$ 281,027,622</u> | <u>\$ 186,042,603</u> |
| <br>                  |                       |                       |                       |                       |                       |
| \$ 28,200,770         | \$ 27,813,299         | \$ 27,240,106         | \$ 27,137,496         | \$ 28,061,606         | \$ 28,666,666         |
| 113,911               | 113,160               | 113,158               | 113,158               | 113,103               | 112,548               |
| 3,408,574             | 5,392,113             | 8,209,794             | 7,390,477             | 7,704,313             | 7,379,655             |
| <u>\$ 31,723,255</u>  | <u>\$ 33,318,572</u>  | <u>\$ 35,563,058</u>  | <u>\$ 34,641,131</u>  | <u>\$ 35,879,022</u>  | <u>\$ 36,158,869</u>  |
| <br>                  |                       |                       |                       |                       |                       |
| \$ 144,118,736        | \$ 158,436,098        | \$ 251,526,724        | \$ 260,266,191        | \$ 240,241,378        | \$ 234,065,105        |
| 88,783,730            | 81,335,258            | 14,883,815            | 18,531,406            | 21,035,894            | 19,018,748            |
| 61,016,882            | 63,697,498            | 71,811,766            | 67,184,599            | 55,629,372            | (30,882,381)          |
| <u>\$ 293,919,348</u> | <u>\$ 303,468,854</u> | <u>\$ 338,222,305</u> | <u>\$ 345,982,196</u> | <u>\$ 316,906,644</u> | <u>\$ 222,201,472</u> |



CITY OF WESTMINSTER

CHANGES IN NET POSITION  
EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years  
(accrual basis of accounting)

|  | Fiscal Year Ended June 30, |                     |                     |                     |
|--|----------------------------|---------------------|---------------------|---------------------|
|  | 2006                       | 2007                | 2008                | 2009                |
| <b>Expenses:</b>                               |                            |                     |                     |                     |
| Governmental activities:                       |                            |                     |                     |                     |
| General government                             | \$ 6,228,357               | \$ 7,867,505        | \$ 8,529,466        | \$ 9,175,952        |
| Public safety                                  | 31,688,177                 | 36,299,935          | 34,981,171          | 37,564,132          |
| Public works                                   | 8,622,725                  | 9,276,287           | 10,149,119          | 10,263,012          |
| Community development                          | 14,741,768                 | 12,185,104          | 12,502,817          | 12,693,678          |
| Community services                             | 2,122,936                  | 2,883,655           | 2,873,862           | 3,050,217           |
| Interest on long-term debt                     | 2,374,796                  | 2,229,851           | 2,728,406           | 2,812,049           |
| Total governmental activities expenses         | <u>65,778,759</u>          | <u>70,742,337</u>   | <u>71,764,841</u>   | <u>75,559,040</u>   |
| Business-type activity:                        |                            |                     |                     |                     |
| Water enterprise                               | 11,145,539                 | 12,084,948          | 12,112,328          | 12,215,154          |
| Total business-type activity expenses          | <u>11,145,539</u>          | <u>12,084,948</u>   | <u>12,112,328</u>   | <u>12,215,154</u>   |
| Total primary government expenses              | <u>76,924,298</u>          | <u>82,827,285</u>   | <u>83,877,169</u>   | <u>87,774,194</u>   |
| <b>Program revenues:</b>                       |                            |                     |                     |                     |
| Governmental activities:                       |                            |                     |                     |                     |
| Charges for services:                          |                            |                     |                     |                     |
| General government                             | 1,633,260                  | 770,204             | 931,322             | 859,442             |
| Public safety                                  | 3,305,174                  | 2,693,966           | 2,510,083           | 2,949,945           |
| Public works                                   | 837,055                    | 661,371             | 710,098             | 684,585             |
| Community development                          | 1,954,382                  | 1,839,972           | 2,056,317           | 1,677,390           |
| Community services                             | 294,745                    | 260,998             | 323,492             | 353,094             |
| Operating grants and contributions             | 6,705,228                  | 6,673,336           | 8,170,763           | 8,990,834           |
| Capital grants and contributions               | 442,300                    | 4,887,888           | 3,824,058           | 410,664             |
| Total governmental activities program revenues | <u>15,172,144</u>          | <u>17,787,735</u>   | <u>18,526,133</u>   | <u>15,925,954</u>   |
| Business-type activity:                        |                            |                     |                     |                     |
| Charges for services:                          |                            |                     |                     |                     |
| Water enterprise                               | 10,091,120                 | 10,673,586          | 10,866,749          | 11,190,581          |
| Total business-type activity program revenues  | <u>10,091,120</u>          | <u>10,673,586</u>   | <u>10,866,749</u>   | <u>11,190,581</u>   |
| Total primary government program revenues      | <u>25,263,264</u>          | <u>28,461,321</u>   | <u>29,392,882</u>   | <u>27,116,535</u>   |
| <b>Net revenues (expenses):</b>                |                            |                     |                     |                     |
| Governmental activities                        | (50,606,615)               | (52,954,602)        | (53,238,708)        | (59,633,086)        |
| Business-type activity                         | <u>(1,054,419)</u>         | <u>(1,411,362)</u>  | <u>(1,245,579)</u>  | <u>(1,024,573)</u>  |
| Total net revenues (expenses)                  | <u>(51,661,034)</u>        | <u>(54,365,964)</u> | <u>(54,484,287)</u> | <u>(60,657,659)</u> |

Source: City Finance Department

Fiscal Year Ended June 30,

| 2010                | 2011                | 2012                | 2013                | 2014                | 2015                |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 21,335,005       | \$ 11,836,459       | \$ 1,904,232        | \$ 3,145,098        | \$ 3,312,809        | \$ 3,280,458        |
| 36,313,972          | 37,050,903          | 39,706,407          | 38,072,257          | 44,091,261          | 40,616,802          |
| 10,041,239          | 10,839,138          | 12,138,788          | 11,889,094          | 12,016,265          | 11,358,510          |
| 12,043,058          | 14,699,366          | 11,110,694          | 5,393,309           | 7,843,505           | 8,417,841           |
| 2,979,397           | 2,977,448           | 2,874,153           | 2,722,324           | 2,863,068           | 2,854,580           |
| 6,027,294           | 6,135,877           | 4,624,156           | 218,241             | 201,770             | 185,852             |
| <u>88,739,965</u>   | <u>83,539,191</u>   | <u>72,358,430</u>   | <u>61,440,323</u>   | <u>70,328,678</u>   | <u>66,714,043</u>   |
| 11,910,470          | 12,264,194          | 12,072,927          | 12,204,823          | 12,879,866          | 13,625,444          |
| <u>11,910,470</u>   | <u>12,264,194</u>   | <u>12,072,927</u>   | <u>12,204,823</u>   | <u>12,879,866</u>   | <u>13,625,444</u>   |
| 100,650,435         | 95,803,385          | 84,431,357          | 73,645,146          | 83,208,544          | 80,339,487          |
| 871,954             | 947,291             | 1,393,011           | 1,332,542           | 1,723,410           | 1,708,850           |
| 3,178,152           | 2,963,243           | 2,399,733           | 2,392,084           | 3,152,528           | 2,901,892           |
| 1,104,193           | 1,301,079           | 1,911,770           | 1,529,292           | 1,505,347           | 1,535,590           |
| 1,707,098           | 1,638,817           | 1,367,032           | 2,192,448           | 2,253,350           | 2,583,435           |
| 394,655             | 388,247             | 378,061             | 328,483             | 358,651             | 351,225             |
| 7,167,620           | 11,945,008          | 9,931,063           | 7,357,298           | 8,656,867           | 8,827,408           |
| 1,277,811           | 1,171,634           | 8,122,092           | 13,785,183          | 3,435,672           | 16,638,708          |
| <u>15,701,483</u>   | <u>20,355,319</u>   | <u>25,502,762</u>   | <u>28,917,330</u>   | <u>21,085,825</u>   | <u>34,547,108</u>   |
| 12,704,027          | 14,374,002          | 14,842,016          | 14,805,527          | 14,742,082          | 14,202,098          |
| <u>12,704,027</u>   | <u>14,374,002</u>   | <u>14,842,016</u>   | <u>14,805,527</u>   | <u>14,742,082</u>   | <u>14,202,098</u>   |
| 28,405,510          | 34,729,321          | 40,344,778          | 43,722,857          | 35,827,907          | 48,749,206          |
| (73,038,482)        | (63,183,872)        | (46,855,668)        | (32,522,993)        | (49,242,853)        | (32,166,935)        |
| 793,557             | 2,109,808           | 2,769,089           | 2,600,704           | 1,862,216           | 576,654             |
| <u>(72,244,925)</u> | <u>(61,074,064)</u> | <u>(44,086,579)</u> | <u>(29,922,289)</u> | <u>(47,380,637)</u> | <u>(31,590,281)</u> |

CITY OF WESTMINSTER

CHANGES IN NET POSITION  
GENERAL REVENUES

Last Ten Fiscal Years  
(accrual basis of accounting)

|  | Fiscal Year Ended June 30, |                      |                      |                      |
|--|----------------------------|----------------------|----------------------|----------------------|
|  | 2006                       | 2007                 | 2008                 | 2009                 |
| General revenues and other changes<br>in net position: |                            |                      |                      |                      |
| Governmental activities:                               |                            |                      |                      |                      |
| Taxes:   |                            |                      |                      |                      |
| Sales taxes  | \$ 17,407,934              | \$ 16,537,117        | \$ 16,182,971        | \$ 13,238,135        |
| Property taxes, levied for general purposes            | 35,816,370                 | 44,158,452           | 47,114,786           | 48,096,950           |
| Utility users tax                                      | 5,203,530                  | 5,398,058            | 5,431,551            | 5,478,092            |
| Motor vehicle taxes                                    | 242,717                    | 535,896              | 411,655              | 319,341              |
| Other taxes  | 2,869,831                  | 3,034,760            | 2,908,715            | 3,098,184            |
| Unrestricted investment earnings                       | 2,875,268                  | 5,754,628            | 7,295,177            | 5,926,914            |
| Transfers  | (285,998)                  | (280,871)            | 824,994              | (741,732)            |
| Extraordinary item                                     | -                          | -                    | -                    | -                    |
| Total governmental activities                          | <u>64,129,652</u>          | <u>75,138,040</u>    | <u>80,169,849</u>    | <u>75,415,884</u>    |
| Business-type activity:                                |                            |                      |                      |                      |
| Unrestricted investment earnings                       | 168,027                    | 144,030              | 89,866               | 47,566               |
| Miscellaneous  | (11,590)                   | -                    | -                    | 46,308               |
| Transfers  | 285,998                    | 280,871              | (824,994)            | 741,732              |
| Total business-type activity                           | <u>442,435</u>             | <u>424,901</u>       | <u>(735,128)</u>     | <u>835,606</u>       |
| Total primary government                               | <u>64,572,087</u>          | <u>75,562,941</u>    | <u>79,434,721</u>    | <u>76,251,490</u>    |
| Changes in net position                                |                            |                      |                      |                      |
| Governmental activities                                | 13,523,037                 | 22,183,438           | 26,931,141           | 15,782,798           |
| Business-type activity                                 | (611,984)                  | (986,461)            | (1,980,707)          | (188,967)            |
| Total primary government                               | <u>\$ 12,911,053</u>       | <u>\$ 21,196,977</u> | <u>\$ 24,950,434</u> | <u>\$ 15,593,831</u> |

Source: City Finance Department

Fiscal Year Ended June 30,

| 2010                | 2011                | 2012                 | 2013                | 2014                   | 2015                  |
|---------------------|---------------------|----------------------|---------------------|------------------------|-----------------------|
| \$ 12,212,474       | \$ 13,164,455       | \$ 12,994,495        | \$ 13,931,661       | \$ 15,523,825          | \$ 15,749,960         |
| 47,264,839          | 47,004,633          | 25,159,373           | 16,304,916          | 13,038,715             | 13,867,837            |
| 5,010,797           | 5,082,094           | 5,020,744            | 4,928,588           | 5,063,905              | 4,917,994             |
| 274,349             | 1,214,413           | 46,649               | 48,337              | 40,004                 | 38,642                |
| 2,825,328           | 2,199,984           | 3,020,103            | 3,110,512           | 3,205,784              | 3,340,556             |
| 3,949,401           | 1,885,429           | 1,266,006            | (222,757)           | 632,038                | 550,512               |
| 568,916             | 587,053             | 597,070              | 3,385,481           | 660,654                | (4,525,088)           |
| -                   | -                   | 31,260,193           | -                   | (19,235,515)           | (16,963,040)          |
| <u>72,106,104</u>   | <u>71,138,061</u>   | <u>79,364,633</u>    | <u>41,486,738</u>   | <u>18,929,410</u>      | <u>16,977,373</u>     |
| 26,318              | 72,561              | 72,467               | 86,479              | 36,327                 | 108,353               |
| 167,675             | -                   | -                    | -                   | -                      | -                     |
| (568,916)           | (587,052)           | (597,070)            | (3,385,481)         | (660,654)              | 4,525,088             |
| <u>(374,923)</u>    | <u>(514,491)</u>    | <u>(524,603)</u>     | <u>(3,299,002)</u>  | <u>(624,327)</u>       | <u>4,633,441</u>      |
| <u>71,731,181</u>   | <u>70,623,570</u>   | <u>78,840,030</u>    | <u>38,187,736</u>   | <u>18,305,083</u>      | <u>21,610,814</u>     |
| (932,378)           | 7,954,189           | 32,508,965           | 8,963,745           | (30,313,443)           | (15,189,562)          |
| 418,634             | 1,595,317           | 2,244,486            | (698,298)           | 1,237,889              | 5,210,095             |
| <u>\$ (513,744)</u> | <u>\$ 9,549,506</u> | <u>\$ 34,753,451</u> | <u>\$ 8,265,447</u> | <u>\$ (29,075,554)</u> | <u>\$ (9,979,467)</u> |

CITY OF WESTMINSTER

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

|                                    | Fiscal Year Ended June 30, |                      |                       |                       |
|------------------------------------|----------------------------|----------------------|-----------------------|-----------------------|
|                                    | 2006                       | 2007                 | 2008                  | 2009                  |
| General fund:                      |                            |                      |                       |                       |
| Reserved                           | \$ 1,099,215               | \$ 439,516           | \$ 178,817            | \$ 71,467             |
| Unreserved                         | 24,820,433                 | 23,542,289           | 26,769,605            | 25,838,264            |
| Total general fund                 | <u>\$ 25,919,648</u>       | <u>\$ 23,981,805</u> | <u>\$ 26,948,422</u>  | <u>\$ 25,909,731</u>  |
| All other governmental funds:      |                            |                      |                       |                       |
| Reserved                           | \$ 28,162,911              | \$ 39,922,224        | \$ 46,499,980         | \$ 36,271,246         |
| Unreserved, reported in:           |                            |                      |                       |                       |
| Special revenue funds              | (3,617,166)                | (2,081,224)          | 1,025,637             | (3,258,634)           |
| Debt service funds                 | -                          | -                    | -                     | 19,877,443            |
| Capital projects funds             | 46,964,508                 | 52,855,976           | 61,134,734            | 134,679,128           |
| Total all other governmental fund: | <u>\$ 71,510,253</u>       | <u>\$ 90,696,976</u> | <u>\$ 108,660,351</u> | <u>\$ 187,569,183</u> |
| General fund:                      |                            |                      |                       |                       |
| Nonspendable                       | \$ -                       | \$ -                 | \$ -                  | \$ -                  |
| Unassigned                         | -                          | -                    | -                     | -                     |
| Total general fund                 | <u>\$ -</u>                | <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ -</u>           |
| All other governmental funds:      |                            |                      |                       |                       |
| Nonspendable                       | \$ -                       | \$ -                 | \$ -                  | \$ -                  |
| Restricted                         | -                          | -                    | -                     | -                     |
| Assigned                           | -                          | -                    | -                     | -                     |
| Unassigned                         | -                          | -                    | -                     | -                     |
| Total all other governmental fund: | <u>\$ -</u>                | <u>\$ -</u>          | <u>\$ -</u>           | <u>\$ -</u>           |

Note: GASB 54 was implement in 2011, prior years have no comparable data.

Fiscal Year Ended June 30,

| 2010                  | 2011                  | 2012                 | 2013                 | 2014                 | 2015                 |
|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 8,006              | \$ -                  | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| 27,419,072            | -                     | -                    | -                    | -                    | -                    |
| <u>\$ 27,427,078</u>  | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| \$ 40,314,773         | \$ -                  | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| (4,615,396)           | -                     | -                    | -                    | -                    | -                    |
| 4,090,059             | -                     | -                    | -                    | -                    | -                    |
| 117,835,083           | -                     | -                    | -                    | -                    | -                    |
| <u>\$ 157,624,519</u> | <u>\$ -</u>           | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ -</u>          |
| \$ -                  | \$ 9,944              | \$ 39,055            | \$ 33,750            | \$ 52,290            | \$ 47,687            |
| -                     | 27,320,296            | 26,842,509           | 25,881,185           | 24,105,648           | 22,069,159           |
| <u>\$ -</u>           | <u>\$ 27,330,240</u>  | <u>\$ 26,881,564</u> | <u>\$ 25,914,935</u> | <u>\$ 24,157,938</u> | <u>\$ 22,116,846</u> |
| \$ -                  | \$ 27,768,885         | \$ 27,633,116        | \$ 27,491,378        | \$ 25,919,581        | \$ -                 |
| -                     | 109,183,565           | 5,761,682            | 7,015,881            | 9,454,051            | 32,727,621           |
| -                     | 22,253,296            | 19,901,437           | 21,114,572           | 22,643,343           | 20,118,196           |
| -                     | (6,145,831)           | (1,391,240)          | -                    | (753,634)            | (261,909)            |
| <u>\$ -</u>           | <u>\$ 153,059,915</u> | <u>\$ 51,904,995</u> | <u>\$ 55,621,831</u> | <u>\$ 57,263,341</u> | <u>\$ 52,583,908</u> |

## CITY OF WESTMINSTER

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years  
(modified accrual basis of accounting)

|  | Fiscal Year Ended June 30, |                      |                      |                      |
|--|----------------------------|----------------------|----------------------|----------------------|
|  | 2006                       | 2007                 | 2008                 | 2009                 |
| <b>Revenues:</b>   |                            |                      |                      |                      |
| Taxes  | \$ 64,656,552              | \$ 73,577,733        | \$ 74,944,551        | \$ 72,937,249        |
| Licenses and permits   | 610,347                    | 673,474              | 788,416              | 541,564              |
| Fines  | 1,115,973                  | 1,122,580            | 1,163,930            | 1,204,324            |
| Investment and rental  | 3,323,952                  | 6,333,700            | 7,940,173            | 6,576,597            |
| Intergovernmental  | 4,010,412                  | 7,086,980            | 8,796,697            | 6,681,802            |
| Charges for services   | 6,230,734                  | 6,731,530            | 7,182,259            | 7,147,861            |
| Other  | 594,603                    | 637,458              | 411,497              | 600,436              |
| Total revenues   | <u>80,542,573</u>          | <u>96,163,455</u>    | <u>101,227,523</u>   | <u>95,689,833</u>    |
| <b>Expenditures</b>  |                            |                      |                      |                      |
| <b>Current:</b>  |                            |                      |                      |                      |
| General government   | 7,152,460                  | 8,691,822            | 9,889,172            | 10,202,999           |
| Public safety  | 31,171,238                 | 33,692,840           | 34,862,431           | 35,678,439           |
| Public works   | 3,185,114                  | 3,704,058            | 3,963,226            | 3,894,763            |
| Community development  | 8,621,528                  | 10,118,124           | 11,488,332           | 11,387,018           |
| Community services   | 1,972,542                  | 2,181,583            | 2,327,286            | 2,345,372            |
| Capital outlay   | 18,959,758                 | 8,712,611            | 10,481,427           | 18,211,162           |
| <b>Debt service:</b>   |                            |                      |                      |                      |
| Principal retirement   | 4,345,269                  | 4,512,892            | 1,494,041            | 567,487              |
| Interest and fiscal charges                                  | 2,203,295                  | 2,071,102            | 2,901,203            | 998,797              |
| Note issuance cost   | -                          | -                    | -                    | -                    |
| Bond issuance cost   | -                          | -                    | 2,038,705            | 4,684,354            |
| Total expenditures   | <u>77,611,204</u>          | <u>73,685,032</u>    | <u>79,445,823</u>    | <u>87,970,391</u>    |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>2,931,369</u>           | <u>22,478,423</u>    | <u>21,781,700</u>    | <u>7,719,442</u>     |
| <b>Other financing sources (uses):</b>                       |                            |                      |                      |                      |
| Sale of equipment and property                               | 3,390                      | 1,679                | 15,660               | 6,034                |
| Issuance of notes  | -                          | -                    | -                    | 73,055,000           |
| Refunding bonds issued                                       | -                          | -                    | 35,656,258           | -                    |
| Payment to refund bond escrow agent                          | -                          | -                    | (37,132,228)         | -                    |
| Transfers in   | 25,103,940                 | 22,073,375           | 41,091,464           | 44,647,832           |
| Transfers out  | (23,880,599)               | (27,304,597)         | (40,482,862)         | (47,558,167)         |
| Total other financing sources (uses)                         | <u>1,226,731</u>           | <u>(5,229,543)</u>   | <u>(851,708)</u>     | <u>70,150,699</u>    |
| Net change in fund balances, before<br>extraordinary item    | 4,158,100                  | 17,248,880           | 20,929,992           | 77,870,141           |
| Extraordinary item   | -                          | -                    | -                    | -                    |
| Net change in fund balances                                  | <u>\$ 4,158,100</u>        | <u>\$ 17,248,880</u> | <u>\$ 20,929,992</u> | <u>\$ 77,870,141</u> |
| Debt service as a percentage of<br>noncapital expenditures   | 11.2%                      | 10.1%                | 9.3%                 | 9.0%                 |

Source: City Finance Department

| Fiscal Year Ended June 30, |                       |                         |                     |                     |                       |
|----------------------------|-----------------------|-------------------------|---------------------|---------------------|-----------------------|
| 2010                       | 2011                  | 2012                    | 2013                | 2014                | 2015                  |
| \$ 69,844,492              | \$ 73,504,074         | \$ 48,564,166           | \$ 41,291,261       | \$ 39,747,241       | \$ 41,343,833         |
| 620,236                    | 530,628               | 534,216                 | 562,390             | 590,133             | 841,683               |
| 933,524                    | 1,110,773             | 880,510                 | 842,025             | 1,056,336           | 1,054,360             |
| 4,484,131                  | 2,490,896             | 2,310,873               | 642,885             | 1,530,365           | 1,461,106             |
| 5,523,241                  | 7,578,633             | 8,005,280               | 4,887,054           | 5,055,687           | 5,413,209             |
| 8,159,633                  | 7,329,150             | 6,695,115               | 6,465,147           | 7,374,392           | 7,053,125             |
| 699,080                    | 822,043               | 1,759,189               | 537,382             | 814,517             | 499,627               |
| <u>90,264,337</u>          | <u>93,366,197</u>     | <u>68,749,349</u>       | <u>55,228,144</u>   | <u>56,168,671</u>   | <u>57,666,943</u>     |
| 22,574,407                 | 12,752,912            | 2,038,157               | 2,731,615           | 2,645,794           | 2,837,553             |
| 35,994,815                 | 35,095,326            | 36,150,994              | 35,564,705          | 36,080,703          | 38,154,641            |
| 3,526,715                  | 3,461,921             | 4,193,485               | 4,143,916           | 3,988,725           | 4,059,709             |
| 11,791,113                 | 11,816,018            | 9,904,011               | 4,890,934           | 6,246,260           | 7,352,977             |
| 2,370,867                  | 2,315,418             | 2,149,528               | 2,091,607           | 2,198,832           | 2,350,030             |
| 35,440,808                 | 66,502,982            | 20,989,342              | 5,977,328           | 5,875,873           | 4,565,323             |
| 1,548,636                  | 1,766,261             | 1,829,853               | 345,428             | 356,001             | 370,100               |
| 6,359,141                  | 5,718,438             | 3,638,255               | 136,065             | 125,661             | 114,819               |
| -                          | -                     | -                       | -                   | -                   | -                     |
| -                          | 772,601               | -                       | -                   | -                   | -                     |
| <u>119,606,502</u>         | <u>140,201,877</u>    | <u>80,893,625</u>       | <u>55,881,598</u>   | <u>57,517,849</u>   | <u>59,805,152</u>     |
| <u>(29,342,165)</u>        | <u>(46,835,680)</u>   | <u>(12,144,276)</u>     | <u>(653,454)</u>    | <u>(1,349,178)</u>  | <u>(2,138,209)</u>    |
| 5,602                      | 1,846,367             | 14,813                  | 10,275              | 7,202               | 10,414                |
| -                          | 40,265,000            | -                       | -                   | -                   | -                     |
| -                          | -                     | -                       | -                   | -                   | -                     |
| -                          | -                     | -                       | -                   | -                   | -                     |
| 34,907,052                 | 49,301,182            | 28,706,358              | 12,161,170          | 11,883,373          | 11,444,395            |
| <u>(34,309,807)</u>        | <u>(48,926,310)</u>   | <u>(26,190,975)</u>     | <u>(8,767,784)</u>  | <u>(11,453,494)</u> | <u>(16,037,125)</u>   |
| <u>602,847</u>             | <u>42,486,239</u>     | <u>2,530,196</u>        | <u>3,403,661</u>    | <u>437,081</u>      | <u>(4,582,316)</u>    |
| (28,739,318)               | (4,349,441)           | (9,614,080)             | 2,750,207           | (912,097)           | (6,720,525)           |
| -                          | -                     | (91,989,516)            | -                   | 796,610             | -                     |
| <u>\$ (28,739,318)</u>     | <u>\$ (4,349,441)</u> | <u>\$ (101,603,596)</u> | <u>\$ 2,750,207</u> | <u>\$ (115,487)</u> | <u>\$ (6,720,525)</u> |
| 9.4%                       | 11.2%                 | 9.1%                    | 1.0%                | 0.9%                | 0.9%                  |



CITY OF WESTMINSTER

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years  
(rate per \$100 of taxable value)

|                        | Fiscal Year Ended June 30, |                |                |                |                |                |                |                |                |                |
|------------------------|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                        | 2006                       | 2007           | 2008           | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           |
| City Direct Rate:      |                            |                |                |                |                |                |                |                |                |                |
| City basic rate        | 0.09340                    | 0.09340        | 0.09340        | 0.09443        | 0.17142        | 0.09443        | 0.09443        | 0.09443        | 0.09443        | 0.09443        |
| Redevelopment agency   | <u>0.39537</u>             | <u>0.44615</u> | <u>0.47658</u> | <u>0.48403</u> | <u>0.39240</u> | <u>0.47443</u> | <u>0.48394</u> | <u>0.48930</u> | <u>0.00066</u> | <u>0.00066</u> |
| Total City Direct Rate | 0.48877                    | 0.53955        | 0.56998        | 0.57846        | 0.56382        | 0.56886        | 0.57837        | 0.58373        | 0.09509        | 0.09509        |
| Overlapping Rates:     |                            |                |                |                |                |                |                |                |                |                |
| Special Districts      | 0.04921                    | 0.04871        | 0.44000        | 0.04400        | 0.04300        | 0.04400        | 0.04380        | 0.04400        | 0.04400        | 0.04400        |
| County of Orange       | 0.15285                    | 0.15285        | 0.15250        | 0.15277        | 0.15277        | 0.15277        | 0.15490        | 0.15277        | 0.15277        | 0.15277        |
| School Districts       | <u>0.75058</u>             | <u>0.74778</u> | <u>0.71000</u> | <u>0.70980</u> | <u>0.70980</u> | <u>0.70980</u> | <u>0.70690</u> | <u>0.70980</u> | <u>0.70980</u> | <u>0.70980</u> |
| Total Direct Rate      | <u>1.04604</u>             | <u>1.04274</u> | <u>1.39590</u> | <u>1.00100</u> | <u>1.07699</u> | <u>1.00100</u> | <u>1.00003</u> | <u>1.00100</u> | <u>1.00100</u> | <u>1.00100</u> |

Notes:

In 1978 the voters of the State of California passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of voter approved bonds.

CITY OF WESTMINSTER

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

| Taxpayer                     | 2015                   |  | 2006                   |  |
|------------------------------|------------------------|--|------------------------|--|
|                              | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value |
| Retail Property Trust        | \$ 111,890,815         | 1.47%  | \$ 122,183,762         | 2.19%  |
| WRI West Gate South LP       | 69,247,427             | 0.91%  | 60,177,443             | 1.08%  |
| Land Partners                | 63,190,119             | 0.83%  |                        |  |
| PK I Pavilions Place LP      | 50,806,713             | 0.67%  |                        |  |
| Jasmine Place Associates LLC | 43,697,482             | 0.57%  |                        |  |
| An Tang Dao Trust            | 35,561,953             | 0.47%  |                        |  |
| Mary Warne-Parks Trust       | 29,100,000             | 0.38%  |                        |  |
| CP II Park Lane LLC          | 29,075,176             | 0.38%  |                        |  |
| CLPF-7400 Hazard LLC         | 26,821,217             | 0.35%  |                        |  |
| Springdale Villa LP          | 25,765,144             | 0.34%  | 22,630,049             | 0.40%  |
| Asian Garden Limited         |                        |  | 30,040,722             | 0.54%  |
| REVX-224 Inc                 |                        |  | 25,578,875             | 0.46%  |
| Delma Corporation            |                        |  | 18,959,519             | 0.34%  |
| CMF Inc                      |                        |  | 18,631,341             | 0.33%  |
| California Drive-In Theaters |                        |  | 17,104,480             | 0.31%  |
| M Westland LLC               |                        |  | 15,065,152             | 0.27%  |
| Granite Patk Lane LP         |                        |  | 14,943,416             | 0.27%  |
|                              | <u>\$ 485,156,046</u>  | <u>6.37%</u>                                 | <u>\$ 345,314,759</u>  | <u>6.19%</u>                                 |

The amounts shown above include assessed value data for both the City and the Successor Agency.

Source: HdL, Coren & Cone

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CITY OF WESTMINSTER

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

| Fiscal<br>Year Ended<br>June 30, | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of Levy |                    | Collections in<br>Subsequent<br>Years | Total Collections to Date |                    |
|----------------------------------|--|---|--------------------|---------------------------------------|---------------------------|--------------------|
|                                  |  | Amount                                      | Percent<br>of Levy |                                       | Amount                    | Percent<br>of Levy |
| 2006                             | \$ 2,479,852                           | \$ 2,454,465                                | 98.98%             | \$ 2,653                              | \$ 2,457,118              | 99.08%             |
| 2007                             | 2,482,855                              | 2,452,572                                   | 98.78%             | 3,956                                 | 2,456,528                 | 98.94%             |
| 2008                             | 2,480,113                              | 2,473,935                                   | 99.75%             | 5,545                                 | 2,479,480                 | 99.97%             |
| 2009                             | 2,486,095                              | 2,466,393                                   | 99.21%             | n/a                                   | 2,466,393                 | 99.21%             |
| 2010                             | 2,474,260                              | 2,448,073                                   | 98.94%             | n/a                                   | 2,448,073                 | 98.94%             |
| 2011                             | 2,474,791                              | 2,441,784                                   | 98.67%             | n/a                                   | 2,441,784                 | 98.67%             |
| 2012                             | 2,482,399                              | 2,444,304                                   | 98.47%             | n/a                                   | 2,444,304                 | 98.47%             |
| 2013                             | 2,478,261                              | 2,446,175                                   | 98.71%             | n/a                                   | 2,446,175                 | 98.71%             |
| 2014                             | 2,486,017                              | 2,459,754                                   | 98.94%             | n/a                                   | 2,459,754                 | 98.94%             |
| 2015                             | 2,484,435                              | 2,423,695                                   | 97.56%             | n/a                                   | 2,423,695                 | 97.56%             |

Note:

The amounts presented include City property taxes and Redevelopment Agency tax increment. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Sources: Orange County Assessor's Office  
Orange County Office of Auditor-Controller

CITY OF WESTMINSTER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY

Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>June 30, | City             |                |                     | Taxable<br>Assessed<br>Value |
|----------------------------------|------------------|----------------|---------------------|------------------------------|
|                                  | Secured          | Unsecured      | Less:<br>Exemptions |                              |
| 2006                             | \$ 3,070,314,334 | \$ 101,438,368 | \$ 82,526,972       | \$ 3,089,225,730             |
| 2007                             | 3,070,312,328    | 101,438,368    | 82,533,972          | 3,089,216,724                |
| 2008                             | 3,069,628,787    | 101,438,368    | 82,540,972          | 3,088,526,183                |
| 2009                             | 3,067,626,290    | 101,438,368    | 82,540,972          | 3,086,523,686                |
| 2010                             | 3,067,626,290    | 101,438,368    | 82,540,972          | 3,086,523,686                |
| 2011                             | 3,069,535,195    | 101,438,368    | 82,540,972          | 3,088,432,591                |
| 2012                             | 3,064,980,617    | 101,438,368    | 82,540,972          | 3,083,878,013                |
| 2013                             | 3,064,980,617    | 101,438,368    | 82,540,972          | 3,083,878,013                |
| 2014                             | 3,064,980,617    | 101,438,368    | 82,540,972          | 3,083,878,013                |
| 2015                             | 3,064,980,617    | 101,438,368    | 82,540,972          | 3,083,878,013                |

Notes:

Beginning with the fiscal year ended June 30, 2002, exemptions are netted directly against the individual property categories.

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

\* Total direct tax rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013-14, the Total Direct Tax Rate no longer includes revenues generated from the former redevelopment tax areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012-13. For the proposes of this report, residual revenue is assumed to be distributed to the City in the same proportion as general fund revenue.

Redevelopment Agency

| Secured          | Unsecured      | Less:<br>Exemptions | Taxable<br>Assessed<br>Value | Total<br>Direct Tax<br>Rate |
|------------------|----------------|---------------------|------------------------------|-----------------------------|
| \$ 5,498,360,086 | \$ 190,250,992 | \$ 98,904,230       | \$ 5,589,706,848             | 0.48877%                    |
| 6,073,405,708    | 234,532,935    | 105,484,147         | 6,202,454,496                | 0.53955%                    |
| 6,522,611,781    | 223,161,571    | 108,888,418         | 6,636,884,934                | 0.56998%                    |
| 6,640,331,942    | 246,139,801    | 115,830,355         | 6,770,641,388                | 0.57846%                    |
| 6,475,021,589    | 223,131,714    | 85,047,489          | 6,613,105,814                | 0.56382%                    |
| 6,671,290,676    | 234,915,169    | 127,617,865         | 6,778,587,980                | 0.56886%                    |
| 6,810,028,867    | 260,385,471    | 135,330,222         | 6,935,084,116                | 0.57837%                    |
| 6,918,154,624    | 217,478,421    | 120,375,213         | 7,015,257,832                | 0.58373%                    |
| 7,126,139,657    | 179,837,353    | 133,206,501         | 7,172,770,509                | 0.09509% *                  |
| 7,524,637,360    | 232,501,482    | 135,957,596         | 7,621,181,246                | 0.09509% *                  |

CITY OF WESTMINSTER

WATER CUSTOMERS

Current Year and Nine Years Ago

| Water Customer                     | 2015                 |                                 | 2006                |                                 |
|------------------------------------|----------------------|---------------------------------|---------------------|---------------------------------|
|                                    | Water Charges        | Percent of Total Water Revenues | Water Charges       | Percent of Total Water Revenues |
| City of Westminster                | \$ 262,444           | 1.97%                           | \$ 139,782          | 1.44%                           |
| Arnel Management                   | 206,448              | 1.55%                           | 119,537             | 1.23%                           |
| Westminster School District        | 138,372              | 1.04%                           | 89,833              | 0.93%                           |
| Garden Grove Unified               | 122,729              | 0.92%                           | 48,521              | 0.50%                           |
| Los alisos                         | 121,365              | 0.91%                           | 32,552              | 0.34%                           |
| Huntington Beach Union High School | 94,478               | 0.71%                           | -                   | 0.00%                           |
| Westminster Village HOA            | 86,563               | 0.65%                           | 46,047              | 0.47%                           |
| Pembroke Mgmt Company              | 74,402               | 0.56%                           | 40,369              | 0.42%                           |
| Mission Del Amo Mobile Home Park   | 69,559               | 0.52%                           | 38,016              | 0.39%                           |
| Tres Vidas Apartments              | 64,558               | 0.48%                           | -                   | 0.00%                           |
| Prado Verde Estates                | 62,296               | 0.47%                           | 30,998              | 0.32%                           |
| Windmill Apartments                | 55,560               | 0.42%                           | 30,002              | 0.31%                           |
| Granite Park Lane                  | -                    | 0.00%                           | 48,476              | 0.50%                           |
| JMR Enterprises Ltd                | -                    | 0.00%                           | 30,740              | 0.32%                           |
| Total                              | <u>\$ 1,358,774</u>  |                                 | <u>\$ 694,873</u>   |                                 |
| Total Metered Water Sales          | <u>\$ 13,324,386</u> |                                 | <u>\$ 9,695,102</u> |                                 |

Source: City of Westminster

CITY OF WESTMINSTER

WATER RATES

Last Ten Fiscal Years

| <u>Fiscal<br/>Year Ended<br/>June 30,</u> | <u>Monthly<br/>Base<br/>Rate</u> | <u>Rate per<br/>1,000<br/>Gallons</u> |
|---|----------------------------------|---------------------------------------|
| 2006                                      | \$ 4.82                          | \$ 1.26                               |
| 2007                                      | 4.82                             | 1.26                                  |
| 2008                                      | 5.21                             | 1.36                                  |
| 2009                                      | 5.21                             | 1.56                                  |
| 2010                                      | 5.78                             | 1.97                                  |
| 2011                                      | 6.52                             | 2.25                                  |
| 2012                                      | 6.52                             | 2.30                                  |
| 2013                                      | 6.52                             | 2.30                                  |
| 2014                                      | 7.30                             | 2.30                                  |
| 2015                                      | 7.30                             | 2.30                                  |

Note:

Rates are based on 5/8" meter, which is the standard household meter size. The City charges an excess-use rate above normal demand.



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CITY OF WESTMINSTER

WATER SOLD BY TYPE OF CUSTOMER

Last Ten Fiscal Years  
(in millions of gallons)

| Fiscal<br>Year<br>Ended<br>June 30, | Type of Customer |            |              |          |            | Total         |
|-------------------------------------|------------------|------------|--------------|----------|------------|---------------|
|                                     | Residential      | Industrial | Commercial   | Military | Government |               |
| 2006                                | \$ 8,338,946     | \$ 103,672 | \$ 1,661,118 | \$ -     | \$ 118,161 | \$ 10,221,897 |
| 2007                                | 8,477,163        | 91,779     | 1,617,759    | -        | 92,457     | 10,279,158    |
| 2008                                | 8,454,873        | 107,602    | 1,696,826    | -        | 102,111    | 10,361,412    |
| 2009                                | 9,125,193        | 105,137    | 1,750,138    | -        | 106,469    | 11,086,937    |
| 2010                                | 10,159,526       | 122,059    | 2,027,216    | -        | 111,499    | 12,420,300    |
| 2011                                | 11,304,445       | 120,700    | 2,311,541    | -        | 96,485     | 13,833,171    |
| 2012                                | 11,620,170       | 119,472    | 2,561,499    | -        | 104,206    | 14,405,347    |
| 2013                                | 12,038,551       | 111,678    | 2,564,280    | -        | 98,127     | 14,812,636    |
| 2014                                | 11,918,276       | 121,814    | 2,657,925    | -        | 106,287    | 14,804,302    |
| 2015                                | 11,312,453       | 108,947    | 2,501,890    | -        | 101,055    | 14,024,345    |

Total direct rate  
per 1,000 gallons

CITY OF WESTMINSTER

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>June 30, | Governmental Activities    |                   |                                     |                  |                                     |
|----------------------------------|----------------------------|-------------------|-------------------------------------|------------------|-------------------------------------|
|                                  | Tax<br>Allocation<br>Bonds | Leases<br>Payable | Certificates<br>of<br>Participation | Notes<br>Payable | Total<br>Governmental<br>Activities |
| 2006                             | \$ 36,925,000              | \$ -              | \$ 8,498,219                        | \$ 300,000       | \$ 45,723,219                       |
| 2007                             | 32,895,000                 | -                 | 7,837,747                           | 300,000          | 41,032,747                          |
| 2008                             | 30,140,000                 | -                 | 7,479,879                           | 300,000          | 37,919,879                          |
| 2009                             | 103,195,000                | -                 | 6,699,671                           | 300,000          | 110,194,671                         |
| 2010                             | 102,235,000                | -                 | 5,889,463                           | 300,000          | 108,424,463                         |
| 2011                             | 141,340,000                | -                 | 5,054,255                           | 300,000          | 146,694,255                         |
| 2012                             | -                          | -                 | 4,850,000                           | -                | 4,850,000                           |
| 2013                             | -                          | -                 | 4,360,000                           | -                | 4,360,000                           |
| 2014                             | -                          | 552,088           | 3,855,000                           | -                | 4,407,088                           |
| 2015                             | -                          | 479,507           | 3,330,000                           | -                | 3,809,507                           |

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

| Business-type Activity              |                  |                                    |                                |                                     |                       |
|-------------------------------------|------------------|------------------------------------|--------------------------------|-------------------------------------|-----------------------|
| Certificates<br>of<br>Participation | Loans<br>Payable | Total<br>Business-type<br>Activity | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income | Debt<br>per<br>Capita |
| \$ 3,802,154                        | \$ 3,886,724     | \$ 7,688,878                       | \$ 53,412,097                  | 3.55%                               | 577                   |
| 3,663,223                           | 3,604,845        | 7,268,068                          | 48,300,815                     | 3.15%                               | 520                   |
| 4,619,091                           | 2,386,023        | 7,005,114                          | 44,924,993                     | 2.88%                               | 483                   |
| 4,220,083                           | 2,296,152        | 6,516,235                          | 116,710,906                    | 8.04%                               | 1,251                 |
| 3,806,075                           | 2,203,127        | 6,009,202                          | 114,433,665                    | 7.78%                               | 1,214                 |
| 3,377,067                           | 2,106,835        | 5,483,902                          | 152,178,157                    | 9.97%                               | 1,692                 |
| 3,250,000                           | 2,007,163        | 5,257,163                          | 10,107,163                     | 0.63%                               | 111                   |
| 3,030,000                           | 1,903,992        | 4,933,992                          | 9,293,992                      | 0.56%                               | 102                   |
| 2,800,000                           | 1,797,198        | 4,597,198                          | 9,004,286                      | 0.51%                               | 98                    |
| 2,565,000                           | 1,686,655        | 4,251,655                          | 8,061,162                      | 343.00%                             | 88                    |

CITY OF WESTMINSTER

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>June 30, | Outstanding General Bonded Debt |                            |       | Percent of<br>Assessed<br>Value | Per<br>Capita |
|----------------------------------|---------------------------------|----------------------------|-------|---------------------------------|---------------|
|                                  | General<br>Obligation<br>Bonds  | Tax<br>Allocation<br>Bonds | Total |                                 |               |
| 2006                             | \$ -                            | \$ -                       | \$ -  | 0.00%                           | \$ -          |
| 2007                             | -                               | -                          | -     | 0.00%                           | -             |
| 2008                             | -                               | -                          | -     | 0.00%                           | -             |
| 2009                             | -                               | -                          | -     | 0.00%                           | -             |
| 2010                             | -                               | -                          | -     | 0.00%                           | -             |
| 2011                             | -                               | -                          | -     | 0.00%                           | -             |
| 2012                             | -                               | -                          | -     | 0.00%                           | -             |
| 2013                             | -                               | -                          | -     | 0.00%                           | -             |
| 2014                             | -                               | -                          | -     | 0.00%                           | -             |
| 2015                             | -                               | -                          | -     | 0.00%                           | -             |

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING DEBT

June 30, 2015

2014-15 Assessed Valuation:

\$ 7,628,668,713

|   | Percentage<br>Applicable (1) | Total Debt<br>6/30/2015 | City's Share of<br>Debt 6/30/15 |
|---|------------------------------|-------------------------|---------------------------------|
| <u>Overlapping Tax and Assessment Debt:</u> |                              |                         |                                 |
| Metropolitan Water District                 | 0.328%                       | \$ 110,420,000          | \$ 362,178                      |
| Coast Community College District            | 6.746%                       | 609,598,698             | 41,123,528                      |
| Garden Grove Unified School District        | 9.083%                       | 243,995,160             | 22,162,080                      |
| Huntington Beach Union High School District | 12.500%                      | 202,489,998             | 25,311,250                      |
| Westminster School District                 | 61.749%                      | 75,436,557              | 46,581,320                      |
| Total Overlapping Tax and Assessment Debt   |                              | <u>\$ 1,241,940,413</u> | <u>\$ 135,540,356</u>           |

Direct and Overlapping General Fund Debt:

|   |                 |                       |                      |
|---|-----------------|-----------------------|----------------------|
| Orange County General Fund Obligations                                    | 1.619%          | \$ 98,906,000         | \$ 1,601,288         |
| Orange County Pension Obligations   | 1.619%          | 366,854,623           | 5,939,376            |
| Orange County Board of Education Certificates of Participation            | 1.622%          | 15,190,000            | 245,926              |
| Municipal Water District of Orange County Water Facilities Corporation    | 1.930%          | 5,360,000             | 103,448              |
| Huntington Beach Union High School District Certificates of Participation | 12.500%         | 59,691,090            | 7,461,386            |
| Ocean View School District Certificates of Participation                  | 5.369%          | 14,725,000            | 790,585              |
| Westminster School District Certificates of Participation                 | 61.749%         | 22,410,000            | 13,837,951           |
| <b>City of Westminster Certificates of Participation</b>                  | <b>100.000%</b> | <b>3,330,000</b>      | <b>3,330,000</b>     |
| <b>City of Westminster Leases Payable</b>                                 | <b>100.000%</b> | <b>479,507</b>        | <b>479,507</b>       |
| Total Gross Direct and Overlapping General Fund Debt                      |                 | <u>\$ 586,946,220</u> | <u>\$ 33,789,467</u> |
| Less: MWDOC Water Facilities Corporation (100% self-supporting)           |                 |                       | 103,448              |
| Total Net Direct and Overlapping General Fund Debt                        |                 |                       | <u>\$ 33,686,019</u> |

Overlapping Tax Increment Debt: (Successor Agency):

100.000% \$ 119,860,000 \$ 119,860,000

**Total Direct Debt**

**\$ 3,809,507**

Total Gross Overlapping Debt

\$ 285,380,316

Total Net Overlapping Debt

\$ 285,276,868

Gross Combined Total Debt

\$ 289,189,823 (2)

Net Combined Total Debt

\$ 289,086,375

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2014-15 Assessed Valuation:

|   |              |
|---|--------------|
| Total Overlapping Tax and Assessment Debt | 1.78%        |
| <b>Total Direct Debt (\$3,809,507)</b>    | <b>0.05%</b> |
| Gross Combined Total Debt                 | 3.79%        |
| Net Combined Total Debt                   | 3.79%        |

Ratios to Redevelopment Successor Agency Incremental Valuation (\$4,462,249,728):

|                                      |       |
|--------------------------------------|-------|
| Total Overlapping Tax Increment Debt | 2.69% |
|--------------------------------------|-------|

Source: California Municipal Statistics

CITY OF WESTMINSTER

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

|  | Fiscal Year Ended June 30, |                       |                       |                       |
|--|----------------------------|-----------------------|-----------------------|-----------------------|
|  | 2006                       | 2007                  | 2008                  | 2009                  |
| Assessed valuation   | \$ 3,171,752,702           | \$ 3,171,750,696      | \$ 3,171,050,607      | \$ 3,171,067,155      |
| Conversion percentage  | 25%                        | 25%                   | 25%                   | 25%                   |
| Adjusted assessed valuation  | 792,938,176                | 792,937,674           | 792,762,652           | 792,766,789           |
| Debt limit percentage  | 15%                        | 15%                   | 15%                   | 15%                   |
| Debt limit   | 118,940,726                | 118,940,651           | 118,914,398           | 118,915,018           |
| Total net debt applicable to limitation:<br>General obligation bonds | -                          | -                     | -                     | -                     |
| Legal debt margin  | <u>\$ 118,940,726</u>      | <u>\$ 118,940,651</u> | <u>\$ 118,914,398</u> | <u>\$ 118,915,018</u> |
| Total debt applicable to the limit<br>as a percentage of debt limit  | 0.0%                       | 0.0%                  | 0.0%                  | 0.0%                  |

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

| Fiscal Year Ended June 30, |                       |                       |                       |                       |                       |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2010                       | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  |
| \$ 3,169,064,658           | \$ 3,168,813,154      | \$ 3,170,973,563      | \$ 7,023,383,445      | \$ 7,176,140,802      | \$ 7,628,668,713      |
| 25%                        | 25%                   | 25%                   | 25%                   | 25%                   | 25%                   |
| 792,266,165                | 792,203,289           | 792,743,391           | 1,755,845,861         | 1,794,035,201         | 1,907,167,178         |
| 15%                        | 15%                   | 15%                   | 15%                   | 15%                   | 15%                   |
| 118,839,925                | 118,830,493           | 118,911,509           | 263,376,879           | 269,105,280           | 286,075,077           |
| -                          | -                     | -                     | -                     | -                     | -                     |
| <u>\$ 118,839,925</u>      | <u>\$ 118,830,493</u> | <u>\$ 118,911,509</u> | <u>\$ 263,376,879</u> | <u>\$ 269,105,280</u> | <u>\$ 286,075,077</u> |
| 0.0%                       | 0.0%                  | 0.0%                  | 0.0%                  | 0.0%                  | 0.0%                  |



CITY OF WESTMINSTER

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>June 30, | Certificates of Participation |                               |                             |              |            | Coverage |
|----------------------------------|-------------------------------|-------------------------------|-----------------------------|--------------|------------|----------|
|                                  | Water<br>Revenue              | Less<br>Operating<br>Expenses | Net<br>Available<br>Revenue | Debt Service |            |          |
|                                  |                               |                               |                             | Principal    | Interest   |          |
| 2006                             | \$ 10,259,147                 | \$ 9,237,504                  | \$ 1,021,643                | \$ 150,000   | \$ 181,802 | 3.08     |
| 2007                             | 10,817,613                    | 9,885,518                     | 932,095                     | 155,000      | 175,146    | 2.82     |
| 2008                             | 10,956,615                    | 10,096,961                    | 859,654                     | 200,011      | 291,052    | 1.75     |
| 2009                             | 11,238,147                    | 10,284,546                    | 953,601                     | 473,459      | 243,728    | 1.33     |
| 2010                             | 12,730,344                    | 10,334,102                    | 2,396,242                   | 490,165      | 230,258    | 3.33     |
| 2011                             | 14,446,563                    | 10,623,725                    | 3,822,838                   | 506,930      | 215,261    | 5.29     |
| 2012                             | 14,914,482                    | 10,533,453                    | 4,381,029                   | 518,758      | 199,751    | 6.10     |
| 2013                             | 14,892,006                    | 10,626,700                    | 4,265,306                   | 275,651      | 183,875    | 9.28     |
| 2014                             | 14,778,408                    | 11,214,693                    | 3,563,715                   | 287,609      | 175,282    | 7.70     |
| 2015                             | 14,310,451                    | 11,794,202                    | 2,516,249                   | 294,637      | 166,031    | 5.46     |

Notes: Details regarding the City's outstanding debt can be found in the notes to basic financial statements.  
Operating expenses do not include interest or depreciation expenses.

CITY OF WESTMINSTER

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

| Fiscal Year<br>Ended<br>June 30, | Population<br>(1) | Personal<br>Income<br>(in billions)(2) * | Per<br>Capita<br>Personal<br>Income (2) * | Unemployment<br>Rate<br>(3) |
|----------------------------------|-------------------|--|---|-----------------------------|
| 2006                             | 92,566            | \$ 150.6                                 | \$ 57,302                                 | 4.00%                       |
| 2007                             | 92,870            | 153.4                                    | 56,336                                    | 4.50%                       |
| 2008                             | 93,027            | 155.9                                    | 54,979                                    | 5.90%                       |
| 2009                             | 93,284            | 145.2                                    | 51,349                                    | 10.00%                      |
| 2010                             | 94,294            | 147.1                                    | 51,086                                    | 13.20%                      |
| 2011                             | 89,937            | 152.6                                    | 51,091                                    | 12.70%                      |
| 2012                             | 90,677            | 160.0                                    | 52,093                                    | 11.20%                      |
| 2013                             | 91,169            | 167.4                                    | 53,129                                    | 9.20%                       |
| 2014                             | 91,652            | 177.2                                    | 54,623                                    | 7.50%                       |
| 2015                             | 92,106            | 186.4                                    | 56,139                                    | 6.00%                       |

Sources:

(1) State Department of Finance

\* (2) Department of Transportation - Orange County Economic Forecast (estimates last updated 6/30/15)

(3) U.S. Dept of Labor, Bureau of Labor & Statistics (estimates last updated 6/30/15)

CITY OF WESTMINSTER

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

| Employer                     | 2015                |                             | 2006                |                             |
|------------------------------|---------------------|-----------------------------|---------------------|-----------------------------|
|                              | Number of Employees | Percent of Total Employment | Number of Employees | Percent of Total Employment |
| Westminster School District  | 691                 | 1.60%                       |                     |                             |
| Kindred Hospital Westminster | 687                 | 1.59%                       | 410                 | 0.92%                       |
| City of Westminster          | 382                 | 0.88%                       | 393                 | 0.88%                       |
| Walmart                      | 354                 | 0.82%                       | 300                 | 0.67%                       |
| Macy's                       | 245                 | 0.57%                       |                     |                             |
| Westminster High School      | 217                 | 0.50%                       | 250                 | 0.56%                       |
| Target                       | 200                 | 0.46%                       | 210                 | 0.47%                       |
| Honda World                  | 197                 | 0.46%                       |                     |                             |
| JC Penney Co                 | 168                 | 0.39%                       | 235                 | 0.52%                       |
| Home Depot                   | 140                 | 0.32%                       |                     |                             |
| B & E Farm/Ito Farms         |                     |                             | 700                 | 1.56%                       |
| Southern California Edison   |                     |                             | 613                 | 1.37%                       |
| BE Aerospace Manufacturing   |                     |                             | 350                 | 0.78%                       |
| Sears                        |                     |                             | 300                 | 0.67%                       |
| Hapa Industries, Ltd         |                     |                             | 250                 | 0.56%                       |
| Lexus of Westminster         |                     |                             | 175                 | 0.39%                       |

"Total Employment" as used above represents the total employment of all employers located within City limits.

Sources: MuniServices, LLC  
EDD Labor Force Data

CITY OF WESTMINSTER

FULL-TIME AND PART-TIME CITY EMPLOYEES  
BY FUNCTION

Last Ten Fiscal Years

| Function              | Fiscal Year Ended June 30, |            |            |            |            |            |            |            |            |            |
|-----------------------|----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                       | 2006                       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       |
| General government    | 47                         | 46         | 47         | 49         | 47         | 39         | 33         | 22         | 32         | 38         |
| Public safety         | 169                        | 168        | 174        | 171        | 167        | 162        | 158        | 141        | 145        | 135        |
| Public works          | 35                         | 38         | 36         | 34         | 29         | 30         | 28         | 28         | 29         | 26         |
| Community development | 50                         | 46         | 43         | 40         | 43         | 42         | 39         | 22         | 19         | 22         |
| Community service     | 64                         | 66         | 73         | 74         | 68         | 63         | 60         | 49         | 54         | 53         |
| Water                 | 28                         | 29         | 31         | 29         | 28         | 28         | 27         | 25         | 24         | 24         |
| Total                 | <u>393</u>                 | <u>393</u> | <u>404</u> | <u>397</u> | <u>382</u> | <u>364</u> | <u>345</u> | <u>287</u> | <u>303</u> | <u>298</u> |

CITY OF WESTMINSTER

OPERATING INDICATORS  
BY FUNCTION

Last Ten Fiscal Years

| Function  | Fiscal Year Ended June 30, |        |         |         |         |         |        |        |        |        |
|---|----------------------------|--------|---------|---------|---------|---------|--------|--------|--------|--------|
|   | 2006                       | 2007   | 2008    | 2009    | 2010    | 2011    | 2012   | 2013   | 2014   | 2015   |
| Police:   |                            |        |         |         |         |         |        |        |        |        |
| Arrests   | 2,694                      | 2,568  | *1,663  | 2,092   | 2,553   | 2,547   | 2,513  | 2,960  | 2,528  | 2,646  |
| Traffic violations                                | 11,763                     | 8,796  | 6,547   | 6,662   | 11,432  | 11,106  | 8,407  | 5,566  | 6,424  | 2,991  |
| Parking violations                                | 21,839                     | 21,731 | 15,884  | 19,102  | 15,504  | 16,322  | 15,193 | 12,525 | 19,979 | 22,965 |
| Fire:   |                            |        |         |         |         |         |        |        |        |        |
| Number of calls answered                          | 5,804                      | 5,665  | *4,248  | 5,835   | 5,781   | 5,880   | 6,006  | 6,446  | 6,201  | 6,880  |
| Inspections conducted                             | 2,846                      | 1,547  | *644    | 1,820   | 1,347   | 1,945   | 1,555  | 513    | 1,028  | 1,013  |
| Public works:                                     |                            |        |         |         |         |         |        |        |        |        |
| Street resurfacing (miles)                        | 7.00                       | 9.00   | 18.00   | 15.00   | 18.00   | 16.78   | 15.00  | 5.50   | 5.00   | 3.10   |
| Parks and recreation:                             |                            |        |         |         |         |         |        |        |        |        |
| Number of recreation classes                      | 988                        | 924    | 991     | 786     | 532     | 1,391   | 1,143  | 1,081  | 1,218  | 1,347  |
| Number of facility rentals                        | 84                         | 89     | 85      | 80      | 80      | 87      | 97     | 72     | 59     | 80     |
| Water:  |                            |        |         |         |         |         |        |        |        |        |
| New connections                                   | 56                         | 38     | **7,095 | **4,214 | **3,725 | **3,317 | 30     | 33     | 28     | 43     |
| Average daily consumption (in hundred cubic feet) | 15,176                     | 15,367 | 14,910  | 14,678  | 13,477  | 13,219  | 13,724 | 14,054 | 14,374 | 13,678 |

\* As of September 30, 2008

\*\* Includes replacement meters

CITY OF WESTMINSTER  
 CAPITAL ASSET STATISTICS  
 BY FUNCTION

Last Ten Fiscal Years

| Function  | Fiscal Year Ended June 30, |       |       |       |       |       |       |       |       |       |
|---|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|   | 2006                       | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
| Police:   |                            |       |       |       |       |       |       |       |       |       |
| Stations  | 1                          | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Fire:   |                            |       |       |       |       |       |       |       |       |       |
| Fire stations                                     | 3                          | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Public works:                                     |                            |       |       |       |       |       |       |       |       |       |
| Street (miles)                                    | 171                        | 171   | 171   | 180   | 180   | 180   | 180   | 180   | 180   | 180   |
| Streetlights                                      | 4,687                      | 4,695 | 4,697 | 4,697 | 4,697 | 4,662 | 4,747 | 4,733 | 4,733 | 4,733 |
| Traffic signals                                   | 64                         | 64    | 68    | 66    | 66    | 68    | 68    | 68    | 68    | 68    |
| Parks and recreation:                             |                            |       |       |       |       |       |       |       |       |       |
| Parks   | 25                         | 24    | 24    | 25    | 25    | 25    | 25    | 24    | 24    | 24    |
| Community centers                                 | 1                          | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 2     |
| Water:  |                            |       |       |       |       |       |       |       |       |       |
| Water mains (miles)                               | 157                        | 230   | 230   | 230   | 230   | 230   | 230   | 230   | 230   | 230   |
| Maximum daily capacity (in acre per feet per day) | 60                         | 76    | 76    | 76    | 76    | 73    | 73    | 73    | 90    | 90    |

Source: City of Westminster

