

City of Westminster, CA

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2016



CITY OF WESTMINSTER, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2016

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, 2016

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, 2016. 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, 2016, 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, 2016 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 94,073.

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 seventh year. At this time, there are signs that the economic recovery is picking up steam in both California and in Orange County. Nevertheless, the City of Westminster continues to face a number of budget challenges as State takeaways have impacted the City's ability to address basic city needs.

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. Total tax revenues are projected to increase 5.2% over the prior year. Sales tax revenue continues to experience varying levels of low to moderate economic growth across most major retail sectors. Sales tax revenues are projected to increase slightly at 4.02%. These projections are based on anticipated positive economic trends, and also reflect projected increases in the cost of fuel and increased auto sales.

The City of Westminster's central location allows the City to draw upon the economic engines and jobs in both Orange County and Los Angeles regions. This provides many opportunities for businesses and residents, resulting in a strong economic base. The City also enjoys 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 home to many national retailers including: Lexus, Toyota, Honda, Infiniti, Wal-Mart, Home Depot, Best Buy, Macy's, Target, J.C. Penney, Sears and Costco Business Center. Westminster is also home to major motorcycle and recreation vehicle dealerships, including Harley Davidson, Indian Motorcycle, Airstream and Dillon RV.

This well capitalized and established business community is also supported by a regional mall and growing development demand. The City recently adopted a new General Plan, which supports the development of additional housing and commercial developments.

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

In fiscal year 2015-16 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application". GASB Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. There was no material impact on the City's financial statements as a result of the implementation of GASB Statement No. 72. See Note 2 in the Notes to the Basic Financial Statements.

GASB Statement No 82 "Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73", changed the measurement of covered payroll reported in required supplementary information and has been early implemented.

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 harsh 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.

During the last 12 months, additional strategies have been undertaken to address the ongoing deficits. In July 2015 the City hired an independent financial consultant to conduct a full review of the City's budget and financial practices. A three-year financial forecast with reliable and verified estimates of the size of the projected General Fund deficits for periods FY 2015-16 through FY 2017-18 was provided to the City Council.

This was done to develop a timeline for how long the City Council had to address the deficit before the General Fund reserves would be fully depleted. The resulting forecast also identified both the City's "budget deficits" and its "structural deficits". Information related to the long-range financial forecast can be found in the Supplemental Information section in the City's FY 2016-17 Budget.

The City also took steps to analyze and ensure that the City was protecting the municipal funds with which it is entrusted. To ensure that the City's financial control policies were in line with the industry's best practices and standards, the City contracted with an independent auditing firm to test the integrity of the City's processes. The results of this independent assessment showed that the City of Westminster was current in its practices and had instituted effective control systems needed to protect public funds.

In addition to the preceding steps, a five-member Financial Task Force was appointed to evaluate and recommend possible ideas for addressing the City's structural deficit situation. Their recommendations were presented to the City Council at the May 18, 2016 budget study session.

At their meeting on June 22, 2016, the City Council considered placing a 1% Transactions and Use Tax measure on the November 8, 2016 General Election ballot. They ultimately passed a vote to do so, and as of this writing the vote, which has yet to be finalized, is passing by an over 60% vote of the Westminster Citizens.

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.

The challenge for cities in California, including Westminster, is to develop a sustainable budget that addresses all the priority service choices necessary to meet the needs of our community, and allow the City to continue to be a safe place to live and work. The approval of Measure SS will assist with this ongoing task.

AWARDS AND ACKNOWLEDGEMENTS

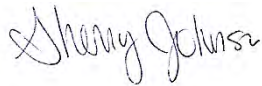
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Westminster for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the 21st consecutive year that the City has received 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 budget document dated July 1, 2015. 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 Finance Department. 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,



Sherry Johnson
Finance Director

CITY OF WESTMINSTER

Principal Officials

CITY COUNCIL

TRI TA, Mayor

SERGIO CONTRERAS, Mayor Pro Tem

DIANA LEE CAREY, Council Member

TYLER DIEP, Council Member

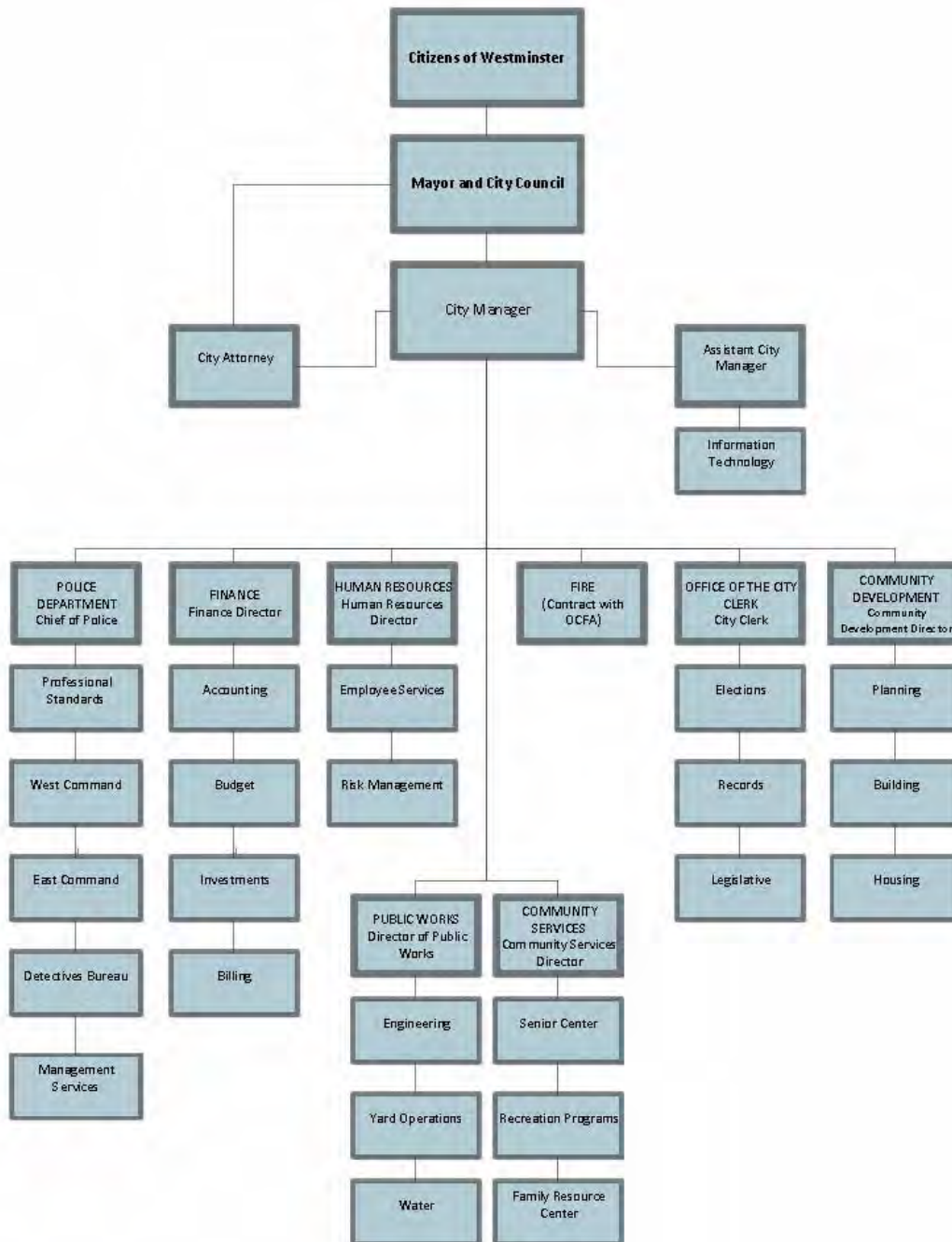
MARGIE L. RICE, Council Member

CITY STAFF

Eddie Manfro	City Manager
Chester Simmons	Assistant City Manager
Richard D. Jones	City Attorney
Roy Campos	Interim Police Chief
Ken Cruz	O.C. Fire Authority Division Chief
Diana Dobbert	Community Services Director
Michael Harary	Human Resources Director
Amanda Jensen	City Clerk
Sherry Johnson	Finance Director/City Treasurer
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, 2015

Executive Director/CEO

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FINANCIAL SECTION

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CITY OF WESTMINSTER

Comprehensive Annual Financial Report

June 30, 2016

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, California (the City), as of and for the year ended June 30, 2016, 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, 2016, 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.

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.

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.

Other Matters (Continued)

Other Information (Continued)

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 29, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "White Nelson Diehl Evans LLP".

Irvine, California
November 29, 2016

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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, 2016, along with comparisons to the fiscal year ended June 30, 2015. 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 2016, 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 \$241.1 million, an increase of \$18.9 million or 8.49% from the prior year amount of \$222.2 million. The net position of business-type activity decreased by \$0.8 million or 2.17%. While the net position of governmental activities increased by \$19.7 million or 10.56%; the net position before extraordinary items decreased by \$7.5 million or 4.04%.

The net position of \$241.1 million consisted of: \$261.3 million of net investment in capital assets; \$18.6 million of resources that are subject to external restrictions on how they may be used; \$6.3 million that may be used to meet the City's obligations for its business-type activity; and a \$45.1 million deficit related to its governmental activities.

The City's total revenues for fiscal year 2016 were \$76.8 million and total expenses were \$85.1 million. Revenues decreased by \$10.5 million over the prior year, while expenses increased by \$4.8 million. The decrease in revenue is mostly due to a decrease of \$9.1 million in capital grants and contributions. Expenses increased for most of the City's programs, with the largest change coming from public safety, which had an increase of \$4.2 million. Extraordinary gains were \$27.2 million this year, compared to an extraordinary loss of \$17.0 million last year.

As of June 30, 2016 the City's governmental funds reported a combined ending fund balance of \$72.6 million, a decrease of \$2.1 million. Of this amount, \$39.1 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, 2016 was \$22.5 million, or 44.65% of total General Fund expenditures. This compares to \$22.1 million at June 30, 2015, which was 45.40% of General Fund expenditures for that year.

Total City debt (excluding compensated absences, claims, OPEB, and pension liabilities) decreased by \$0.7 million or 8.3%. The changes in debt consisted of principal reduction payments and an increase 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 all assets, liabilities, deferred outflows and inflows with the difference between them reported as net position. 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.

The basic government-wide financial statements can be found on pages 23-25 of this report.

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.

The basic governmental fund financial statements can be found on pages 26-32 of this report.

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.

The basic proprietary fund financial statements can be found on pages 33-37 of this report.

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.

The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

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. The notes to the financial statements can be found on pages 41-109 of this report.

Other 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. The required supplementary information can be found on pages 111-123 of this report.

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 on pages 125-148 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$241.1 million at June 30, 2016. This is an increase of \$18.9 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 \$10.0 million.

Condensed Statement of Net Position				
Primary Government				
	June 30, 2016	June 30, 2015	Increase/ (Decrease) From 2015	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 113,837,176	\$ 116,667,540	\$ (2,830,364)	-2.43%
Capital assets, net of accumulated depreciation	268,368,505	241,720,725	26,647,780	11.02%
Total assets	<u>382,205,681</u>	<u>358,388,265</u>	<u>23,817,416</u>	6.65%
Deferred Outflows of Resources	<u>6,416,852</u>	<u>5,012,369</u>	<u>1,404,483</u>	28.02%
Liabilities:				
Current and other liabilities	18,464,207	16,559,899	1,904,308	11.50%
Long-term liabilities	119,050,953	105,776,026	13,274,927	12.55%
Total liabilities	<u>137,515,160</u>	<u>122,335,925</u>	<u>15,179,235</u>	12.41%
Deferred Inflows of Resources	<u>10,041,841</u>	<u>18,863,237</u>	<u>(8,821,396)</u>	-46.77%
Net Position:				
Net investment in capital assets	261,329,703	234,065,105	27,264,598	11.65%
Restricted	18,672,952	19,018,748	(345,796)	-1.82%
Unrestricted	(38,937,123)	(30,882,381)	(8,054,742)	26.08%
Total net position	<u>\$ 241,065,532</u>	<u>\$ 222,201,472</u>	<u>\$ 18,864,060</u>	8.49%

At the end of fiscal year 2016, the City continued to report positive balances in two of the three categories of net position for the government as a whole, as well as for its separate governmental and business-type activities.

The City's total restricted portion of net position for governmental and business-type activities combined (\$18.7 million or 7.7% of total net position) represents resources that are subject to external restrictions on how they may be used. This is a \$0.3 million, or 1.82% decrease from prior year.

The largest portion (108.4%) of the City's net position reflects its investment of \$261.3 million in capital assets (net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall increase of \$27.3 million, or 11.65% 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 \$38.9 million at June 30, 2016. The deficit balance is the result of last 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.

Condensed Statement of Net Position Governmental Activities				
	June 30, 2016	June 30, 2015	Increase/ (Decrease) From 2015	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 100,118,453	\$ 101,966,578	\$ (1,848,125)	-1.81%
Capital assets, net of accumulated depreciation	235,572,071	209,036,368	26,535,703	12.69%
Total assets	<u>335,690,524</u>	<u>311,002,946</u>	<u>24,687,578</u>	7.94%
Deferred Outflows of Resources	<u>5,989,952</u>	<u>4,598,774</u>	<u>1,391,178</u>	30.25%
Liabilities:				
Current and other liabilities	15,672,272	14,039,071	1,633,201	11.63%
Long-term liabilities	110,508,219	97,194,642	13,313,577	13.70%
Total liabilities	<u>126,180,491</u>	<u>111,233,713</u>	<u>14,946,778</u>	13.44%
Deferred Inflows of Resources	<u>9,807,025</u>	<u>18,325,404</u>	<u>(8,518,379)</u>	-46.48%
Net Position:				
Net investment in capital assets	232,222,529	205,398,439	26,824,090	13.06%
Restricted	18,560,287	18,906,200	(345,913)	-1.83%
Unrestricted	<u>(45,089,856)</u>	<u>(38,262,036)</u>	<u>(6,827,820)</u>	17.84%
Total net position	<u>\$ 205,692,960</u>	<u>\$ 186,042,603</u>	<u>\$ 19,650,357</u>	10.56%

Governmental activities show an overall increase in total assets of \$19.7 million or 10.56%. Key changes in the statement of net position are as follows:

Capital assets, net of accumulated depreciation increased by \$26.5 million or 12.69%. The majority of this increase was primarily due to the transferring back of assets from 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 years, multiple assets were transferred back to SAWRA as they were deemed to be “not currently in use for governmental purposes” by the California Department of Finance (DOF). These assets were included on SAWRA’s Long-Range Property Management Plan (LRPMP) for further review by the DOF. To the extent that SAWRA could demonstrate that the properties in question were going to be developed for future governmental use, they could be transferred back to the City once the LRPMP was approved by the DOF. During the year, the LRPMP was finalized and approved allowing for the transfer back to the City of various land and building assets in the sum of \$21.8 million. Additional information can be found in Notes 6 and 15 in the Notes to the Basic Financial Statements.

Deferred outflows of resources increased by \$1.4 million, or 30.25%; long-term liabilities increased by \$13.3 million or 13.70%; and deferred inflows of resources decreased by \$8.6 million or 46.48%. When these three categories are considered together, the net change is an increase of \$3.4 million or 3.1%. 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. More detailed information can be found in Notes 8 and 9 in the Notes to the Basic Financial Statements.

Current and other liabilities increased by \$1.6 million or 11.63%. This is due to increases in the various pieces that make up this category: Accounts payable and other liabilities increased by \$0.3 million or 8.4%. The majority of this increase is related to payroll, and is a timing effect caused by the due date for taxes and liabilities on the City’s final pay period of the fiscal year. Due to other governments increased by \$0.4 million or 8.3%. This increase is in the Housing and Community Development Fund. As the fund increases loans, it is offset with an amount due to other governments until the loans are repaid in full. Deposits increased by \$0.4 million or 54.0%. The City requires a “percentage of project” deposit on building projects. At year end there were several deposits being held on some long term projects expected to wrap up in the coming year. And, long-term liabilities due within one year increased by \$0.7 million or 12.8%. This is mostly due to increases in leases payable and claims liabilities. See Notes 7 and 11 in the Notes to the Basic Financial Statements.

Condensed Statement of Net Position Business-type Activity				
	June 30, 2016	June 30, 2015	Increase/ (Decrease) From 2015	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 13,718,723	\$ 14,700,962	\$ (982,239)	-6.68%
Capital assets, net of accumulated depreciation	32,796,434	32,684,357	112,077	0.34%
Total assets	<u>46,515,157</u>	<u>47,385,319</u>	<u>(870,162)</u>	-1.84%
Deferred Outflows of Resources	<u>426,900</u>	<u>413,595</u>	<u>13,305</u>	3.22%
Liabilities:				
Current and other liabilities	2,791,935	2,520,828	271,107	10.75%
Long-term liabilities	8,542,734	8,581,384	(38,650)	-0.45%
Total liabilities	<u>11,334,669</u>	<u>11,102,212</u>	<u>232,457</u>	2.09%
Deferred Inflows of Resources	<u>234,816</u>	<u>537,833</u>	<u>(303,017)</u>	-56.34%
Net Position:				
Net investment in capital assets	29,107,174	28,666,666	440,508	1.54%
Restricted	112,665	112,548	117	0.10%
Unrestricted	6,152,733	7,379,655	(1,226,922)	-16.63%
Total net position	<u>\$ 35,372,572</u>	<u>\$ 36,158,869</u>	<u>\$ (786,297)</u>	-2.17%

Business-type activity shows an overall decrease of \$0.8 million or 2.17%. Key changes in the net position of business-type activity were as follows:

Current and other assets decreased by \$1.0 million or 6.68%. The majority of the decrease is in cash and investments which decreased by \$0.5 million, or 7.5%, and internal balances which decreased by \$0.3 million or 28.3%. Contributing to the decrease in cash and investments is the operating loss experienced in the current fiscal year. Internal balances between the governmental activities and the business-type activity will vary from year to year.

The decrease in total assets was offset somewhat by a decrease in deferred outflows of resources of \$0.3 million, or 56.34%. This decrease is attributable to pension liability. More detailed information can be found in Note 8 in the Notes to the Basic Financial Statements.

Analysis of Activities

The statement of activities shows how the government's net position changed during fiscal year 2016. The City's net position before extraordinary items decreased by \$8.3 million, and increased overall by \$18.9 million as shown on the condensed summaries below and on the following pages.

**Condensed Statement of Activities
Primary Government**

	<u>For the year ended</u>		Increase/ (Decrease) From 2015	Percent Increase/ (Decrease)
	<u>June 30, 2016</u>	<u>June 30, 2015</u>		
Revenues:				
Program revenues:				
Charges for services	\$ 21,809,989	\$ 23,283,090	\$ (1,473,101)	-6.33%
Operating grants and contributions	6,984,437	8,827,408	(1,842,971)	-20.88%
Capital grants and contributions	7,548,627	16,638,708	(9,090,081)	-54.63%
General revenues:				
Taxes	39,384,548	37,914,989	1,469,559	3.88%
Unrestricted investment earnings	1,083,654	658,865	424,789	64.47%
Total Revenues	<u>76,811,255</u>	<u>87,323,060</u>	<u>(10,511,805)</u>	-12.04%
Expenses:				
General government	3,595,489	3,280,458	315,031	9.60%
Public safety	44,860,014	40,670,172	4,189,842	10.30%
Public works	11,596,949	11,358,510	238,439	2.10%
Community development	8,276,191	8,417,841	(141,650)	-1.68%
Community services	3,021,121	2,854,580	166,541	5.83%
Interest on long term debt	164,648	185,852	(21,204)	-11.41%
Water enterprise	13,600,864	13,625,444	(24,580)	-0.18%
Total Expenses	<u>85,115,276</u>	<u>80,392,857</u>	<u>4,722,419</u>	5.87%
Excess (Deficit) of Revenues over Expenses	(8,304,021)	6,930,203	(15,234,224)	-219.82%
Extraordinary item	<u>27,168,081</u>	<u>(16,963,040)</u>	<u>44,131,121</u>	-260.16%
Change in Net Position	18,864,060	(10,032,837)	28,896,897	-288.02%
Net Position - Beginning of Year	<u>222,201,472</u>	<u>232,234,309</u>	<u>(10,032,837)</u>	-4.32%
Net Position - End of Year	<u>\$ 241,065,532</u>	<u>\$ 222,201,472</u>	<u>\$ 18,864,060</u>	8.49%

Condensed Statement of Activities				
Governmental Activities				
	For the year ended		Increase/ (Decrease) From 2015	Percent Increase/ (Decrease)
	June 30, 2016	June 30, 2015		
Revenues:				
Program revenues:				
Charges for services	\$ 9,078,259	\$ 9,080,992	\$ (2,733)	-0.03%
Operating grants and contributions	6,984,437	8,827,408	(1,842,971)	-20.88%
Capital grants and contributions	7,548,627	16,638,708	(9,090,081)	-54.63%
General revenues:				
Taxes	39,384,548	37,914,989	1,469,559	3.88%
Unrestricted investment earnings	965,817	550,512	415,305	75.44%
Total Revenues	<u>63,961,688</u>	<u>73,012,609</u>	<u>(9,050,921)</u>	-12.40%
Expenses:				
General government	3,595,489	3,280,458	315,031	9.60%
Public safety	44,860,014	40,616,802	4,243,212	10.45%
Public works	11,596,949	11,358,510	238,439	2.10%
Community development	8,276,191	8,417,841	(141,650)	-1.68%
Community services	3,021,121	2,854,580	166,541	5.83%
Interest on long term debt	164,648	185,852	(21,204)	-11.41%
Total Expenses	<u>71,514,412</u>	<u>66,714,043</u>	<u>4,800,369</u>	7.20%
Excess (Deficit) of Revenues over Expenses	(7,552,724)	6,298,566	(13,851,290)	-219.91%
Transfers	35,000	(4,525,088)	4,560,088	-100.77%
Extraordinary item	27,168,081	(16,963,040)	44,131,121	-260.16%
Change in Net Position	19,650,357	(15,189,562)	34,839,919	-229.37%
Net Position - Beginning of Year	<u>186,042,603</u>	<u>201,232,165</u>	<u>(15,189,562)</u>	-7.55%
Net Position - End of Year	<u>\$ 205,692,960</u>	<u>\$ 186,042,603</u>	<u>\$ 19,650,357</u>	10.56%

Governmental activities decreased the City's net position before extraordinary item by \$7.6 million. Revenues decreased by \$9.1 million or 12.40%. The majority of the decrease is in program revenues related to capital grants and contributions, which decreased by \$9.1 million or 54.63%. This revenue source will vary from year to year, depending on the completion of grant funded projects. The current year includes capital assets of \$7.3 million transferred from SAWRA to the City. These additions, for the most part are construction in progress projects on public use properties. Operating grants and contributions also decreased by \$1.8 million or 20.88%. This revenue source will also vary from year to year. Charges for services remained static as compared to fiscal year 2015. Tax revenue increased by \$1.5 million or 3.88%, and Unrestricted investment earnings increased by \$0.4 million or 75.44%

Program expenses increased most significantly in the area of public safety, which had an increase of \$4.2 million or 10.45%. While salaries and related payroll costs actually decreased due to vacancies by \$1.1 million, pension related costs continue to increase and are responsible for the majority of the increase. In addition there was an approximate increase of \$349,000 in the City's fire contract with the Orange County Fire Authority (OCFA), and various other increases in operating expenses.

In fiscal year 2016, program revenues funded 33.02% of total expenses, compared to 52.89% in fiscal year 2015. General revenues were able to fully fund the balance of expenses not funded from program revenues in fiscal year 2015. In fiscal year 2016 general revenues did not cover the balance, resulting in a \$7.6 million deficit of revenues over expenses.

Transfers show an increase of \$4.5 million, as compared to prior year. In fiscal year 2015, the City made a one-time transfer of approximately \$4.0 million to the Enterprise Fund. 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.

The City shows an extraordinary gain of \$27.2 million in governmental activities during the year. In prior year an extraordinary loss of \$17.0 million in governmental activities was reported. As with the loss reported in fiscal year 2015, this is the net amount of property and bond proceeds that were transferred between the City and SAWRA. Additional information on this transaction can be found in Notes 6, 15 and 17 in the Notes to the Basic Financial Statements.

Condensed Statement of Activities				
Business-type Activity				
	For the year ended		Increase/ (Decrease)	Percent Increase/ (Decrease)
	June 30, 2016	June 30, 2015	From 2015	
Revenues:				
Program revenues:				
Charges for services	\$ 12,731,730	\$ 14,202,098	\$ (1,470,368)	-10.35%
General revenues:				
Unrestricted investment earnings	117,837	108,353	9,484	8.75%
Total Revenues	<u>12,849,567</u>	<u>14,310,451</u>	<u>(1,460,884)</u>	-10.21%
Expenses:				
Water enterprise	<u>13,600,864</u>	<u>13,625,444</u>	<u>(24,580)</u>	-0.18%
Total Expenses	<u>13,600,864</u>	<u>13,625,444</u>	<u>(24,580)</u>	-0.18%
Excess of Revenues over Expenses	(751,297)	685,007	(1,436,304)	-209.68%
Transfers	<u>(35,000)</u>	<u>4,525,088</u>	<u>(4,560,088)</u>	-100.77%
Change in Net Position	(786,297)	5,210,095	(5,996,392)	-115.09%
Net Position - Beginning of Year	<u>36,158,869</u>	<u>30,948,774</u>	<u>5,210,095</u>	16.83%
Net Position - End of Year	<u>\$ 35,372,572</u>	<u>\$ 36,158,869</u>	<u>\$ (786,297)</u>	-2.17%

Business-type activity decreased the City's net position by \$0.8 million or 2.17% in fiscal year 2016. For the most part, expenses were static for fiscal years 2016 and 2015. The largest changes occurred in charges for services and transfers.

Charges for services decreased by \$1.5 million or 10.35%. This decrease in revenue is attributable to the ongoing drought in California. On April 1, 2015, in response to this ongoing drought, Governor Jerry Brown declared a state of emergency throughout the State of California. An emergency regulation approved by the State Water Resources Control Board (SWRCB) requires the City of Westminster to reduce water consumption by 20% or face possible fines or other enforcement actions. As a result of the order, Westminster activated Level 2 of City Ordinance No. 2449 in compliance with the SWRCB emergency regulation. This ordinance places many water restrictions on the residents, limiting outdoor use, and encouraging conservation.

Transfers decreased by \$4.6 million. Fiscal year 2015 consisted primarily of a one-time \$4.0 million transfer from the governmental funds as previously noted.

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 \$2.1 million governmental to fund balances in fiscal year 2016 and a net decrease of \$0.4 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, 2016, the City's governmental funds reported combined ending fund balances of \$72.6 million, a decrease of \$2.1 million in comparison with the prior year. Of the \$72.6 million, \$27,125 or 0.04% is classified as nonspendable fund balance; \$33.5 million or 46.1%, is classified as restricted fund balance; \$18.5 million or 25.5%, is classified as assigned fund balance; and \$20.6 million or 28.3% 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, 2016, the total fund balance was \$22.5 million. The nonspendable portion of this balance is \$27,125. The remaining unassigned fund balance is available for spending at the City's discretion. The unassigned total fund balance represents 44.65% of total General Fund expenditures.

The major factors in fund balance changes are as follows:

Governmental Funds

- The **General Fund** experienced a \$0.4 million increase in fund balance in fiscal year 2016, compared to a \$2.0 million decrease in fiscal year 2015. Revenues were \$49.4 million, an increase of \$2.8 million compared to fiscal year 2015, while expenditures were \$50.3 million, an increase of \$1.7 million from 2015. Taxes revenue increased by \$2.4 million, or 7%. For the most part, revenues were fairly static in comparison to fiscal year 2015. Although overall expenditures increased by \$2.7 million, cost cutting measures are continuing for all departments. Included in this increase are PERS rates which continue to grow each year. In fiscal year 2016, PERS costs increased overall by 22% for miscellaneous employees, and 39% 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 \$0.9 million during the year. Other financing sources and uses totaled \$1.3 million and included a one-time transfer of \$1.6 million from the City's Capital Improvements Fund to cover operating costs.

- The **Westminster Housing Authority Fund** balance declined by \$0.9 million in 2016. In 2015, the fund held a \$12.5 million long-term receivable from SAWRA. 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 2016, \$1,655,000 of this advance was reimbursed leaving the receivable balance at \$10.8 million at year-end. The fund's \$25.6 million fund balance is restricted for low and moderate income housing purposes.
- The **Housing and Community Development Fund** had its fund balance increase by \$78,747. 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 project.
- The **Special Gas Tax and Street Improvements Fund** recognized a \$1.6 million decrease in fund balance during the fiscal year 2016. Grant-funded projects comprise a significant portion of this fund and many of the projects are reimbursable only upon completion. The fund received \$3.7 million in revenue in fiscal year 2016, compared to expenditures of \$2.0 million. Resources were transferred out in the amount of \$3.3 million. As of June 30, 2016 this fund had a fund deficit of \$1.6 million.
- The **Capital Improvements Capital Projects Fund** balance decreased by \$1.4 million. There were \$4.6 million in transfers into the fund from various other funds to complete newly approved projects. A total of \$9.0 million was spent on capital outlay during the year. In addition, \$1.6 million was transferred to the general fund for operating costs, and \$0.7 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 increase of \$1.3 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 a decrease of \$0.4 million to its net position during fiscal year 2016. Operating income was 12.7 million; nonoperating revenues were \$0.1 million; nonoperating expenses were \$0.2 million. The majority of the fiscal year loss can be attributed to a loss of water sales as a result of the ongoing drought.
- The **Internal Service Funds** had its net position decline by \$3.9 million. These funds had an operating loss of \$4.4 million and nonoperating income of \$0.6 million, and net transfer out of \$65,206. An actuary report was performed during the year, which resulted in an increase to the compensation/benefits claim liability of \$3.7 million. See Note 11 in the Notes to the Basic Financial Statements for additional information. The internal service 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. No amendments were made to the fiscal year 2015-16 General Fund's original (adopted) budget revenue amount of \$47.1 million. The fiscal year 2015-16 General Fund's original (adopted) budget for expenditures was \$52.3 million and the final budget was \$52.5 million, a net increase of \$0.2 million.

The General Fund reflected a net total positive budget variance of \$4.5 million when comparing actual amounts to the final amended budget for the current fiscal year. The ending actual revenue shows a positive variance of \$2.3 million or 5.0% of the final budget. Taxes revenue showed the greatest variance in both dollars, at \$1.1 million and percentage of the final budget at 2.4%. Approximately \$0.7 million of this was for new businesses and the triple flip clean-up, which is a one-time increase. In addition, an increase in home sales helped to boost the property tax revenue above the budgeted amount. Investment and rental was the next category that showed the greatest variance in both dollars, at \$0.6 million and percentage of the final budget at 1.26%.

Actual expenditures of \$50.3 million generated budgetary savings of \$2.2 million, or 4.1% of the final budget. Most of the savings were in the public safety as a result of both cost savings and unfilled positions.

The General Fund budgetary comparison schedule can be found in the Required Supplementary Information section of this annual report on page 119.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets:

Capital assets (net of accumulated depreciation) at June 30, 2016 and June 30, 2015 are summarized below:

Capital Assets (net of accumulated depreciation)			
	June 30, 2016		
	Governmental Activities	Business-type Activity	Total
Land	\$ 16,572,581	\$ 2,484,846	\$ 19,057,427
Construction in progress	31,510	-	31,510
Buildings	98,641,617	2,915	98,644,532
Improvements other than buildings	22,282,628	9,280,715	31,563,343
Water distribution lines	-	17,151,049	17,151,049
Vehicles, machinery and equipment	3,076,286	3,792,865	6,869,151
Office furniture and equipment	3,963,156	84,044	4,047,200
Leased property	801,591	-	801,591
Infrastructure	90,202,702	-	90,202,702
Total capital assets, net	<u>\$ 235,572,071</u>	<u>\$ 32,796,434</u>	<u>\$ 268,368,505</u>
June 30, 2015			
	Governmental Activities	Business-type Activity	Total
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>

Capital assets as of June 30, 2016 totaled \$268.4 million (net of accumulated depreciation). The total increase in capital assets for fiscal year 2016 was \$26.7 million, composed of a \$26.5 million or 12.7% increase for governmental activities and a \$0.1 million or 0.3% increase for business-type activity. Noteworthy changes to capital assets during fiscal year 2016 included the following:

- The City transferred in \$21.8 million in land and buildings from SAWRA, previously transferred out as part of the Long Range Property Management Plan and the continuing dissolution of the SAWRA.

- The City added \$16.9 million in buildings including a new yard building at \$11.7 million, and a police training facility with a firing range and evidence storage area at \$5.1 million. These projects were paid for with bond proceeds from SAWRA debt.
- The City added \$13.2 million in improvements other than buildings including city-wide park improvements of \$10.8 million, and the Hoover Street Walking and Biking Trail at \$2.4 million. The majority of these projects were paid for with bond proceeds from SAWRA debt and various other grant contributions.
- The City added \$1.3 million in new water distribution lines.
- Construction in progress decreased by \$19.3 million during the year, as all the long-term projects have been completed and capitalized.
- Annual depreciation expense was \$13.6 million - \$12.3 million on assets related to governmental activities assets and \$1.3 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, 2016 and June 30, 2015 is summarized below:

	Outstanding Debt		
	June 30, 2016		
	Governmental Activities	Business-type Activity	Total
Certificates of participation	\$ 2,785,000	\$ 2,325,000	\$ 5,110,000
Leases payable	711,330	-	711,330
Loans payable	-	1,572,231	1,572,231
Total outstanding debt	<u>\$ 3,496,330</u>	<u>\$ 3,897,231</u>	<u>\$ 7,393,561</u>
	June 30, 2015		
	Governmental Activities	Business-type Activity	Total
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>

At the end of fiscal year 2016, the City had total long-term debt (excluding compensated absences and claims, pension and OPEB liabilities) outstanding of \$7.4 million. The City's total debt decreased by \$0.7 million or 8.3%, during fiscal year 2016. The decrease in governmental long-term debt of \$0.3 million was the result of ongoing debt service payments, and leases payable activity related to the City's vehicle fleet. The decrease in business-type debt of \$0.4 million was the result of ongoing debt service payments. 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 after the previous recession that significantly impacted the City's revenues. While the recovery has seen positive impacts of the improving economy as tax revenue – most notably sales and property – has grown in recent years, the City continues to remain cautious about future economic conditions due to the potential volatility of the City's large sales tax base. Economic declines can affect the City more quickly than other cities which are less reliant on sales taxes.

The City continues to manage a structural deficit. Fiscal year 2015-16 ended with total expenditures exceeding total revenue by \$0.9 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 most comparable neighboring cities averages:

	<u>City</u>	<u>Neighboring Cities</u>
Employees per capita (1,000)	2.40	3.13
General Fund costs per capita	\$568	\$702

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 fiscal year 2016-17 includes a General Fund deficit of \$1.9 million. The budget authorizes \$53.6 million in General Fund expenditures vs. \$48.4 million in estimated revenue and \$3.4 million in net transfers in from other funds. The General Fund ended fiscal year 2015-16 with \$22.5 million in unassigned fund balance, or approximately 45.65% of actual General Fund expenditures. Based on the adopted budget, the General Fund is projected to end fiscal year 2016-17 with \$21.6 million in reserves, representing 40.2% of fiscal year 2016-17 budgeted expenditures.

The adopted fiscal year 2016-17 budget included projections of future General Fund deficits for fiscal year 2017-18, and 2018-19 of \$9.0 million and \$10.7 million, respectively.

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. An independent municipal finance consultant was hired by the City in July 2015, and a financial advisory task force was appointed by the City Council in October 2015 to address possible solutions to the City's ongoing structural deficit. As a result of their findings, the City Council placed a measure (SS) on the November 8, 2016 election ballot to adopt a 1% transactions and use tax which would operate for six years. As of this writing, while not yet finalized, Measure SS is passing by an over 60% vote of the citizens of Westminster.

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.

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BASIC FINANCIAL STATEMENTS

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CITY OF WESTMINSTER

STATEMENT OF NET POSITION

June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	\$ 40,822,963	\$ 6,692,365	\$ 47,515,328
Receivables, net of allowances (Note 4)	26,516,688	2,213,753	28,730,441
Prepaid items	63,059	-	63,059
Internal balances	(883,191)	883,191	-
Inventory	16,710	120,030	136,740
Restricted assets:			
Cash and investments (Note 2)	16,603,082	3,696,719	20,299,801
Cash and investments with fiscal agents (Note 2)	5,336,513	112,665	5,449,178
Advance to Successor Agency	10,846,019	-	10,846,019
Land held for resale (Note 5)	796,610	-	796,610
Capital assets (Note 6):			
Not being depreciated:			
Land	16,572,581	2,484,846	19,057,427
Construction in progress	31,510	-	31,510
Being depreciated (net of accumulated depreciation):			
Buildings	98,641,617	2,915	98,644,532
Improvements other than buildings	22,282,628	9,280,715	31,563,343
Water distribution lines	-	17,151,049	17,151,049
Vehicles, machinery and equipment	3,076,286	3,792,865	6,869,151
Office furniture and equipment	3,963,156	84,044	4,047,200
Leased property	801,591	-	801,591
Infrastructure	90,202,702	-	90,202,702
TOTAL ASSETS	335,690,524	46,515,157	382,205,681
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding, net of accumulated amortization	146,785	207,973	354,758
Deferred amounts on pension plans (Note 8)	5,843,167	218,927	6,062,094
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,989,952	426,900	6,416,852
LIABILITIES:			
Accounts payable and other liabilities	3,632,090	2,168,379	5,800,469
Due to other governments	4,866,320	-	4,866,320
Deposits	1,155,533	15,000	1,170,533
Long-term liabilities:			
Due within one year (Note 7)	6,018,329	608,556	6,626,885
Due in more than one year (Note 7)	110,508,219	8,542,734	119,050,953
TOTAL LIABILITIES	126,180,491	11,334,669	137,515,160
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on pension plans (Note 8)	9,807,025	234,816	10,041,841
NET POSITION:			
Net investment in capital assets	232,222,529	29,107,174	261,329,703
Restricted for:			
Community development	16,135,082	-	16,135,082
Public safety	1,898,839	-	1,898,839
Public works	526,366	-	526,366
Debt service	-	112,665	112,665
Unrestricted	(45,089,856)	6,152,733	(38,937,123)
TOTAL NET POSITION	\$ 205,692,960	\$ 35,372,572	\$ 241,065,532

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2016

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,595,489	\$ 1,494,713	\$ 158,893	\$ 184,525
Public safety	44,860,014	2,816,217	496,850	-
Public works	11,596,949	1,267,530	-	-
Community development	8,276,191	3,219,518	5,985,473	7,345,877
Community services	3,021,121	280,281	343,221	18,225
Interest on long term debt	164,648	-	-	-
Total governmental activities	<u>71,514,412</u>	<u>9,078,259</u>	<u>6,984,437</u>	<u>7,548,627</u>
Business-type activity:				
Water enterprise	<u>13,600,864</u>	<u>12,731,730</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 85,115,276</u>	<u>\$ 21,809,989</u>	<u>\$ 6,984,437</u>	<u>\$ 7,548,627</u>

General revenues:
 Unrestricted taxes:
 Sales taxes
 Property taxes, levied for general purposes
 Utility users taxes
 Business operation taxes
 Franchise taxes
 Transient occupancy taxes
 Unrestricted investment earnings
 Transfers

 Total general revenues and transfers

 Change in net position, before extraordinary gain

 Extraordinary gain

 Change in net position

 Net Position - Beginning of Year

 Net Position - End of Year

See accompanying notes to basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (1,757,358)	\$ -	\$ (1,757,358)
(41,546,947)	-	(41,546,947)
(10,329,419)	-	(10,329,419)
8,274,677	-	8,274,677
(2,379,394)	-	(2,379,394)
(164,648)	-	(164,648)
(47,903,089)	-	(47,903,089)
-	(869,134)	(869,134)
(47,903,089)	(869,134)	(48,772,223)
16,044,115	-	16,044,115
15,186,466	-	15,186,466
4,595,948	-	4,595,948
1,388,612	-	1,388,612
1,367,801	-	1,367,801
801,606	-	801,606
965,817	117,837	1,083,654
35,000	(35,000)	-
40,385,365	82,837	40,468,202
(7,517,724)	(786,297)	(8,304,021)
27,168,081	-	27,168,081
19,650,357	(786,297)	18,864,060
186,042,603	36,158,869	222,201,472
\$ 205,692,960	\$ 35,372,572	\$ 241,065,532

CITY OF WESTMINSTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2016

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
ASSETS			
Cash and investments (Note 2)	\$ 20,006,771	\$ -	\$ 60,205
Receivables, net of allowances (Note 4)	5,876,739	13,346,858	5,825,906
Prepaid items	27,125	-	-
Due from other funds (Note 3)	-	-	-
Advance to Successor Agency	-	10,846,019	-
Land held for resale (Note 5)	-	796,610	-
Restricted assets:			
Cash and investments (Note 2)	-	643,124	-
Cash and investments with fiscal agents (Note 2)	-	-	-
TOTAL ASSETS	\$ 25,910,635	\$ 25,632,611	\$ 5,886,111
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	\$ 2,260,836	\$ 77,964	\$ 32,193
Deposits	1,065,194	-	-
Due to other funds (Note 3)	-	-	200,000
Due to other governments	12,430	-	4,853,890
TOTAL LIABILITIES	3,338,460	77,964	5,086,083
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	71,133	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,409,593	77,964	5,086,083
FUND BALANCES (DEFICIT) (NOTE 12):			
Nonspendable	27,125	-	-
Restricted	-	25,554,647	850,000
Assigned	-	-	-
Unassigned	22,473,917	-	(49,972)
TOTAL FUND BALANCES (DEFICIT)	22,501,042	25,554,647	800,028
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 25,910,635	\$ 25,632,611	\$ 5,886,111

See accompanying notes to basic financial statements.

Special Revenue Funds (Continued)	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Special Gas Tax and Street Improvements	Capital Improvements		
\$ 887,046	\$ 7,492,851	\$ 8,137,099	\$ 36,583,972
929,726	1,849	117,765	26,098,843
-	-	-	27,125
-	3,000,000	-	3,000,000
-	-	-	10,846,019
-	-	-	796,610
-	2,200,004	-	2,843,128
-	5,336,436	77	5,336,513
<u>\$ 1,816,772</u>	<u>\$ 18,031,140</u>	<u>\$ 8,254,941</u>	<u>\$ 85,532,210</u>
\$ 103,844	\$ 738,989	\$ 72,013	\$ 3,285,839
-	-	90,339	1,155,533
2,800,000	-	-	3,000,000
-	-	-	4,866,320
<u>2,903,844</u>	<u>738,989</u>	<u>162,352</u>	<u>12,307,692</u>
535,204	-	11,435	617,772
<u>3,439,048</u>	<u>738,989</u>	<u>173,787</u>	<u>12,925,464</u>
-	-	-	27,125
222,410	-	6,860,191	33,487,248
-	17,292,151	1,220,963	18,513,114
(1,844,686)	-	-	20,579,259
<u>(1,622,276)</u>	<u>17,292,151</u>	<u>8,081,154</u>	<u>72,606,746</u>
<u>\$ 1,816,772</u>	<u>\$ 18,031,140</u>	<u>\$ 8,254,941</u>	<u>\$ 85,532,210</u>

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CITY OF WESTMINSTER

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

June 30, 2016

Fund balances - total governmental funds		\$ 72,606,746
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	\$ 434,556,815	
Accumulated depreciation	<u>(205,618,235)</u>	228,938,580
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:		
		6,241,147
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, 2016 are:		
Certificates of participation payable	(1,963,295)	
Accrued interest	<u>(6,684)</u>	(1,969,979)
OPEB obligation is not accrued in governmental funds, but rather is recognized as an expenditure when paid.		
		(19,255,110)
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	5,514,613	
Deferred inflows of resources	(9,478,471)	
Pension liability	<u>(77,522,338)</u>	(81,486,196)
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>617,772</u>
Net position of governmental activities		<u><u>\$ 205,692,960</u></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, 2016

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
REVENUES:			
Taxes	\$ 38,937,378	\$ -	\$ -
Licenses and permits	924,622	-	-
Fines	966,786	-	14,700
Investment and rental	1,711,239	45,511	-
Intergovernmental	212,794	-	1,439,970
Charges for services	6,140,366	-	-
Other	520,952	17,960	-
TOTAL REVENUES	49,414,137	63,471	1,454,670
EXPENDITURES:			
Current:			
General government	2,798,612	-	-
Public safety	39,155,975	-	-
Public works	4,120,634	-	-
Community development	2,045,058	953,093	1,125,923
Community services	2,213,296	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	50,333,575	953,093	1,125,923
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(919,438)	(889,622)	328,747
OTHER FINANCING SOURCES (USES):			
Sale of equipment and property	8,073	-	-
Transfers in	1,578,211	-	-
Transfers out	(282,650)	-	(250,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,303,634	-	(250,000)
NET CHANGE IN FUND BALANCES, BEFORE EXTRAORDINARY ITEM	384,196	(889,622)	78,747
EXTRAORDINARY ITEM	-	-	-
NET CHANGE IN FUND BALANCES	384,196	(889,622)	78,747
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	22,116,846	26,444,269	721,281
FUND BALANCES (DEFICIT) - END OF YEAR	\$ 22,501,042	\$ 25,554,647	\$ 800,028

See accompanying notes to basic financial statements.

Special Revenue Funds (Continued)	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Special Gas Tax and Street Improvements	Capital Improvements		
\$ 3,046,792	\$ -	\$ 1,434,490	\$ 43,418,660
-	-	-	924,622
-	-	-	981,486
31,034	37	107,271	1,895,092
567,449	-	1,022,102	3,242,315
92,474	-	990,528	7,223,368
555	-	108,865	648,332
<u>3,738,304</u>	<u>37</u>	<u>3,663,256</u>	<u>58,333,875</u>
-	-	56,344	2,854,956
-	-	511,770	39,667,745
-	-	-	4,120,634
1,807,821	-	1,221,002	7,152,897
-	-	335,292	2,548,588
-	9,034,458	9,245	9,043,703
175,761	-	208,439	384,200
45,617	-	54,258	99,875
<u>2,029,199</u>	<u>9,034,458</u>	<u>2,396,350</u>	<u>65,872,598</u>
<u>1,709,105</u>	<u>(9,034,421)</u>	<u>1,266,906</u>	<u>(7,538,723)</u>
-	-	-	8,073
-	4,568,500	135,000	6,281,711
(3,290,850)	(2,288,414)	(69,591)	(6,181,505)
<u>(3,290,850)</u>	<u>2,280,086</u>	<u>65,409</u>	<u>108,279</u>
(1,581,745)	(6,754,335)	1,332,315	(7,430,444)
-	5,336,436	-	5,336,436
(1,581,745)	(1,417,899)	1,332,315	(2,094,008)
(40,531)	18,710,050	6,748,839	74,700,754
<u>\$ (1,622,276)</u>	<u>\$ 17,292,151</u>	<u>\$ 8,081,154</u>	<u>\$ 72,606,746</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, 2016

Net change in fund balances - total governmental funds		\$ (2,094,008)
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>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.</p>		
Net change in capital assets	\$ 8,127,391	
Depreciation expense	(10,991,543)	
Contribution of capital assets from the Successor Agency	<u>29,177,522</u>	26,313,370
<p>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.</p>		
Principal payments		384,200
<p>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.</p>		
Net change in accrued interest	1,218	
OPEB expense	<u>(940,907)</u>	(939,689)
<p>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.</p>		
		(60,845)
<p>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.</p>		
		(3,583,123)
<p>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.</p>		
Net change in grant revenue		617,772
Net change in sales tax accrual		<u>(987,320)</u>
Change in net position of governmental activities		<u>\$ 19,650,357</u>

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2016

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 6,692,365	\$ 4,238,991
Receivables, net of allowances	2,213,753	417,845
Prepaid items	-	35,934
Inventories	120,030	16,710
Restricted assets:		
Cash and investments	3,696,719	13,759,954
Cash and investments with fiscal agents	112,665	-
TOTAL CURRENT ASSETS	12,835,532	18,469,434
CAPITAL ASSETS:		
Land	2,484,846	-
Construction in progress	-	-
Buildings	91,579	4,384,878
Water distribution lines	45,968,779	-
Improvements other than buildings	11,913,312	622,855
Vehicles	-	4,396,568
Machinery and equipment	13,075,006	235,035
Office furniture, computers and equipment	171,092	2,720,386
Leased property	-	1,474,221
TOTAL CAPITAL ASSETS	73,704,614	13,833,943
Less accumulated depreciation	(40,908,180)	(7,200,452)
NET CAPITAL ASSETS	32,796,434	6,633,491
TOTAL ASSETS	45,631,966	25,102,925
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	207,973	146,785
Deferred amounts on pension plans	218,927	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	426,900	146,785

See accompanying notes to basic financial statements.

(Continued)

CITY OF WESTMINSTER

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 (CONTINUED)

June 30, 2016

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
	<u> </u>	<u> </u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 2,168,379	\$ 339,567
Deposits	15,000	-
Claims payable	-	3,581,391
Compensated absences	240,115	1,657,396
Leases payable	-	209,542
Certificates of participation	250,000	168,177
Loans payable	118,441	-
	<u>2,791,935</u>	<u>5,956,073</u>
TOTAL CURRENT LIABILITIES		
LONG-TERM LIABILITIES:		
Claims payable	-	10,744,174
Compensated absences	39,089	269,809
Leases payable	-	501,788
Certificates of participation	2,075,000	653,529
Loans payable	1,453,790	-
OPEB liability	2,208,524	-
Pension liability	2,766,331	-
	<u>8,542,734</u>	<u>12,169,300</u>
TOTAL LONG-TERM LIABILITIES		
TOTAL LIABILITIES		
	<u>11,334,669</u>	<u>18,125,373</u>
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts on pension plans	234,816	-
	<u>234,816</u>	<u>-</u>
NET POSITION:		
Net investment in capital assets	29,107,174	5,247,239
Restricted for debt service	112,665	-
Unrestricted	5,269,542	1,877,098
	<u>34,489,381</u>	<u>\$ 7,124,337</u>
TOTAL NET POSITION		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	883,191	
	<u>883,191</u>	
Net position of business-type activity	<u>\$ 35,372,572</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, 2016

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 12,705,108	\$ 21,195,917
Other	26,622	2,144,338
TOTAL OPERATING REVENUES	<u>12,731,730</u>	<u>23,340,255</u>
OPERATING EXPENSES:		
Salaries	2,990,825	5,186,528
Maintenance and operations	3,675,776	5,424,434
Purchased water	2,629,909	-
Equity taxes	2,484,906	-
Insurance premiums and legal fees	1,499	3,884,689
Claims and benefits	-	11,873,085
Depreciation and amortization	1,281,179	1,339,558
TOTAL OPERATING EXPENSES	<u>13,064,094</u>	<u>27,708,294</u>
OPERATING LOSS	<u>(332,364)</u>	<u>(4,368,039)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	117,837	71,110
Interest and fiscal charges	(187,902)	(65,990)
Gain on sale of property and equipment	-	496,130
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(70,065)</u>	<u>501,250</u>
LOSS BEFORE TRANSFERS	<u>(402,429)</u>	<u>(3,866,789)</u>
TRANSFERS:		
Transfers in	25,000	711,794
Transfers out	(60,000)	(777,000)
TOTAL TRANSFERS	<u>(35,000)</u>	<u>(65,206)</u>
CHANGE IN NET POSITION	(437,429)	(3,931,995)
NET POSITION - BEGINNING OF YEAR	<u>34,926,810</u>	<u>11,056,332</u>
NET POSITION - END OF YEAR	<u>\$ 34,489,381</u>	<u>\$ 7,124,337</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ (348,868)	
Change in net position - Enterprise Funds	<u>(437,429)</u>	
Change in net position of business-type activity	<u>\$ (786,297)</u>	

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2016

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 12,788,717	\$ 23,274,351
Payment to suppliers	(8,616,713)	(17,449,695)
Payment to employees	(2,919,562)	(5,340,460)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,252,442	484,196
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	25,000	711,794
Cash paid to other funds	(60,000)	(777,000)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(35,000)	(65,206)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(1,393,257)	(860,463)
Proceeds from sale of assets	-	629,312
Principal payments on capital leases	-	(602,787)
Principal payments on long-term debt	(354,424)	(160,800)
Interest and fiscal charges	(161,908)	(41,198)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,909,589)	(1,035,936)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	117,837	71,110
NET DECREASE IN CASH AND CASH EQUIVALENTS	(574,310)	(545,836)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	11,076,059	18,544,781
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 10,501,749	\$ 17,998,945
CASH AND CASH EQUIVALENTS:		
Current assets:		
Cash and investments	\$ 6,692,365	\$ 4,238,991
Restricted assets:		
Cash and investments	3,696,719	13,759,954
Cash and investments with fiscal agents	112,665	-
TOTAL CASH AND CASH EQUIVALENTS	\$ 10,501,749	\$ 17,998,945

See accompanying notes to basic financial statements.

(Continued)

CITY OF WESTMINSTER

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the year ended June 30, 2016

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING LOSS TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (332,364)	\$ (4,368,039)
Depreciation and amortization	1,281,179	1,339,558
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	56,987	(65,904)
(Increase) decrease in prepaid items	-	133,473
(Increase) decrease in inventories	2,074	17,099
(Increase) decrease in deferred outflows on pensions	(367,851)	-
Increase (decrease) in accounts payable and other liabilities	173,303	85,296
Increase (decrease) in claims payable	-	3,496,645
Increase (decrease) in deferred inflows on pensions	25,537	-
Increase (decrease) in OPEB	107,925	-
Increase (decrease) in pension liability	208,227	-
Increase (decrease) in compensated absences payable	97,425	(153,932)
	<u>97,425</u>	<u>(153,932)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 1,252,442</u>	 <u>\$ 484,196</u>
 NONCASH ITEM:		
Capital lease proceeds	<u>\$ -</u>	<u>\$ 834,610</u>

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2016

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 12,023,388	\$ -
Interest receivable	35,126	-
Due from the City of Westminster	7,507	-
Restricted assets:		
Cash and investments	-	8,551
Cash and investments with fiscal agents	17,365,326	-
TOTAL CURRENT ASSETS	29,431,347	8,551
NONCURRENT ASSETS:		
Capital Assets (Note 15):		
Not being depreciated:		
Land	19,656,881	-
TOTAL ASSETS	49,088,228	\$ 8,551
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	52,134	\$ -
Certificates of participation, current portion	1,965,000	-
Due to bondholders	-	8,551
TOTAL CURRENT LIABILITIES	2,017,134	8,551
LONG-TERM LIABILITIES:		
Certificates of participation	116,005,000	-
Advance payable to Housing Authority	10,846,019	-
Interest payable	1,189,098	-
TOTAL LONG-TERM LIABILITIES	128,040,117	-
TOTAL LIABILITIES	130,057,251	\$ 8,551
NET POSITION:		
Net position for private purpose	(80,969,023)	
TOTAL NET POSITION	\$ (80,969,023)	

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2016

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes and assessments	\$ 15,527,742
Investment and rental	167,782
TOTAL ADDITIONS	<u>15,695,524</u>
DEDUCTIONS:	
General government	630,812
Community development	2,117,999
Interest and fiscal expense	6,592,418
Contribution to City	7,345,877
TOTAL DEDUCTIONS	<u>16,687,106</u>
CHANGE IN NET POSITION, BEFORE EXTRAORDINARY ITEM	(991,582)
EXTRAORDINARY ITEM:	
Loss on transfers to the City of Westminster	<u>(27,168,081)</u>
CHANGE IN NET POSITION	(28,159,663)
NET POSITION AT BEGINNING OF YEAR	<u>(52,809,360)</u>
NET POSITION AT END OF YEAR	<u><u>\$ (80,969,023)</u></u>

See accompanying notes to basic financial statements.

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CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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 2015-2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "*Fair Value Measurement and Application*". GASB Statement No. 72 requires the City to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or income approach. GASB Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. GASB Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements. There was no material impact on the City's financial statements as a result of the implementation of GASB Statement No. 72.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

New Accounting Pronouncements (Continued):

Current Year Standards (Continued)

GASB Statement No. 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*”, was required to be implemented in the current fiscal year, except for those provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, and is effective for periods beginning after June 15, 2016, and did not impact the City.

GASB Statement No. 76, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”, was required to be implemented in the current fiscal year, and did not impact the City.

GASB Statement No. 79, “*Certain External Investment Pools and Pool Participants*”, was required to be implemented in the current fiscal year, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing, which are effective for periods beginning after December 15, 2015, and did not impact the City.

GASB Statement No. 82, “*Pension Issues an Amendment of GASB Statement No. 67, No. 68 and No. 73*”, changed the measurement of covered payroll reported in required supplementary information and has been early implemented.

Pending Accounting Standards

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

- 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*”, contains provisions that address employer and governmental nonemployer contributing entities for pensions that are not within the scope of GASB 68, 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.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

New Accounting Pronouncements (Continued):

Pending Accounting Standards (Continued)

- GASB 75 - *“Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”*, effective for periods beginning after June 15, 2017.
- GASB 77 - *“Tax Abatement Disclosure”*, effective for periods beginning after December 15, 2015.
- GASB 78 - *“Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans”*, effective for periods beginning after December 15, 2015.
- GASB 79 - *“Certain External Investment Pools and Pool Participants”*, contains certain provisions on portfolio quality, custodial credit risk, and shadow pricing, effective for periods beginning after December 15, 2015.
- GASB 80 - *“Blending Requirements for Certain Component Units”*, effective for periods beginning after June 15, 2016.
- GASB 81 - *“Irrevocable Split-Interest Agreements”*, effective for periods beginning after December 15, 2016.
- GASB 82 - *“Pension Issues”*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

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 value at the date of acquisition. 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, 2016

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 the following items that qualify for reporting in this category:

- 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.
- Deferred outflow related to pensions equal to employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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 the following items that qualify for reporting in this category:

- Deferred inflows from *unavailable revenues*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources, which are taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans, which is 2.6 to 3.8 years.
- Deferred inflows from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans, which is 2.6 to 3.8 years.
- Deferred inflows related to pension plans for the changes in proportion and differences between employer contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans, which is 2.6 to 3.8 years.
- Deferred inflows related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

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, 2016, 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, the 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.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Investments:

Investments are reported in the accompanying financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

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.

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, 2016

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, 2016 consisted of the following:

	Government Wide Statement of <u>Net Position</u>	Fiduciary Funds Statement of <u>Net Position</u>	<u>Total</u>
Unrestricted assets:			
Cash and investments	<u>\$ 47,515,328</u>	<u>\$ 12,023,388</u>	<u>\$ 59,538,716</u>
Total unrestricted assets	<u>47,515,328</u>	<u>12,023,388</u>	<u>59,538,716</u>
Restricted assets:			
Cash and investments	20,299,801	8,551	20,308,352
Cash and investments with fiscal agents	<u>5,449,178</u>	<u>17,365,326</u>	<u>22,814,504</u>
Total restricted assets	<u>25,748,979</u>	<u>17,373,877</u>	<u>43,122,856</u>
 TOTAL CASH AND INVESTMENTS	 <u>\$ 73,264,307</u>	 <u>\$ 29,397,265</u>	 <u>\$ 102,661,572</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Cash and Investments (Continued):

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

Primary Government

Deposits	\$ 3,306,627
Investments	<u>69,957,680</u>
	<u>\$ 73,264,307</u>

Fiduciary Funds

Pooled with the Primary Government	\$ 8,551
Deposits	631,534
Investments	<u>28,757,180</u>
	<u>\$ 29,397,265</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 following 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, 2016

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
Supranationals	5 years	30%	5%
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/ Collateralized Mortgage Obligations/ 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, 2016

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, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

Primary Government

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13 - 36 Months</u>	<u>37 - 60 Months</u>	
Local Agency Investment Fund (LAIF)	\$ 7,213,333	\$ -	\$ -	\$ 7,213,333
United States Treasury Obligations	400,923	1,423,818	8,765,986	10,590,727
Federal National Mortgage Association (FNMA)	1,201,624	3,951,624	2,960,910	8,114,158
Federal Home Loan Mortgage Corporation (FHLMC)	351,424	4,378,597	1,113,495	5,843,516
Federal Home Loan Bank (FHLB)	1,870,666	932,328	1,011,792	3,814,786
Federal Farm Credit Bank (FFCB)	2,088,477	526,295	-	2,614,772
Corporate Medium Term Notes (MTN)	3,440,499	9,132,513	2,665,573	15,238,585
Tennessee Valley Authority	-	1,122,809	-	1,122,809
Asset-Backed Securities	-	2,836,259	-	2,836,259
Money Market Mutual Funds	<u>12,568,735</u>	<u>-</u>	<u>-</u>	<u>12,568,735</u>
	<u>\$ 29,135,681</u>	<u>\$ 24,304,243</u>	<u>\$ 16,517,756</u>	<u>\$ 69,957,680</u>

Fiduciary Funds

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13 - 36 Months</u>	<u>37 - 60 Months</u>	
Local Agency Investment Fund (LAIF)	\$ 11,319,292	\$ -	\$ -	\$ 11,319,292
United States Treasury Obligations	7,023,926	101,227	794,399	7,919,552
Federal Home Loan Bank (FHLB)	-	323,732	498,964	822,696
Federal National Mortgage Association (FNMA)	-	892,880	282,615	1,175,495
Federal Home Loan Mortgage Corporation (FHLMC)	-	-	632,550	632,550
Money Market Mutual Funds	<u>6,887,595</u>	<u>-</u>	<u>-</u>	<u>6,887,595</u>
	<u>\$ 25,230,813</u>	<u>\$ 1,317,839</u>	<u>\$ 2,208,528</u>	<u>\$ 28,757,180</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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

Investment Type	Minimum Legal Rating	Total as of June 30, 2016	AAA	AA+	Other	Not Required to be Rated	Not Rated
LAIF	N/A	\$ 7,213,333	\$ -	\$ -	\$ -	\$ -	\$ 7,213,333
U.S. Treasury Obligations	N/A	10,590,727	-	-	-	10,590,727	-
FNMA	N/A	8,114,158	-	8,114,158	-	-	-
FHLMC	N/A	5,843,516	-	5,843,516	-	-	-
FHLB	N/A	3,814,786	-	3,814,786	-	-	-
FFCB	N/A	2,614,772	-	2,614,772	-	-	-
MTN	A	15,238,585	-	-	15,238,585	-	-
Tennessee Valley Authority	N/A	1,122,809	-	1,122,809	-	-	-
Asset-Backed Securities	N/A	2,836,259	2,219,983	-	-	-	616,276
Money Market							
Mutual Funds	AAA	<u>12,568,735</u>	<u>12,568,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$69,957,680</u>	<u>\$ 14,788,718</u>	<u>\$21,510,041</u>	<u>\$15,238,585</u>	<u>\$ 10,590,727</u>	<u>\$ 7,829,609</u>

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

Investment Type	AAA	AA+	AA-	AA	A+	A	Total
MTN	<u>\$ 276,891</u>	<u>\$ 2,479,794</u>	<u>\$ 3,144,691</u>	<u>\$ 1,581,431</u>	<u>\$ 2,902,074</u>	<u>\$ 4,853,704</u>	<u>\$15,238,585</u>

Fiduciary Funds

Investment Type	Minimum Legal Rating	Total as of June 30, 2016	AAA	AA+	Not Required to be Rated	Not Rated
LAIF	N/A	\$ 11,319,292	\$ -	\$ -	\$ -	\$11,319,292
U.S. Treasury Obligations	N/A	7,919,552	-	-	7,919,552	-
FHLB	N/A	822,696	-	822,696	-	-
FNMA	N/A	1,175,495	-	1,175,495	-	-
FHLMC	N/A	632,550	-	632,550	-	-
Money Market						
Mutual Funds	AAA	<u>6,887,595</u>	<u>6,887,595</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 28,757,180</u>	<u>\$ 6,887,595</u>	<u>\$ 2,630,741</u>	<u>\$ 7,919,552</u>	<u>\$11,319,292</u>

N/A - Not Applicable

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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 Amount</u>
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	\$ 5,843,516
Federal Home Loan Bank	United States Government Sponsored Agency Securities	3,814,786
Federal National Mortgage Association	United States Government Sponsored Agency Securities	8,114,158

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, 2016, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Investment in State Investment Pool:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by 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.

Fair Value Measurements:

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by City's asset manager from third party service provider.

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments.

For a large portion of the City's portfolio, the City's asset manager applies their leveling methodology across all securities in a specific sector (i.e. U.S. Government Sponsored Agency Securities). Inputs to their pricing models are based on observable market inputs in active markets.

The City has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

Primary Government

	Quoted Prices <u>Level 1</u>	Observable Inputs <u>Level 2</u>	Unobservable Inputs <u>Level 3</u>	<u>Total</u>
U.S. Treasury Obligations	\$ -	\$ 10,590,727	\$ -	\$ 10,590,727
FNMA	-	8,114,158	-	8,114,158
FHLMC	-	5,843,516	-	5,843,516
FHLB	-	3,814,786	-	3,814,786
FFCB	-	2,614,772	-	2,614,772
MTN	-	15,238,585	-	15,238,585
Tennessee Valley Authority	-	1,122,809	-	1,122,809
Asset Backed Securities	-	2,836,259	-	2,836,259
Total Leveled Investments	<u>\$ -</u>	<u>\$ 50,175,612</u>	<u>\$ -</u>	<u>50,175,612</u>
LAIF*				7,213,333
Money Market Mutual Funds*				<u>12,568,735</u>
Total Investment Portfolio				<u>\$ 69,957,680</u>

* Not subject to fair value measurements.

Fiduciary Funds

	Quoted Prices <u>Level 1</u>	Observable Inputs <u>Level 2</u>	Unobservable Inputs <u>Level 3</u>	<u>Total</u>
U.S. Treasury Obligations	\$ -	\$ 7,919,552	\$ -	\$ 7,919,552
FHLB	-	822,696	-	822,696
FNMA	-	1,175,495	-	1,175,495
FHLMC	-	632,550	-	632,550
Total Leveled Investments	<u>\$ -</u>	<u>\$ 10,550,293</u>	<u>\$ -</u>	<u>10,550,293</u>
LAIF*				11,319,292
Money Market Mutual Funds*				<u>6,887,595</u>
Total Investment Portfolio				<u>\$ 28,757,180</u>

* Not subject to fair value measurements.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund receivables and payables at June 30, 2016 are as follows:

	<u>Receivable</u>	<u>Payable</u>
Special Revenue Funds:		
Housing and Community Development	\$ -	\$ 200,000
Special Gas Tax and Street Improvements	-	2,800,000
Capital Projects Fund:		
Capital Improvements	<u>3,000,000</u>	-
	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

The interfund amounts from 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, 2016 are as follows:

Governmental Activities:

	<u>Transfers In</u>						<u>Total</u>
	<u>General</u>	<u>Westminster Housing Authority</u>	<u>Housing and Community Development</u>	<u>Special Gas Tax and Street Improvements</u>	<u>Capital Improvements</u>	<u>Other Governmental</u>	
<u>Transfers Out:</u>							
General	\$ -	\$ -	\$ -	\$ -	\$ 182,650	\$ 75,000	\$ 257,650
Housing and Community Development	-	-	-	-	250,000	-	250,000
Special Gas Tax and Street Improvements	-	-	-	-	3,290,850	-	3,290,850
Capital Improvements	1,576,620	-	-	-	-	-	1,576,620
Other Governmental Funds	1,591	-	-	-	68,000	-	69,591
Water Enterprise	-	-	-	-	-	60,000	60,000
Internal Service	-	-	-	-	777,000	-	777,000
	<u>\$ 1,578,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,568,500</u>	<u>\$ 135,000</u>	<u>\$ 6,281,711</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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

Interfund Transfer Balances (Continued):

Proprietary Funds:

	Transfers In		
	Water Enterprise	Internal Service	Total
<u>Transfers Out:</u>			
General	\$ 25,000	\$ -	\$ 25,000
Capital Improvements	-	711,794	711,794
	<u>\$ 25,000</u>	<u>\$ 711,794</u>	<u>\$ 736,794</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 Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Capital Improvements	Other Governmental	Total
Taxes	\$ 5,096,879	\$ -	\$ -	\$ -	\$ -	\$ 21,571	\$ 5,118,450
Accounts	552,720	-	-	-	-	-	552,720
Interest	215,574	-	-	-	-	-	215,574
Loans	-	5,420,267	4,367,406	-	-	-	9,787,673
Notes	-	7,926,591	1,336,484	-	-	-	9,263,075
Other	-	-	-	-	1,849	-	1,849
Due from other governments	<u>11,566</u>	<u>-</u>	<u>122,016</u>	<u>929,726</u>	<u>-</u>	<u>96,194</u>	<u>1,159,502</u>
Net Total Receivables	<u>\$ 5,876,739</u>	<u>\$ 13,346,858</u>	<u>\$ 5,825,906</u>	<u>\$ 929,726</u>	<u>\$ 1,849</u>	<u>\$ 117,765</u>	<u>\$ 26,098,843</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

4. RECEIVABLES (CONTINUED):

Proprietary Funds:

	Water <u>Enterprise</u>	Internal <u>Service</u>	<u>Total</u>
Accounts	\$ 2,213,753	\$ 813	\$ 2,214,566
Other	-	412,885	412,885
Due from other governments	<u>-</u>	<u>4,147</u>	<u>4,147</u>
Net Total Receivables	<u>\$ 2,213,753</u>	<u>\$ 417,845</u>	<u>\$ 2,631,598</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	\$ 450,351
HOME Rehab Loans, due upon sale of property	38,744
HOME Single Residence Loans, due upon sale of property	310,388
HOME Down Payment Assistance Loans, payable in monthly installments, with balance due upon sale of property	214,748
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>\$ 4,367,406</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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	\$ 2,426,863
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>\$ 5,420,267</u>

Notes 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.

\$ 850,000

\$610,662 note receivable from American Family Housing, dated July 8, 2015. The purpose of the loan is to assist with the developer in the purchase and development of property located at 13811 Locust Street in the City of Westminster, California as a long-term transitional housing project that may be modified to permanent rental housing for persons and families of very low and low income at affordable rent. As of June 30, 2016, \$486,484 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". The note shall accrue interest at the rate of zero percent.

486,484

Total Notes Receivable – Housing and Community Development \$ 1,336,484

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

4. RECEIVABLES (CONTINUED):

Governmental Activities (Continued):

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

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". \$ 201,000

\$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". 277,949

\$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". 150,312

\$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. 138,334

\$5,544,000 note receivable from AMCAL Royale Fund, L.P., dated February 2, 2010. The purpose of the loan is to assist with 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, 2016, \$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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

4. RECEIVABLES (CONTINUED):

Governmental Activities (Continued):

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

Notes Receivable - Westminster Housing Authority (Continued)

\$757,338 note receivable from American Family Housing, dated July 8, 2015. The purpose of the loan is to assist with the developer in the purchase and development of property located at 13811 Locust Street in the City of Westminster, California as a long-term transitional housing project that may be modified to permanent rental housing for persons and families of very low and low income at affordable rent. As of June 30, 2016, \$130,133 has been disbursed to the developer. Repayment of the 55 year loan is to be made in annual payments equal to 25% of the projects "residual receipts". The note shall accrue interest at a rate of zero percent..

\$ 130,122

\$2,100,000 note receivable from Affirmed Housing Group, Inc. dated June 30, 2016. The purpose of the loan is to assist with the developer in the purchase and development of property located at 14800 Beach Boulevard in the City of Westminster, California as an affordable apartment community for persons and families of low, very low and extremely low income households. As of June 30, 2016, \$1,900,000 has been disbursed to the developer. Repayment of the 55 year, 3% simple interest loan is to be made in annual payments equal to 50% of the projects "residual receipts".

1,900,000

Total Notes Receivable - Westminster Housing Authority

\$ 7,926,591

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.

Land Held For Resale Description	Parcel Number	Balance June 30, 2015	Transfers	Balance June 30, 2016
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, 2016

6. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2016 is as follows:

Governmental Activities:	Balance at <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Transfers <u>(a)</u>	Balance at <u>June 30, 2016</u>
Capital assets, not being depreciated:					
Land	\$ 11,703,975	\$ -	\$ -	\$ 4,868,606	\$ 16,572,581
Construction in progress	<u>19,360,245</u>	<u>-</u>	<u>(19,328,735)</u>	<u>-</u>	<u>31,510</u>
Total capital assets, not being depreciated	<u>31,064,220</u>	<u>-</u>	<u>(19,328,735)</u>	<u>4,868,606</u>	<u>16,604,091</u>
Capital assets, being depreciated:					
Buildings	84,193,377	16,828,875	-	17,700,564	118,722,816
Improvements other than buildings	14,013,131	13,231,317	(271)	-	27,244,177
Vehicles, machinery and equipment	8,858,977	714,158	(39,066)	-	9,534,069
Office furniture and equipment	7,438,578	909,938	(24,722)	-	8,323,794
Leased property	1,384,863	834,610	(745,250)	-	1,474,223
Infrastructure	<u>262,634,250</u>	<u>3,853,338</u>	<u>-</u>	<u>-</u>	<u>266,487,588</u>
Total capital assets, being depreciated	<u>378,523,176</u>	<u>36,372,236</u>	<u>(809,309)</u>	<u>17,700,564</u>	<u>431,786,667</u>
Less accumulated depreciation for:					
Buildings	(17,015,250)	(2,328,425)	-	(737,524)	(20,081,199)
Improvements other than buildings	(4,188,092)	(773,728)	271	-	(4,961,549)
Vehicles, machinery and equipment	(5,694,683)	(802,166)	39,066	-	(6,457,783)
Office furniture and equipment	(3,848,775)	(536,585)	24,722	-	(4,360,638)
Leased property	(904,958)	(504,581)	736,907	-	(672,632)
Infrastructure	<u>(168,899,270)</u>	<u>(7,385,616)</u>	<u>-</u>	<u>-</u>	<u>(176,284,886)</u>
Total accumulated depreciation	<u>(200,551,028)</u>	<u>(12,331,101)</u>	<u>800,966</u>	<u>(737,524)</u>	<u>(212,818,687)</u>
Total capital assets, being depreciated, net	<u>177,972,148</u>	<u>24,041,135</u>	<u>(8,343)</u>	<u>16,963,040</u>	<u>218,967,980</u>
Total governmental activities capital assets, net	<u>\$ 209,036,368</u>	<u>\$ 24,041,135</u>	<u>\$ (19,337,078)</u>	<u>\$ 21,831,646</u>	<u>\$ 235,572,071</u>

(a) A transfer of \$21,831,646 relates to the transfer of capital assets to the City from the Successor Agency to the Westminster Redevelopment Agency (SAWRA). These assets and others, were transferred to SAWRA in prior years while the State of California Department of Finance determined ownership via the City's submission of a Long Range Property Management Plan. Based on the Department's findings, some assets have been transferred back to the City.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

6. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activity capital assets at June 30, 2016 is as follows:

Business-type Activity:	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Capital assets, not being depreciated:				
Land and land rights	\$ 2,484,846	\$ -	\$ -	\$ 2,484,846
Total capital assets, 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	105,043	-	11,913,312
Water distribution lines	44,702,984	1,265,795	-	45,968,779
Machinery and equipment	13,082,188	-	(7,182)	13,075,006
Office furniture and equipment	<u>166,833</u>	<u>22,418</u>	<u>(18,159)</u>	<u>171,092</u>
Total capital assets, being depreciated	<u>69,851,853</u>	<u>1,393,256</u>	<u>(25,341)</u>	<u>71,219,768</u>
Less accumulated depreciation for:				
Buildings	(88,358)	(306)	-	(88,664)
Improvements other than buildings	(2,395,268)	(237,329)	-	(2,632,597)
Water distribution lines	(28,037,061)	(780,669)	-	(28,817,730)
Machinery and equipment	(9,041,562)	(247,761)	7,182	(9,282,141)
Office furniture and equipment	<u>(90,093)</u>	<u>(15,114)</u>	<u>18,159</u>	<u>(87,048)</u>
Total accumulated depreciation	<u>(39,652,342)</u>	<u>(1,281,179)</u>	<u>25,341</u>	<u>(40,908,180)</u>
Total capital assets, being depreciated, net	<u>30,199,511</u>	<u>112,077</u>	<u>-</u>	<u>30,311,588</u>
Business-type Activity capital assets, net	<u>\$ 32,684,357</u>	<u>\$ 112,077</u>	<u>\$ -</u>	<u>\$ 32,796,434</u>

The City maintains a reserve fund for capital improvement designed to encourage and improve on water conservation. For the year ended June 30, 2016, the Enterprise Funds' conservation projects reserve account totaled \$3,695,512.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

6. CAPITAL ASSETS (CONTINUED):

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

Governmental Activities:

General government	\$ 124,119
Public safety	1,451,500
Public works	7,601,662
Community development	1,241,785
Community services	572,477
Internal service funds	<u>1,339,558</u>
Total depreciation expense - governmental activities	<u>\$ 12,331,101</u>

Business-type Activity:

Water Fund	<u>\$ 1,281,179</u>
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7. LONG-TERM LIABILITIES:

The following is a summary of long-term liabilities transactions for the year ended June 30, 2016:

Governmental Activities:

	Balance			Balance			Due	Due in
	July 1, 2015	Additions	Reductions	June 30, 2016	Within	One Year	More Than	One Year
Certificates of participation	\$ 3,330,000	\$ -	\$ 545,000	\$ 2,785,000	\$ 570,000		\$ 2,215,000	
Leases payable	479,507	834,611	602,788	711,330	209,542		501,788	
Compensated absences	2,081,137	1,359,992	1,513,924	1,927,205	1,657,396		269,809	
Claims liabilities (Note 11)	10,828,920	5,578,506	2,081,861	14,325,565	3,581,391		10,744,174	
Pension liability (Note 8)	67,527,149	21,929,368	11,934,179	77,522,338	-		77,522,338	
OPEB liability (Note 9)	<u>18,314,204</u>	<u>2,871,617</u>	<u>1,930,711</u>	<u>19,255,110</u>	<u>-</u>		<u>19,255,110</u>	
Total								
Governmental Activities	<u>102,560,917</u>	<u>32,574,094</u>	<u>18,608,463</u>	<u>116,526,548</u>	<u>6,018,329</u>		<u>110,508,219</u>	

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity:

	Balance			Balance June 30, 2016	Due	Due in
	July 1, 2015	Additions	Reductions		Within One Year	More Than One Year
Certificates of participation	\$ 2,565,000	\$ -	\$ 240,000	\$ 2,325,000	\$ 250,000	\$ 2,075,000
Loans payable	1,686,655	-	114,424	1,572,231	118,441	1,453,790
Compensated absences	181,779	224,408	126,983	279,204	240,115	39,089
Pension liability (Note 8)	2,558,104	547,852	339,625	2,766,331	-	2,766,331
OPEB liability (Note 9)	<u>2,100,599</u>	<u>329,383</u>	<u>221,458</u>	<u>2,208,524</u>	<u>-</u>	<u>2,208,524</u>
Total						
Business-type Activity	<u>9,092,137</u>	<u>1,101,643</u>	<u>1,042,490</u>	<u>9,151,290</u>	<u>608,556</u>	<u>8,542,734</u>
City Total	<u>\$ 111,653,054</u>	<u>\$ 33,675,737</u>	<u>\$ 19,650,953</u>	<u>\$ 125,677,838</u>	<u>\$ 6,626,885</u>	<u>\$ 119,050,953</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, 2016

\$ 2,785,000

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2016 \$ 711,330

Capital assets acquired through the lease consisted of equipment with a net value of \$801,591, which consists of an original cost of \$1,315,999 less accumulated depreciation of \$514,408.

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, 2016 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, 2016 \$ 2,325,000

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2016, the calculation of the Enterprise Fund’s compliance with the rate coverage covenant is as follows:

Gross revenues:	
Charges for services	\$ 12,705,108
Investment income	117,837
Other	<u>26,622</u>
Total gross revenues	<u>12,849,567</u>
Operating expenses:	
Operating expenses	13,064,094
Depreciation and amortization	(1,281,180)
Vehicle replacement charges	<u>(186,000)</u>
Total operating costs	<u>11,596,914</u>
Net revenues	<u>\$ 1,252,653</u>
Installment payments:	
Principal payments	\$ 301,737
Interest payments	<u>154,495</u>
Total installment payments	<u>\$ 456,231</u>
Net revenues to installment payment coverage ratio	<u>275%</u>

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2016, the Enterprise Fund's capital equipment replacement reserve is as follows:

Capital equipment replacement reserve	<u>\$ 2,207,418</u>
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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.

	\$ 229,847
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\$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>1,342,384</u>
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Total Loans Payable	<u>\$ 1,572,231</u>
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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, 2016

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, 2016, including interest payments are as follows:

Year Ending June 30,	Certificates of Participation Governmental Activities		
	Principal	Interest	Total
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	335,000	29,550	364,550
2022	350,000	15,313	365,313
	<u>\$ 2,785,000</u>	<u>\$ 365,763</u>	<u>\$ 3,150,763</u>

Year Ending June 30,	Leases Payable Governmental Activities		
	Principal	Interest	Total
2017	\$ 209,542	\$ 4,191	\$ 213,733
2018	166,017	3,320	169,337
2019	335,771	6,715	342,486
	<u>\$ 711,330</u>	<u>\$ 14,226</u>	<u>\$ 725,556</u>

Year Ending June 30,	Certificates of Participation Business-type Activity		
	Principal	Interest	Total
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	295,000	53,600	348,600
2022-2024	965,000	84,344	1,049,344
	<u>\$ 2,325,000</u>	<u>\$ 462,568</u>	<u>\$ 2,787,568</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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 June 30,	Loans Payable		
	Business-type Activity		
	Principal	Interest	Total
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	73,395	36,475	109,870
2022-2026	407,592	130,624	538,216
2027-2031	484,560	71,248	555,808
2032-2033	107,381	3,780	111,161
	<u>\$ 1,572,231</u>	<u>\$ 433,033</u>	<u>\$ 2,005,264</u>

Year Ending June 30,	Grand Totals		
	Governmental and Business-type Activities		
	Principal	Interest	Total
2017	\$ 1,147,983	\$ 274,569	\$ 1,422,552
2018	1,143,616	231,000	1,374,616
2019	1,347,675	195,850	1,543,525
2020	736,359	149,237	885,596
2021	703,395	119,625	823,020
2022-2026	1,722,592	230,281	1,952,873
2027-2031	484,560	71,248	555,808
2032-2033	107,381	3,780	111,161
	<u>\$ 7,393,561</u>	<u>\$ 1,275,590</u>	<u>\$ 8,669,151</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. PENSION PLANS:

The following is a summary of pension related items for the year ended June 30, 2016:

	<u>Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalPERS Miscellaneous	\$ 30,737,016	\$ 2,432,527	\$ (2,609,071)	\$ 942,669
CalPERS Safety	48,264,075	3,624,844	(7,432,770)	3,081,790
PARS	<u>1,287,578</u>	<u>4,723</u>	-	<u>278,544</u>
	<u>\$ 80,288,669</u>	<u>\$ 6,062,094</u>	<u>\$ (10,041,841)</u>	<u>\$ 4,303,003</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 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service. PEPR miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. 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, 2016

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, 2016, are summarized as follows:

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. PENSION PLANS (CONTINUED):

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

General Information about the Pension Plans (Continued):

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	233
Inactive employees entitled to but not yet receiving benefits	130
Active employees	<u>125</u>
Total	<u><u>488</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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
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.

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. PENSION PLANS (CONTINUED):

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

Net Pension Liability (Continued):

Change of Assumptions

GASB 69, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65% 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 of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.65% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.65% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

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

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

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

8. PENSION PLANS (CONTINUED):

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

Net Pension Liability (Continued):

Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	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, 2016

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 Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2015	<u>\$ 115,470,793</u>	<u>\$ 87,047,406</u>	<u>\$ 28,423,387</u>
Changes in the Year:			
Service cost	1,545,832	-	1,545,832
Interest on the total pension liability	8,442,196	-	8,442,196
Differences between actual and expected experience	(814,859)	-	(814,859)
Changes in assumptions	(2,073,935)	-	(2,073,935)
Changes in benefit terms	-	-	-
Contribution - employer	-	1,995,892	(1,995,892)
Contribution - employee (paid by employer)	-	-	-
Contribution - employee	-	957,863	(957,863)
Net investment income	-	1,928,356	(1,928,356)
Administrative expenses	-	(96,506)	96,506
Benefit payments, including refunds of employee contributions	(5,998,818)	(5,998,818)	-
Net Changes	<u>1,100,416</u>	<u>(1,213,213)</u>	<u>2,313,629</u>
Balance at June 30, 2016	<u>\$ 116,571,209</u>	<u>\$ 85,834,193</u>	<u>\$ 30,737,016</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability for the Safety Plan as follows:

	Proportionate Share of Net Pension Liability
	<u> </u>
Safety	<u>\$ 48,264,075</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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2014 and 2015 was as follows:

	<u>Safety</u>
Proportion - June 30, 2014	1.08238%
Proportion - June 30, 2015	1.17133%
Change - Increase (Decrease)	0.08895%

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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	6.65%	6.65%
Net Pension Liability	\$ 46,329,198	\$ 78,066,684
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 30,737,016	\$ 48,264,075
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 17,889,419	\$ 23,826,483

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, 2016

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, 2016, the City recognized pension expense of \$4,024,459. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 6,057,371	\$ -
Differences between actual and expected experience	-	(843,932)
Change in assumptions	-	(2,851,458)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(4,716,784)
Net differences between projected and actual earnings on plan investments	-	(1,629,667)
Total	<u>\$ 6,057,371</u>	<u>\$ (10,041,841)</u>

\$6,057,371 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ (4,756,414)
2018	(4,254,982)
2019	(2,923,072)
2020	1,892,627
2021	-
Thereafter	-

Payable to the Pension Plan:

At June 30, 2016, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2016, the City's contribution was \$54,437.

Employees Covered

At June 30, 2016, 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, 2016

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, 2016, using an annual actuarial valuation as of June 30, 2016. 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2016
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 June 30, 2016	6.0 years
Amortization growth rate	0.00%
Inflation	0.00%
Salary Increases	N/A
Investment Rate of Return	6.00%
Cost of Living Adjustments	2.00%
Withdrawal/Disability	N/A
Mortality	Males: RP-2000 Male Table projected to 2020 using Scale BB (as prescribed by PARS) Females: RP-2000 Female Table projected to 2020 using Scale BB (as prescribed by PARS)
Form of Payment	Monthly as determined by plan document

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2016

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 June 30, 2016.

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
U.S. Cash	BAML 3 Month T-Bill	9.42%	0.42%	0.41%
U.S. Core Fixed Income	Barclays Aggregate	76.05%	2.12%	1.99%
U.S. Equity Market	Russell 3000	10.58%	5.21%	3.81%
Foreign Developed Equity	MSCI EAFE NR	2.55%	5.85%	4.20%
Emerging Markets Equity	MSCI Emerging Markets NR	0.66%	8.07%	4.79%
U.S. Real Estate	FTSE NAREIT Equity REIT	0.74%	5.14%	3.28%
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.89%	1.89%
Portfolio Real Mean Return			2.44%	2.32%
Portfolio Nominal Mean Return			4.75%	4.67%
Portfolio Standard Deviation				4.24%
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 is the use of a 2.85% rate in calculating the pension liability.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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 Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2015	<u>\$ 1,136,727</u>	<u>\$ 74,672</u>	<u>\$ 1,062,055</u>
Changes in the Year:			
Service cost	-	-	-
Interest on the total pension liability	42,261	-	42,261
Differences between actual and expected experience	6,959	-	6,959
Changes in assumptions	229,573	-	229,573
Changes in benefit terms	-	-	-
Contribution - employer	-	54,437	(54,437)
Contribution - employee (paid by employer)	-	-	-
Contribution - employee	-	-	-
Net investment income	-	1,732	(1,732)
Administrative expenses	-	(2,899)	2,899
Benefit payments, including refunds of employee contributions	(49,658)	(49,658)	-
Net Changes	<u>229,135</u>	<u>3,612</u>	<u>225,523</u>
Balance at June 30, 2016	<u>\$ 1,365,862</u>	<u>\$ 78,284</u>	<u>\$ 1,287,578</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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 to Changes in the Discount Rate

The following presents the net pension liability 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	1.85%
Net Pension Liability	\$ 1,529,786
Current Discount Rate	2.85%
Net Pension Liability	\$ 1,287,578
1% Increase	3.85%
Net Pension Liability	\$ 1,096,491

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

For the year ended June 30, 2016, the City recognized pension expense of \$278,544. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	4,723	-
Total	<u>\$ 4,723</u>	<u>\$ -</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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 Ending June 30,	Amount
2017	\$ 1,388
2018	1,388
2019	1,387
2020	560
2021	-
Thereafter	-

Payable to the Pension Plan:

At June 30, 2016, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

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, 2016, the City's payroll covered by the plan was \$1,254,685. Contributions to the plan totaled \$94,102 with employee contributions in the amount of \$75,318 (6.0% of current covered payroll) and City contributions in the amount of \$18,784 (1.5% of current covered payroll).

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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>2016 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 (\$125 in 2016)
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, 2016

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, 2016, the City paid \$2,152,169 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 <u>Activities</u>	Business-type <u>Activity</u>	<u>Totals</u>
Annual required contribution	\$ 3,033,992	\$ 348,008	\$ 3,382,000
Interest on net OPEB obligation	732,931	84,069	817,000
Adjustment to annual required contribution	<u>(895,306)</u>	<u>(102,694)</u>	<u>(998,000)</u>
Annual OPEB cost (expense)	2,871,617	329,383	3,201,000
Actual contributions made	<u>(1,930,711)</u>	<u>(221,458)</u>	<u>(2,152,169)</u>
Increase in net OPEB obligation	940,906	107,925	1,048,831
Net OPEB Obligation - beginning of year	<u>18,314,204</u>	<u>2,100,599</u>	<u>20,414,803</u>
Net OPEB Obligation - end of year	<u>\$ 19,255,110</u>	<u>\$ 2,208,524</u>	<u>\$ 21,463,634</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2016, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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
06/30/16	3,201,000	2,152,169	67.2 %	21,463,634

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 (\$42,127,000 for the governmental activities and \$4,582,000 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, 2016

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, 2016 was 22 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, 2016

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 \$400,000 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, 2016

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, 2016, the Risk Management Fund had an accumulated fund deficit of \$1,110,195. Also, at June 30, 2016, the Compensation/Benefits Fund had an accumulated fund deficit of \$338,433. The claims liabilities of \$7,339,528 and \$6,986,037 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2016 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 2016 and 2015 were as follows:

	Risk Management Fund		Compensation/Benefits Fund	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Beginning-year liability	\$ 7,578,008	\$ 6,417,620	\$ 3,250,912	\$ 2,713,915
Current-year claims and changes in estimates	268,182	1,371,318	5,310,324	1,663,944
Claim payments	<u>(506,662)</u>	<u>(210,930)</u>	<u>(1,575,199)</u>	<u>(1,126,947)</u>
Balance at fiscal year-end	<u>\$ 7,339,528</u>	<u>\$ 7,578,008</u>	<u>\$ 6,986,037</u>	<u>\$ 3,250,912</u>

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications established as of June 30, 2016 were as follows:

	<u>General</u>	<u>Special Revenue Funds</u>			<u>Capital</u>	<u>Other</u>	<u>Total</u>
		<u>Westminster Housing Authority</u>	<u>Housing and Community Development</u>	<u>Special Gas Tax and Street Improvements</u>	<u>Projects Fund Capital Improvements</u>		
Nonspendable:							
Prepaid items	\$ 27,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,125
Restricted for:							
Housing authority	-	25,554,647	-	-	-	-	25,554,647
Housing and community development	-	-	850,000	-	-	-	850,000
Debt service	-	-	-	222,410	-	263,761	486,171
Parks	-	-	-	-	-	1,649,978	1,649,978
Special police services	-	-	-	-	-	1,898,839	1,898,839
Municipal lighting	-	-	-	-	-	2,148,642	2,148,642
Other grants	-	-	-	-	-	751,534	751,534
Offside drainage district	-	-	-	-	-	147,437	147,437
Total Restricted	-	25,554,647	850,000	222,410	-	6,860,191	33,487,248
Assigned:							
Capital projects	-	-	-	-	17,292,151	-	17,292,151
Community promotions	-	-	-	-	-	1,220,963	1,220,963
Total Assigned	-	-	-	-	17,292,151	1,220,963	18,513,114
Unassigned	22,473,917	-	(49,972)	(1,844,686)	-	-	20,579,259
Total Fund							
Balances (Deficit)	\$ 22,501,042	\$ 25,554,647	\$ 800,028	\$ (1,622,276)	\$ 17,292,151	\$ 8,081,154	\$ 72,606,746

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2016

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances/Net Position

The following Funds have either a deficit fund balance or deficit net position balance at June 30, 2016. 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 Funds' net position deficits are primarily the result of an increase in the claims payable liability.

Major Fund:	
Special Gas Tax and Street Improvements Special Revenue Fund	\$ (1,622,276)
Internal Service Fund:	
Risk Management	(1,110,195)
Compensation/Benefits	(338,433)

14. COMMITMENTS AND CONTINGENCIES:

Claims and Judgments:

At June 30, 2016, 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, 2016

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 \$21,831,646. The transfer of land and buildings are shown as an extraordinary loss in the Successor Agency.

Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Balance at July 1, 2015	Additions	Reductions	Balance at June 30, 2016	Due Within One Year	Due in More Than One Year
Tax allocation bonds payable	\$119,860,000	\$ -	\$ 1,890,000	\$117,970,000	\$ 1,965,000	\$116,005,000

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.

\$ 21,630,000

\$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, 2016

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. \$ 23,285,000

Total Tax Allocation Bonds \$ 117,970,000

The annual requirements to amortize the tax allocation bonds outstanding as of June 30, 2016, including interest payments are as follows:

Year Ending June 30,	Tax Allocation Bonds		
	Principal	Interest	Total
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	2,305,000	6,190,219	8,495,219
2022-2026	13,180,000	29,237,217	42,417,217
2027-2031	15,235,000	25,671,561	40,906,561
2032-2036	19,020,000	20,754,806	39,774,806
2037-2041	25,660,000	13,921,978	39,581,978
2042-2046	<u>34,210,000</u>	<u>5,156,944</u>	<u>39,366,944</u>
	<u>\$ 117,970,000</u>	<u>\$ 126,587,214</u>	<u>\$ 244,557,214</u>

The Successor Agency transferred unspent bond proceeds on the 2009 tax allocation bonds to the City in the amount of \$5,336,435. The transfer of fiscal agent cash is shown as an extraordinary loss in the Successor Agency.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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, 2016, the aggregate principal amount of Bonds outstanding totaled \$4,972,500.

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.

In September 2015, the Legislature passed and the Governor signed SB 107, which made additional changes to the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, 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.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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

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.

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 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.

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. 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, 2016 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.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

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

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.

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. EXTRAORDINARY ITEMS:

The Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund transferred certain assets to the City upon the final completion of the property management plan and acceptance by the California Department of Finance required under the redevelopment agency dissolution process and changes made to the dissolution process by Senate Bill 107 passed by the California legislature in September 2015.

<u>Description</u>	<u>Amount</u>
Transfers of land and public improvements used for government purposes	\$ 21,831,646
Transfer of bond proceeds	<u>5,336,435</u>
Total Extraordinary Items	<u>\$ 27,168,081</u>

The extraordinary loss reported in the Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund is reported as an extraordinary gain in the City's government-wide financial statements.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2016

18. SUBSEQUENT EVENTS:

In August 2016, the Successor Agency to the Westminster Redevelopment Agency issued \$77,425,000 2016 Subordinate Tax Allocation Bonds (2016 Bonds) to advance refund \$73,055,000 in outstanding 2009 Subordinate Tax Allocation Bonds (2009 Bonds). The proceeds from the 2016 Bonds were deposited in an escrow fund to allow the par amount of \$73,055,000 of the 2009 Bonds to be redeemed on November 1, 2019.

Other events occurring after June 30, 2016 have been evaluated for possible adjustments to the financial statements or disclosure as of November 29, 2016, which is the date these financial statements were available to be issued.

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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*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.70316%	0.65247%
Plan's proportionate share of the net pension liability	\$ 48,264,075	\$ 40,599,811
Plan's covered - employee payroll	\$ 9,177,397	\$ 9,232,577
Plan's proportionate share of the net pension liability as a percentage of covered - employee payroll	525.90%	439.75%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	78.40%	81.21%
Plan's proportionate share of aggregate employer contributions	\$ 5,753,034	\$ 4,966,989

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

GASB 69, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

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

CITY OF WESTMINSTER
 SCHEDULE OF CONTRIBUTIONS
 CalPERS SAFETY PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 3,624,844	\$ 2,607,628
Contributions in relation to the actuarially determined contributions	<u>(3,624,844)</u>	<u>(2,607,628)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 9,200,544	\$ 9,177,397
Contributions as a percentage of covered - employee payroll	39.40%	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 two years are shown.

** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method.

CITY OF WESTMINSTER

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

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2015	June 30, 2014
Total Pension Liability:		
Service cost	\$ 1,545,832	\$ 1,596,416
Interest on total pension liability	8,442,196	8,193,716
Differences between expected and actual experience	(814,859)	-
Changes in assumptions	(2,073,935)	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	<u>(5,998,818)</u>	<u>(5,541,372)</u>
Net Change in Total Pension Liability	1,100,416	4,248,760
Total Pension Liability - Beginning of Year	<u>115,470,793</u>	<u>111,222,033</u>
Total Pension Liability - End of Year (a)	<u>\$ 116,571,209</u>	<u>\$ 115,470,793</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 1,995,892	\$ 1,893,680
Contributions - employee	957,863	950,841
Net investment income	1,928,356	13,071,051
Benefit payments	(5,998,818)	(5,541,372)
Administrative expenses	<u>(96,506)</u>	-
Net Change in Plan Fiduciary Net Position	(1,213,213)	10,374,200
Plan Fiduciary Net Position - Beginning of Year	<u>87,047,406</u>	<u>76,673,206</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 85,834,193</u>	<u>\$ 87,047,406</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 30,737,016</u>	<u>\$ 28,423,387</u>
Plan fiduciary net position as a percentage of the total pension liability	73.63%	75.38%
Covered - employee payroll	\$ 9,615,714	\$ 9,591,542
Net pension liability as percentage of covered- employee payroll	319.65%	296.34%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

GASB 69, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

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

CITY OF WESTMINSTER

SCHEDULE OF CONTRIBUTIONS
CalPERS MISCELLANEOUS PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 2,432,527	\$ 1,995,892
Contributions in relation to the actuarially determined contributions	<u>(2,432,527)</u>	<u>(1,995,892)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 9,763,265	\$ 9,615,714
Contributions as a percentage of covered - employee payroll	24.92%	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 two years are shown.

** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method.

CITY OF WESTMINSTER

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

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2016	June 30, 2015
Total Pension Liability:		
Service cost	\$ -	\$ -
Interest on total pension liability	42,261	42,514
Differences between expected and actual experience	6,959	-
Changes in assumptions	229,573	78,569
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	(49,658)	(48,685)
Net Change in Total Pension Liability	229,135	72,398
Total Pension Liability - Beginning of Year	1,136,727	1,064,329
Total Pension Liability - End of Year (a)	\$ 1,365,862	\$ 1,136,727
Plan Fiduciary Net Position:		
Contributions - employer	\$ 54,437	\$ 53,370
Contributions - employee	-	-
Net investment income	1,732	(2,569)
Benefit payments	(49,658)	(48,685)
Benefit payments	(2,899)	-
Net Change in Plan Fiduciary Net Position	3,612	2,116
Plan Fiduciary Net Position - Beginning of Year	74,672	72,556
Plan Fiduciary Net Position - End of Year (b)	\$ 78,284	\$ 74,672
Net Pension Liability - Ending (a)-(b)	\$ 1,287,578	\$ 1,062,055
Plan fiduciary net position as a percentage of the total pension liability	5.73%	6.57%
Covered - employee payroll	N/A	N/A
Net pension (asset) liability as a percentage of covered- employee payroll	N/A	N/A

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 two years are shown.

CITY OF WESTMINSTER

SCHEDULE OF CONTRIBUTIONS
PARS PENSION PLAN

Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 154,322	\$ 129,852
Contributions in relation to the actuarially determined contributions	<u>(54,437)</u>	<u>(53,370)</u>
Contribution deficiency (excess)	<u>\$ 99,885</u>	<u>\$ 76,482</u>
Covered - employee payroll	N/A	N/A
Contributions as a percentage of covered - employee payroll	N/A	N/A

Notes to Schedule:

Valuation Date 06/30/2016

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level dollar
Remaining amortization period	6 years at June 30, 2016
Asset valuation method	None
Inflation	0.00%
Salary increases	N/A
Cost of living adjustment	2.00%
Investment rate of return	6%
Mortality	Males: RP-2000 Male Table projected to 2020 using Scale BB (as prescribed by PARS). Females: RP-2000 Female Table projected to 2020 using Scale BB (as prescribed by PARS)

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

CITY OF WESTMINSTER

SCHEDULE OF FUNDING PROGRESS

For the year ended June 30, 2016

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 37,807,400	\$ 37,807,400	\$ 38,937,378	\$ 1,129,978
Licenses and permits	770,600	770,600	924,622	154,022
Fines	1,000,000	1,000,000	966,786	(33,214)
Investment and rental	1,118,000	1,118,000	1,711,239	593,239
Intergovernmental	87,000	87,000	212,794	125,794
Charges for services	5,970,740	5,970,740	6,140,366	169,626
Other	313,915	313,915	520,952	207,037
TOTAL REVENUES	47,067,655	47,067,655	49,414,137	2,346,482
EXPENDITURES:				
Current:				
General government	3,052,813	3,211,813	2,798,612	413,201
Public safety	40,283,247	40,283,247	39,155,975	1,127,272
Public works	4,440,164	4,440,164	4,120,634	319,530
Community development	2,100,000	2,103,593	2,045,058	58,535
Community services	2,451,000	2,451,000	2,213,296	237,704
TOTAL EXPENDITURES	52,327,224	52,489,817	50,333,575	2,156,242
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(5,259,569)	(5,422,162)	(919,438)	4,502,724
OTHER FINANCING SOURCES (USES):				
Sale of equipment and property	5,000	5,000	8,073	3,073
Transfers in	1,575,000	1,575,000	1,578,211	3,211
Transfers out	(100,000)	(282,650)	(282,650)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,480,000	1,297,350	1,303,634	6,284
NET CHANGE IN FUND BALANCE	(3,779,569)	(4,124,812)	384,196	4,509,008
FUND BALANCE - BEGINNING OF YEAR	22,116,846	22,116,846	22,116,846	-
FUND BALANCE - END OF YEAR	\$ 18,337,277	\$ 17,992,034	\$ 22,501,042	\$ 4,509,008

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 20,000	\$ 20,000	\$ 45,511	\$ 25,511
Intergovernmental	50,000	50,000	-	(50,000)
Other	-	-	17,960	17,960
TOTAL REVENUES	70,000	70,000	63,471	(6,529)
EXPENDITURES:				
Current:				
Community development	1,708,000	1,708,000	953,093	754,907
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,638,000)	(1,638,000)	(889,622)	748,378
FUND BALANCE - BEGINNING OF YEAR	26,444,269	26,444,269	26,444,269	-
FUND BALANCE - END OF YEAR	\$ 24,806,269	\$ 24,806,269	\$ 25,554,647	\$ 748,378

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines	\$ -	\$ -	\$ 14,700	\$ 14,700
Intergovernmental	2,058,078	2,058,078	1,439,970	(618,108)
TOTAL REVENUES	2,058,078	2,058,078	1,454,670	(603,408)
EXPENDITURES:				
Current:				
Community development	1,461,713	1,536,466	1,125,923	410,543
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	596,365	521,612	328,747	(192,865)
OTHER FINANCING USES:				
Transfers out	(250,000)	(250,000)	(250,000)	-
NET CHANGE IN FUND BALANCE	346,365	271,612	78,747	(192,865)
FUND BALANCE - BEGINNING OF YEAR	721,281	721,281	721,281	-
FUND BALANCE - END OF YEAR	\$ 1,067,646	\$ 992,893	\$ 800,028	\$ (192,865)

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 4,003,000	\$ 4,003,000	\$ 3,046,792	\$ (956,208)
Investment and rental	20,000	20,000	31,034	11,034
Intergovernmental	1,201,700	1,201,700	567,449	(634,251)
Charges for services	50,000	100,000	92,474	(7,526)
Other	-	-	555	555
TOTAL REVENUES	<u>5,274,700</u>	<u>5,324,700</u>	<u>3,738,304</u>	<u>(1,586,396)</u>
EXPENDITURES:				
Current:				
Community development	1,966,180	1,968,680	1,807,821	160,859
Debt service:				
Principal retirement	176,000	176,000	175,761	239
Interest and fiscal charges	46,000	46,000	45,617	383
TOTAL EXPENDITURES	<u>2,188,180</u>	<u>2,190,680</u>	<u>2,029,199</u>	<u>161,481</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,086,520	3,134,020	1,709,105	(1,424,915)
OTHER FINANCING USES:				
Transfers out	<u>(3,290,850)</u>	<u>(3,290,850)</u>	<u>(3,290,850)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(204,330)	(156,830)	(1,581,745)	(1,424,915)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(40,531)</u>	<u>(40,531)</u>	<u>(40,531)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (244,861)</u></u>	<u><u>\$ (197,361)</u></u>	<u><u>\$ (1,622,276)</u></u>	<u><u>\$ (1,424,915)</u></u>

See accompanying note to required supplementary information.

CITY OF WESTMINSTER

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

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 and state grants related to crime prevention.

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 and the proceeds of the sale are used to fund the repayment of the 2008 Certificates of Participation related to the Rose Center and 800 mhz.

CITY OF WESTMINSTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2016

	Special Revenue Funds		
	Parks Dedication	Special Police Services	Municipal Lighting
ASSETS			
Cash and investments	\$ 1,649,978	\$ 1,995,617	\$ 2,138,506
Receivables, net of allowance:			
Taxes	-	-	21,571
Due from other governments	-	46,236	-
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
TOTAL ASSETS	\$ 1,649,978	\$ 2,041,853	\$ 2,160,077
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	\$ -	\$ 52,675	\$ -
Deposits	-	90,339	-
TOTAL LIABILITIES	-	143,014	-
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	-	11,435
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	143,014	11,435
FUND BALANCES:			
Restricted for:			
Parks	1,649,978	-	-
Special police services	-	1,898,839	-
Municipal lighting	-	-	2,148,642
Other grants	-	-	-
Offsite drainage district	-	-	-
Debt service	-	-	-
Assigned:			
Community promotions	-	-	-
TOTAL FUND BALANCES	1,649,978	1,898,839	2,148,642
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,649,978	\$ 2,041,853	\$ 2,160,077

Special Revenue Funds (Continued)			Total Other Governmental Funds
Other Grants	Offsite Drainage District	Community Promotion	
\$ 720,914	\$ 147,437	\$ 1,484,647	\$ 8,137,099
-	-	-	21,571
49,958	-	-	96,194
-	-	77	77
<u>\$ 770,872</u>	<u>\$ 147,437</u>	<u>\$ 1,484,724</u>	<u>\$ 8,254,941</u>
\$ 19,338	\$ -	\$ -	\$ 72,013
-	-	-	90,339
<u>19,338</u>	<u>-</u>	<u>-</u>	<u>162,352</u>
-	-	-	11,435
<u>19,338</u>	<u>-</u>	<u>-</u>	<u>173,787</u>
-	-	-	1,649,978
-	-	-	1,898,839
-	-	-	2,148,642
751,534	-	-	751,534
-	147,437	-	147,437
-	-	263,761	263,761
-	-	1,220,963	1,220,963
<u>751,534</u>	<u>147,437</u>	<u>1,484,724</u>	<u>8,081,154</u>
<u>\$ 770,872</u>	<u>\$ 147,437</u>	<u>\$ 1,484,724</u>	<u>\$ 8,254,941</u>

CITY OF WESTMINSTER

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

For the year ended June 30, 2016

	Special Revenue Funds		
	Parks Dedication	Special Police Services	Municipal Lighting
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,434,490
Investment and rental	24,607	20,795	35,305
Intergovernmental	-	378,419	-
Charges for services	985,854	3,630	-
Other	18,225	67,993	-
TOTAL REVENUES	<u>1,028,686</u>	<u>470,837</u>	<u>1,469,795</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	511,770	-
Community development	51,434	-	931,510
Community services	-	-	-
Capital outlay	-	9,245	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	160	-
TOTAL EXPENDITURES	<u>51,434</u>	<u>521,175</u>	<u>931,510</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>977,252</u>	<u>(50,338)</u>	<u>538,285</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	75,000	-
Transfers out	(68,000)	(1,591)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(68,000)</u>	<u>73,409</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	909,252	23,071	538,285
FUND BALANCES - BEGINNING OF YEAR	<u>740,726</u>	<u>1,875,768</u>	<u>1,610,357</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,649,978</u>	<u>\$ 1,898,839</u>	<u>\$ 2,148,642</u>

Special Revenue Funds (Continued)			Total
Other	Offsite	Community	Other
Grants	Drainage	Promotion	Governmental
	District		Funds
\$ -	\$ -	\$ -	\$ 1,434,490
7,486	1,649	17,429	107,271
643,683	-	-	1,022,102
-	1,044	-	990,528
22,647	-	-	108,865
<u>673,816</u>	<u>2,693</u>	<u>17,429</u>	<u>3,663,256</u>
56,344	-	-	56,344
-	-	-	511,770
237,073	134	851	1,221,002
335,292	-	-	335,292
-	-	-	9,245
-	-	208,439	208,439
-	-	54,098	54,258
<u>628,709</u>	<u>134</u>	<u>263,388</u>	<u>2,396,350</u>
<u>45,107</u>	<u>2,559</u>	<u>(245,959)</u>	<u>1,266,906</u>
-	-	60,000	135,000
-	-	-	(69,591)
-	-	60,000	65,409
45,107	2,559	(185,959)	1,332,315
706,427	144,878	1,670,683	6,748,839
<u>\$ 751,534</u>	<u>\$ 147,437</u>	<u>\$ 1,484,724</u>	<u>\$ 8,081,154</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 10,000	\$ 10,000	\$ 24,607	\$ 14,607
Charges for services	50,000	1,050,000	985,854	(64,146)
Other	-	-	18,225	18,225
TOTAL REVENUES	60,000	1,060,000	1,028,686	(31,314)
EXPENDITURES:				
Current:				
Community development	3,000	56,000	51,434	4,566
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	57,000	1,004,000	977,252	(26,748)
OTHER FINANCING USES:				
Transfers out	(50,000)	(68,000)	(68,000)	-
NET CHANGE IN FUND BALANCE	7,000	936,000	909,252	(26,748)
FUND BALANCE - BEGINNING OF YEAR	740,726	740,726	740,726	-
FUND BALANCE - END OF YEAR	\$ 747,726	\$ 1,676,726	\$ 1,649,978	\$ (26,748)

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 11,000	\$ 11,000	\$ 20,795	\$ 9,795
Intergovernmental	240,620	499,890	378,419	(121,471)
Charges for services	2,000	2,000	3,630	1,630
Other	100,000	100,000	67,993	(32,007)
	<u>353,620</u>	<u>612,890</u>	<u>470,837</u>	<u>(142,053)</u>
TOTAL REVENUES				
EXPENDITURES:				
Current:				
Public safety	929,291	1,108,661	511,770	596,891
Capital outlay	32,175	32,175	9,245	22,930
Debt service:				
Interest and fiscal charges	1,000	1,000	160	840
	<u>962,466</u>	<u>1,141,836</u>	<u>521,175</u>	<u>620,661</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(608,846)</u>	<u>(528,946)</u>	<u>(50,338)</u>	<u>478,608</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	75,000	75,000	75,000	-
Transfers out	-	-	(1,591)	(1,591)
	<u>75,000</u>	<u>75,000</u>	<u>73,409</u>	<u>(1,591)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCE	(533,846)	(453,946)	23,071	477,017
FUND BALANCE - BEGINNING OF YEAR	<u>1,875,768</u>	<u>1,875,768</u>	<u>1,875,768</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,341,922</u>	<u>\$ 1,421,822</u>	<u>\$ 1,898,839</u>	<u>\$ 477,017</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,095,000	\$ 1,465,000	\$ 1,434,490	\$ (30,510)
Investment and rental	25,000	25,000	35,305	10,305
TOTAL REVENUES	<u>1,120,000</u>	<u>1,490,000</u>	<u>1,469,795</u>	<u>(20,205)</u>
EXPENDITURES:				
Current:				
Community development	<u>948,000</u>	<u>968,000</u>	<u>931,510</u>	<u>36,490</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	172,000	522,000	538,285	16,285
FUND BALANCE - BEGINNING OF YEAR	<u>1,610,357</u>	<u>1,610,357</u>	<u>1,610,357</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,782,357</u>	<u>\$ 2,132,357</u>	<u>\$ 2,148,642</u>	<u>\$ 16,285</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 4,000	\$ 4,000	\$ 7,486	\$ 3,486
Intergovernmental	664,061	664,061	643,683	(20,378)
Other	8,000	8,000	22,647	14,647
TOTAL REVENUES	<u>676,061</u>	<u>676,061</u>	<u>673,816</u>	<u>(2,245)</u>
EXPENDITURES:				
Current:				
General government	83,600	83,600	56,344	27,256
Community development	293,847	293,847	237,073	56,774
Community services	342,000	342,000	335,292	6,708
TOTAL EXPENDITURES	<u>719,447</u>	<u>719,447</u>	<u>628,709</u>	<u>90,738</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(43,386)	(43,386)	45,107	88,493
FUND BALANCE - BEGINNING OF YEAR	<u>706,427</u>	<u>706,427</u>	<u>706,427</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 663,041</u>	<u>\$ 663,041</u>	<u>\$ 751,534</u>	<u>\$ 88,493</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 2,000	\$ 2,000	\$ 1,649	\$ (351)
Charges for services	3,000	3,000	1,044	(1,956)
TOTAL REVENUES	5,000	5,000	2,693	(2,307)
EXPENDITURES:				
Current:				
Community development	250	250	134	116
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,750	4,750	2,559	(2,191)
FUND BALANCE - BEGINNING OF YEAR	144,878	144,878	144,878	-
FUND BALANCE - END OF YEAR	\$ 149,628	\$ 149,628	\$ 147,437	\$ (2,191)

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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 8,000	\$ 8,000	\$ 17,429	\$ 9,429
TOTAL REVENUES	8,000	8,000	17,429	9,429
EXPENDITURES:				
Current:				
Community development	3,500	3,500	851	2,649
Debt service:				
Principal retirement	208,439	208,439	208,439	-
Interest and fiscal charges	54,100	54,100	54,098	2
TOTAL EXPENDITURES	266,039	266,039	263,388	2,651
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(258,039)	(258,039)	(245,959)	12,080
OTHER FINANCING SOURCES:				
Transfers in	60,000	60,000	60,000	-
NET CHANGE IN FUND BALANCE	(198,039)	(198,039)	(185,959)	12,080
FUND BALANCE - BEGINNING OF YEAR	1,670,683	1,670,683	1,670,683	-
FUND BALANCE - END OF YEAR	\$ 1,472,644	\$ 1,472,644	\$ 1,484,724	\$ 12,080

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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, 2016

	Risk Management	Compensation/ Benefits
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ -	\$ 1,321,379
Accounts receivable	-	-
Other receivables	-	412,876
Prepaid items	-	27,219
Inventories	-	-
	-	-
TOTAL CURRENT ASSETS	-	1,761,474
RESTRICTED ASSETS:		
Cash and investments	6,330,356	6,725,360
CAPITAL ASSETS:		
Buildings	-	-
Improvements other than buildings	-	-
Vehicles	-	-
Machinery and equipment	-	-
Office furniture, computers and equipment	-	-
Leased property	-	-
TOTAL CAPITAL ASSETS	-	-
Less accumulated depreciation	-	-
NET CAPITAL ASSETS	-	-
TOTAL ASSETS	6,330,356	8,486,834
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	-	-

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 1,756,167	\$ 1,161,445	\$ 4,238,991
4,571	398	4,969
-	-	412,876
8,715	-	35,934
<u>16,710</u>		<u>16,710</u>
<u>1,786,163</u>	<u>1,161,843</u>	<u>4,709,480</u>
<u>414,509</u>	<u>289,729</u>	<u>13,759,954</u>
-	4,384,878	4,384,878
585,555	37,300	622,855
4,396,568	-	4,396,568
208,407	26,628	235,035
2,450,304	270,082	2,720,386
1,474,221	-	1,474,221
<u>9,115,055</u>	<u>4,718,888</u>	<u>13,833,943</u>
<u>(5,393,553)</u>	<u>(1,806,899)</u>	<u>(7,200,452)</u>
<u>3,721,502</u>	<u>2,911,989</u>	<u>6,633,491</u>
<u>5,922,174</u>	<u>4,363,561</u>	<u>25,102,925</u>
<u>6,026</u>	<u>140,759</u>	<u>146,785</u>

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
(CONTINUED)

June 30, 2016

	<u>Risk Management</u>	<u>Compensation/ Benefits</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 101,023	\$ 2,144
Claims payable	1,834,882	1,746,509
Compensated absences	-	1,579,894
Leases payable	-	-
Certificates of participation	-	-
	<u>1,935,905</u>	<u>3,328,547</u>
LONG-TERM LIABILITIES:		
Claims payable	5,504,646	5,239,528
Compensated absences	-	257,192
Leases payable	-	-
Certificates of participation	-	-
	<u>5,504,646</u>	<u>5,496,720</u>
TOTAL LIABILITIES	<u>7,440,551</u>	<u>8,825,267</u>
NET POSITION:		
Net investment in capital assets	-	-
Unrestricted	(1,110,195)	(338,433)
	<u>(1,110,195)</u>	<u>(338,433)</u>
TOTAL NET POSITION	<u>\$ (1,110,195)</u>	<u>\$ (338,433)</u>

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 130,255	\$ 106,145	\$ 339,567
-	-	3,581,391
47,435	30,067	1,657,396
209,542	-	209,542
19,555	148,622	168,177
<u>406,787</u>	<u>284,834</u>	<u>5,956,073</u>
-	-	10,744,174
7,722	4,895	269,809
501,788	-	501,788
75,990	577,539	653,529
<u>585,500</u>	<u>582,434</u>	<u>12,169,300</u>
<u>992,287</u>	<u>867,268</u>	<u>18,125,373</u>
2,920,653	2,326,586	5,247,239
2,015,260	1,310,466	1,877,098
<u>\$ 4,935,913</u>	<u>\$ 3,637,052</u>	<u>\$ 7,124,337</u>

CITY OF WESTMINSTER

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

For the year ended June 30, 2016

	Risk Management	Compensation/ Benefits
OPERATING REVENUES:		
Charges for services	\$ 2,017,000	\$ 13,711,205
Other	425,150	1,506,024
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	2,442,150	15,217,229
	<hr/>	<hr/>
OPERATING EXPENSES:		
Salaries	-	3,892,219
Maintenance and operations	539,701	1,277,868
Insurance premiums and legal fees	1,635,730	2,248,959
Claims and benefits	268,182	11,604,903
Depreciation and amortization	-	-
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	2,443,613	19,023,949
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(1,463)	(3,806,720)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES):		
Investment income	-	-
Interest and fiscal charges	-	-
Gain on sale of property and equipment	-	-
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-
	<hr/>	<hr/>
NET INCOME (LOSS) BEFORE TRANSFERS	(1,463)	(3,806,720)
	<hr/>	<hr/>
TRANSFERS:		
Transfers in	-	-
Transfers out	-	-
	<hr/>	<hr/>
TOTAL TRANSFERS	-	-
	<hr/>	<hr/>
CHANGE IN NET POSITION	(1,463)	(3,806,720)
	<hr/>	<hr/>
NET POSITION - BEGINNING OF YEAR	(1,108,732)	3,468,287
	<hr/>	<hr/>
NET POSITION - END OF YEAR	<u>\$ (1,110,195)</u>	<u>\$ (338,433)</u>

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 3,199,712	\$ 2,268,000	\$ 21,195,917
197,121	16,043	2,144,338
<u>3,396,833</u>	<u>2,284,043</u>	<u>23,340,255</u>
950,413	343,896	5,186,528
1,985,287	1,621,578	5,424,434
-	-	3,884,689
-	-	11,873,085
1,199,597	139,961	1,339,558
<u>4,135,297</u>	<u>2,105,435</u>	<u>27,708,294</u>
<u>(738,464)</u>	<u>178,608</u>	<u>(4,368,039)</u>
47,180	23,930	71,110
(5,798)	(60,192)	(65,990)
496,130	-	496,130
<u>537,512</u>	<u>(36,262)</u>	<u>501,250</u>
<u>(200,952)</u>	<u>142,346</u>	<u>(3,866,789)</u>
637,665	74,129	711,794
(665,000)	(112,000)	(777,000)
<u>(27,335)</u>	<u>(37,871)</u>	<u>(65,206)</u>
(228,287)	104,475	(3,931,995)
<u>5,164,200</u>	<u>3,532,577</u>	<u>11,056,332</u>
<u>\$ 4,935,913</u>	<u>\$ 3,637,052</u>	<u>\$ 7,124,337</u>

CITY OF WESTMINSTER

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2016

	Risk Management	Compensation/ Benefits
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customer	\$ 2,442,544	\$ 15,147,244
Payment to suppliers	(2,638,709)	(11,394,995)
Payment to employees	-	(4,066,184)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(196,165)</u>	<u>(313,935)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
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>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	-
NET (INCREASE) DECREASE IN CASH AND CASH EQUIVALENTS	(196,165)	(313,935)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>6,526,521</u>	<u>8,360,674</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,330,356</u>	<u>\$ 8,046,739</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (1,463)	\$ (3,806,720)
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	394	(69,985)
(Increase) decrease in prepaid items	-	(534)
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and other liabilities	43,384	2,144
Increase (decrease) in claims payable	(238,480)	3,735,125
Increase (decrease) in compensated absences payable	-	(173,965)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (196,165)</u>	<u>\$ (313,935)</u>
NONCASH ITEM:		
Capital lease proceeds	<u>\$ -</u>	<u>\$ -</u>

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 3,400,020	\$ 2,284,543	\$ 23,274,351
(1,786,123)	(1,629,868)	(17,449,695)
(944,180)	(330,096)	(5,340,460)
<u>669,717</u>	<u>324,579</u>	<u>484,196</u>
637,665	74,129	711,794
(665,000)	(112,000)	(777,000)
<u>(27,335)</u>	<u>(37,871)</u>	<u>(65,206)</u>
(786,334)	(74,129)	(860,463)
629,312	-	629,312
(602,787)	-	(602,787)
(18,697)	(142,103)	(160,800)
(4,790)	(36,408)	(41,198)
<u>(783,296)</u>	<u>(252,640)</u>	<u>(1,035,936)</u>
<u>47,180</u>	<u>23,930</u>	<u>71,110</u>
(93,734)	57,998	(545,836)
<u>2,264,410</u>	<u>1,393,176</u>	<u>18,544,781</u>
<u>\$ 2,170,676</u>	<u>\$ 1,451,174</u>	<u>\$ 17,998,945</u>
\$ (738,464)	\$ 178,608	\$ (4,368,039)
1,199,597	139,961	1,339,558
3,187	500	(65,904)
134,007	-	133,473
17,099	-	17,099
48,058	(8,290)	85,296
-	-	3,496,645
6,233	13,800	(153,932)
<u>\$ 669,717</u>	<u>\$ 324,579</u>	<u>\$ 484,196</u>
<u>\$ 834,610</u>	<u>\$ -</u>	<u>\$ 834,610</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, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
ASSETS:				
Restricted cash and investments	<u>\$ 8,455</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ 8,551</u>
LIABILITIES:				
Due to bondholders	<u>\$ 8,455</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ 8,551</u>

STATISTICAL SECTION

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2016

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.	150 - 159
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue sources.	160 - 173
<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.	174 - 180
<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.	181 - 182
<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.	183 - 185

CITY OF WESTMINSTER

NET POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual bases of accounting)

	Fiscal Year Ended June 30,			
	2007	2008	2009	2010
Governmental activities:				
Net investment in capital assets	\$ 93,264,276	\$ 97,870,305	\$ 100,104,347	\$ 115,917,966
Restricted	62,906,004	78,051,423	99,106,443	88,669,819
Unrestricted	64,244,252	71,423,945	63,917,681	57,608,308
Total governmental activities net position	<u>\$ 220,414,532</u>	<u>\$ 247,345,673</u>	<u>\$ 263,128,471</u>	<u>\$ 262,196,093</u>
Business-type activity:				
Net investment in capital assets	\$ 31,234,034	\$ 30,019,525	\$ 28,951,409	\$ 28,200,770
Restricted	367,355	380,756	335,645	113,911
Unrestricted	1,872,906	1,093,307	2,017,567	3,408,574
Total business-type activity net position	<u>\$ 33,474,295</u>	<u>\$ 31,493,588</u>	<u>\$ 31,304,621</u>	<u>\$ 31,723,255</u>
Primary government:				
Net investment in capital assets	\$ 124,498,310	\$ 127,889,830	\$ 129,055,756	\$ 144,118,736
Restricted	63,273,359	78,432,179	99,442,088	88,783,730
Unrestricted	66,117,158	72,517,252	65,935,248	61,016,882
Total primary government net position	<u>\$ 253,888,827</u>	<u>\$ 278,839,261</u>	<u>\$ 294,433,092</u>	<u>\$ 293,919,348</u>

Fiscal Year Ended June 30,

2011	2012	2013	2014	2015	2016
\$ 130,622,799	\$ 224,286,618	\$ 233,128,695	\$ 212,179,772	\$ 205,398,439	\$ 232,222,529
81,222,098	14,770,657	18,418,248	20,922,791	18,906,200	18,560,287
58,305,385	63,601,972	59,794,122	47,925,059	(38,262,036)	(45,089,856)
<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>	<u>\$ 205,692,960</u>
\$ 27,813,299	\$ 27,240,106	\$ 27,137,496	\$ 28,061,606	\$ 28,666,666	\$ 29,107,174
113,160	113,158	113,158	113,103	112,548	112,665
5,392,113	8,209,794	7,390,477	7,704,313	7,379,655	6,152,733
<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>	<u>\$ 35,372,572</u>
\$ 158,436,098	\$ 251,526,724	\$ 260,266,191	\$ 240,241,378	\$ 234,065,105	\$ 261,329,703
81,335,258	14,883,815	18,531,406	21,035,894	19,018,748	18,672,952
63,697,498	71,811,766	67,184,599	55,629,372	(30,882,381)	(38,937,123)
<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>	<u>\$ 241,065,532</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,			
	2007	2008	2009	2010
Expenses:				
Governmental activities:				
General government	\$ 7,867,505	\$ 8,529,466	\$ 9,175,952	\$ 21,335,005
Public safety	36,299,935	34,981,171	37,564,132	36,313,972
Public works	9,276,287	10,149,119	10,263,012	10,041,239
Community development	12,185,104	12,502,817	12,693,678	12,043,058
Community services	2,883,655	2,873,862	3,050,217	2,979,397
Interest on long-term debt	2,229,851	2,728,406	2,812,049	6,027,294
Total governmental activities expenses	<u>70,742,337</u>	<u>71,764,841</u>	<u>75,559,040</u>	<u>88,739,965</u>
Business-type activity:				
Water enterprise	12,084,948	12,112,328	12,215,154	11,910,470
Total business-type activity expenses	<u>12,084,948</u>	<u>12,112,328</u>	<u>12,215,154</u>	<u>11,910,470</u>
Total primary government expenses	<u>82,827,285</u>	<u>83,877,169</u>	<u>87,774,194</u>	<u>100,650,435</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	770,204	931,322	859,442	871,954
Public safety	2,693,966	2,510,083	2,949,945	3,178,152
Public works	661,371	710,098	684,585	1,104,193
Community development	1,839,972	2,056,317	1,677,390	1,707,098
Community services	260,998	323,492	353,094	394,655
Operating grants and contributions	6,673,336	8,170,763	8,990,834	7,167,620
Capital grants and contributions	4,887,888	3,824,058	410,664	1,277,811
Total governmental activities program revenues	<u>17,787,735</u>	<u>18,526,133</u>	<u>15,925,954</u>	<u>15,701,483</u>
Business-type activity:				
Charges for services:				
Water enterprise	10,673,586	10,866,749	11,190,581	12,704,027
Total business-type activity program revenues	<u>10,673,586</u>	<u>10,866,749</u>	<u>11,190,581</u>	<u>12,704,027</u>
Total primary government program revenues	<u>28,461,321</u>	<u>29,392,882</u>	<u>27,116,535</u>	<u>28,405,510</u>
Net revenues (expenses):				
Governmental activities	(52,954,602)	(53,238,708)	(59,633,086)	(73,038,482)
Business-type activity	<u>(1,411,362)</u>	<u>(1,245,579)</u>	<u>(1,024,573)</u>	<u>793,557</u>
Total net revenues (expenses)	<u>(54,365,964)</u>	<u>(54,484,287)</u>	<u>(60,657,659)</u>	<u>(72,244,925)</u>

Source: City Finance Department

Fiscal Year Ended June 30,

2011	2012	2013	2014	2015	2016
\$ 11,836,459	\$ 1,904,232	\$ 3,145,098	\$ 3,312,809	\$ 3,280,458	\$ 3,595,489
37,050,903	39,706,407	38,072,257	44,091,261	40,616,802	44,860,014
10,839,138	12,138,788	11,889,094	12,016,265	11,358,510	11,596,949
14,699,366	11,110,694	5,393,309	7,843,505	8,417,841	8,276,191
2,977,448	2,874,153	2,722,324	2,863,068	2,854,580	3,021,121
6,135,877	4,624,156	218,241	201,770	185,852	164,648
<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>	<u>71,514,412</u>
12,264,194	12,072,927	12,204,823	12,879,866	13,625,444	13,600,864
<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>	<u>13,600,864</u>
95,803,385	84,431,357	73,645,146	83,208,544	80,339,487	85,115,276
947,291	1,393,011	1,332,542	1,723,410	1,708,850	1,494,713
2,963,243	2,399,733	2,392,084	3,152,528	2,901,892	2,816,217
1,301,079	1,911,770	1,529,292	1,505,347	1,535,590	1,267,530
1,638,817	1,367,032	2,192,448	2,253,350	2,583,435	3,219,518
388,247	378,061	328,483	358,651	351,225	280,281
11,945,008	9,931,063	7,357,298	8,656,867	8,827,408	6,984,437
1,171,634	8,122,092	13,785,183	3,435,672	16,638,708	7,548,627
<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>	<u>23,611,323</u>
14,374,002	14,842,016	14,805,527	14,742,082	14,202,098	12,731,730
<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>	<u>12,731,730</u>
34,729,321	40,344,778	43,722,857	35,827,907	48,749,206	36,343,053
(63,183,872)	(46,855,668)	(32,522,993)	(49,242,853)	(32,166,935)	(47,903,089)
2,109,808	2,769,089	2,600,704	1,862,216	576,654	(869,134)
<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>	<u>(48,772,223)</u>

CITY OF WESTMINSTER

CHANGES IN NET POSITION
GENERAL REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2007	2008	2009	2010
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 16,537,117	\$ 16,182,971	\$ 13,238,135	\$ 12,212,474
Property taxes, levied for general purposes	44,158,452	47,114,786	48,096,950	47,264,839
Utility users tax	5,398,058	5,431,551	5,478,092	5,010,797
Motor vehicle taxes	535,896	411,655	319,341	274,349
Other taxes	3,034,760	2,908,715	3,098,184	2,825,328
Unrestricted investment earnings	5,754,628	7,295,177	5,926,914	3,949,401
Transfers	(280,871)	824,994	(741,732)	568,916
Extraordinary item	-	-	-	-
Total governmental activities	<u>75,138,040</u>	<u>80,169,849</u>	<u>75,415,884</u>	<u>72,106,104</u>
Business-type activity:				
Unrestricted investment earnings	144,030	89,866	47,566	26,318
Miscellaneous	-	-	46,308	167,675
Transfers	280,871	(824,994)	741,732	(568,916)
Total business-type activity	<u>424,901</u>	<u>(735,128)</u>	<u>835,606</u>	<u>(374,923)</u>
Total primary government	<u>75,562,941</u>	<u>79,434,721</u>	<u>76,251,490</u>	<u>71,731,181</u>
Changes in net position				
Governmental activities	22,183,438	26,931,141	15,782,798	(932,378)
Business-type activity	(986,461)	(1,980,707)	(188,967)	418,634
Total primary government	<u>\$ 21,196,977</u>	<u>\$ 24,950,434</u>	<u>\$ 15,593,831</u>	<u>\$ (513,744)</u>

Fiscal Year Ended June 30,

2011	2012	2013	2014	2015	2016
\$ 13,164,455	\$ 12,994,495	\$ 13,931,661	\$ 15,523,825	\$ 15,749,960	\$ 16,044,115
47,004,633	25,159,373	16,304,916	13,038,715	13,867,837	15,186,466
5,082,094	5,020,744	4,928,588	5,063,905	4,917,994	4,595,948
1,214,413	46,649	48,337	40,004	38,642	-
2,199,984	3,020,103	3,110,512	3,205,784	3,340,556	3,558,019
1,885,429	1,266,006	(222,757)	632,038	550,512	965,817
587,053	597,070	3,385,481	660,654	(4,525,088)	35,000
-	31,260,193	-	(19,235,515)	(16,963,040)	27,168,081
71,138,061	79,364,633	41,486,738	18,929,410	16,977,373	67,553,446
72,561	72,467	86,479	36,327	108,353	117,837
-	-	-	-	-	-
(587,052)	(597,070)	(3,385,481)	(660,654)	4,525,088	(35,000)
(514,491)	(524,603)	(3,299,002)	(624,327)	4,633,441	82,837
70,623,570	78,840,030	38,187,736	18,305,083	21,610,814	67,636,283
7,954,189	32,508,965	8,963,745	(30,313,443)	(15,189,562)	19,650,357
1,595,317	2,244,486	(698,298)	1,237,889	5,210,095	(786,297)
\$ 9,549,506	\$ 34,753,451	\$ 8,265,447	\$ (29,075,554)	\$ (9,979,467)	\$ 18,864,060

CITY OF WESTMINSTER

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2007	2008	2009	2010
General fund:				
Reserved	\$ 439,516	\$ 178,817	\$ 71,467	\$ 8,006
Unreserved	23,542,289	26,769,605	25,838,264	27,419,072
Total general fund	<u>\$ 23,981,805</u>	<u>\$ 26,948,422</u>	<u>\$ 25,909,731</u>	<u>\$ 27,427,078</u>
All other governmental funds:				
Reserved	\$ 39,922,224	\$ 46,499,980	\$ 36,271,246	\$ 40,314,773
Unreserved, reported in:				
Special revenue funds	(2,081,224)	1,025,637	(3,258,634)	(4,615,396)
Debt service funds	-	-	19,877,443	4,090,059
Capital projects funds	52,855,976	61,134,734	134,679,128	117,835,083
Total all other governmental funds	<u>\$ 90,696,976</u>	<u>\$ 108,660,351</u>	<u>\$ 187,569,183</u>	<u>\$ 157,624,519</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 funds	<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,

2011	2012	2013	2014	2015	2016
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,944	\$ 39,055	\$ 33,750	\$ 52,290	\$ 47,687	\$ 27,125
27,320,296	26,842,509	25,881,185	24,105,648	22,069,159	22,473,917
<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>	<u>\$ 22,501,042</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	33,487,248
22,253,296	19,901,437	21,114,572	22,643,343	20,118,196	18,513,114
(6,145,831)	(1,391,240)	-	(753,634)	(261,909)	(1,894,658)
<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>	<u>\$ 50,105,704</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,			
	2007	2008	2009	2010
Revenues:				
Taxes	\$ 73,577,733	\$ 74,944,551	\$ 72,937,249	\$ 69,844,492
Licenses and permits	673,474	788,416	541,564	620,236
Fines	1,122,580	1,163,930	1,204,324	933,524
Investment and rental	6,333,700	7,940,173	6,576,597	4,484,131
Intergovernmental	7,086,980	8,796,697	6,681,802	5,523,241
Charges for services	6,731,530	7,182,259	7,147,861	8,159,633
Other	637,458	411,497	600,436	699,080
Total revenues	<u>96,163,455</u>	<u>101,227,523</u>	<u>95,689,833</u>	<u>90,264,337</u>
Expenditures				
Current:				
General government	8,691,822	9,889,172	10,202,999	22,574,407
Public safety	33,692,840	34,862,431	35,678,439	35,994,815
Public works	3,704,058	3,963,226	3,894,763	3,526,715
Community development	10,118,124	11,488,332	11,387,018	11,791,113
Community services	2,181,583	2,327,286	2,345,372	2,370,867
Capital outlay	8,712,611	10,481,427	18,211,162	35,440,808
Debt service:				
Principal retirement	4,512,892	1,494,041	567,487	1,548,636
Interest and fiscal charges	2,071,102	2,901,203	998,797	6,359,141
Note issuance cost	-	-	-	-
Bond issuance cost	-	2,038,705	4,684,354	-
Total expenditures	<u>73,685,032</u>	<u>79,445,823</u>	<u>87,970,391</u>	<u>119,606,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,478,423</u>	<u>21,781,700</u>	<u>7,719,442</u>	<u>(29,342,165)</u>
Other financing sources (uses):				
Sale of equipment and property	1,679	15,660	6,034	5,602
Issuance of notes	-	-	73,055,000	-
Refunding bonds issued	-	35,656,258	-	-
Payment to refund bond escrow agent	-	(37,132,228)	-	-
Transfers in	22,073,375	41,091,464	44,647,832	34,907,052
Transfers out	<u>(27,304,597)</u>	<u>(40,482,862)</u>	<u>(47,558,167)</u>	<u>(34,309,807)</u>
Total other financing sources (uses)	<u>(5,229,543)</u>	<u>(851,708)</u>	<u>70,150,699</u>	<u>602,847</u>
Net change in fund balances, before extraordinary item	17,248,880	20,929,992	77,870,141	(28,739,318)
Extraordinary item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 17,248,880</u>	<u>\$ 20,929,992</u>	<u>\$ 77,870,141</u>	<u>\$ (28,739,318)</u>
Debt service as a percentage of noncapital expenditures	10.1%	9.3%	9.0%	9.4%

Source: City Finance Department

Fiscal Year Ended June 30,

2011	2012	2013	2014	2015	2016
\$ 73,504,074	\$ 48,564,166	\$ 41,291,261	\$ 39,747,241	\$ 41,343,833	\$ 43,418,660
530,628	534,216	562,390	590,133	841,683	924,622
1,110,773	880,510	842,025	1,056,336	1,054,360	981,486
2,490,896	2,310,873	642,885	1,530,365	1,461,106	1,895,092
7,578,633	8,005,280	4,887,054	5,055,687	5,413,209	3,242,315
7,329,150	6,695,115	6,465,147	7,374,392	7,053,125	7,223,368
822,043	1,759,189	537,382	814,517	499,627	648,332
<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>	<u>58,333,875</u>
12,752,912	2,038,157	2,731,615	2,645,794	2,837,553	2,854,956
35,095,326	36,150,994	35,564,705	36,080,703	38,154,641	39,667,745
3,461,921	4,193,485	4,143,916	3,988,725	4,059,709	4,120,634
11,816,018	9,904,011	4,890,934	6,246,260	7,352,977	7,152,897
2,315,418	2,149,528	2,091,607	2,198,832	2,350,030	2,548,588
66,502,982	20,989,342	5,977,328	5,875,873	4,565,323	9,043,703
1,766,261	1,829,853	345,428	356,001	370,100	384,200
5,718,438	3,638,255	136,065	125,661	114,819	99,875
-	-	-	-	-	-
772,601	-	-	-	-	-
<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>65,872,598</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>	<u>(7,538,723)</u>
1,846,367	14,813	10,275	7,202	10,414	8,073
40,265,000	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
49,301,182	28,706,358	12,161,170	11,883,373	11,444,395	6,281,711
<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>(6,181,505)</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>	<u>108,279</u>
(4,349,441)	(9,614,080)	2,750,207	(912,097)	(6,720,525)	(7,430,444)
-	(91,989,516)	-	796,610	-	5,336,436
<u>\$ (4,349,441)</u>	<u>\$ (101,603,596)</u>	<u>\$ 2,750,207</u>	<u>\$ (115,487)</u>	<u>\$ (6,720,525)</u>	<u>\$ (2,094,008)</u>
11.2%	9.1%	1.0%	0.9%	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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Direct Rate:										
City basic rate	0.09340	0.09340	0.09443	0.17142	0.09443	0.09443	0.09443	0.09443	0.09443	0.09443
Redevelopment agency	<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>	<u>0.00067</u>
Total City Direct Rate	0.53955	0.56998	0.57846	0.56382	0.56886	0.57837	0.58373	0.09509	0.09509	0.09510
Overlapping Rates:										
Special Districts	0.04871	0.44000	0.04400	0.04300	0.04400	0.04380	0.04400	0.04400	0.04400	0.04380
County of Orange	0.15285	0.15250	0.15277	0.15277	0.15277	0.15490	0.15277	0.15277	0.15277	0.15487
School Districts	<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>	<u>0.70690</u>
Total Direct Rate	<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>	<u>1.00000</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	2016		2007	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Westminster Mall LLC	\$ 255,151,962	3.09%	\$ -	0.00%
WRI West Gate South LP	70,622,799	0.85%	61,380,980	0.99%
Land Partners	64,452,657	0.78%	-	0.00%
Westpark Apartments Enter	60,417,115	0.73%	-	0.00%
Gretchen Ann Howard Trust	57,974,958	0.70%	-	0.00%
WRW Properties LLC	53,069,557	0.64%	-	0.00%
PK I Pavilions Place LP	51,842,229	0.63%	33,598,284	0.54%
An Tang Dao Trust	46,055,721	0.56%	-	0.00%
Jasmine Place Associates LLC	44,570,541	0.54%	-	0.00%
THW Properties LLC	33,557,342	0.41%	-	0.00%
Pan Pacific Retail Properties	-	0.00%	33,598,284	0.54%
Asian Garden Limited	-	0.00%	24,503,846	0.39%
Springdale #2 LP	-	0.00%	23,084,565	0.37%
Target Corporation	-	0.00%	22,538,443	0.36%
Delma Corporation	-	0.00%	19,338,709	0.31%
M Westland LLC	-	0.00%	16,978,649	0.27%
	<u>\$ 737,714,881</u>	<u>8.93%</u>	<u>\$ 235,021,760</u>	<u>3.77%</u>

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

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CITY OF WESTMINSTER

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2016	2,505,497	2,452,411	97.88%	n/a	2,452,411	97.88%

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 Ended June 30,	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
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
2016	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 purposes 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: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
\$ 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% *
8,132,917,882	265,498,056	136,841,764	8,261,574,174	0.09509% *

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CITY OF WESTMINSTER

TAX REVENUES BY SOURCES - GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Sales	Property	Utility Users	Business License	Franchise	Transient Occupancy	Total
2007	\$ 16,537,117	\$ 44,158,452	\$ 5,398,058	\$ 1,186,437	\$ 1,276,637	\$ 571,686	\$ 69,128,387
2008	16,182,971	47,114,786	5,431,551	1,203,102	1,137,316	568,297	71,638,023
2009	13,238,135	48,096,950	5,478,092	1,237,147	1,337,974	523,063	69,911,361
2010	12,212,474	47,264,839	5,010,797	1,167,267	1,206,421	451,640	67,313,438
2011	13,164,455	47,004,633	5,082,094	1,214,413	1,273,931	496,321	68,235,847
2012	12,994,495	25,159,373	5,020,744	1,212,032	1,297,359	510,712	46,194,715
2013	13,931,661	16,304,916	4,928,588	1,205,111	1,312,251	593,150	38,275,677
2014	15,523,825	13,038,715	5,063,905	1,240,779	1,356,397	608,608	36,832,229
2015	15,749,960	13,867,837	4,917,994	1,216,170	1,410,626	713,760	37,876,347
2016	16,044,115	15,186,466	4,595,948	1,388,612	1,367,801	801,606	39,384,548

Source: City of Westminster

CITY OF WESTMINSTER

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years
(in thousands of dollars)

	Calendar Year Ended December 31,			
	2006	2007	2008	2009
Apparel Stores	\$ 77,721	\$ 75,928	\$ 69,491	\$ 67,837
General Merchandise	243,828	250,135	247,629	240,647
Food Stores	44,565	46,778	48,471	48,507
Eating and Drinking Places	111,909	116,963	115,219	111,107
Building Materials	128,727	113,331	105,446	95,453
Auto Dealers and Supplies	470,071	444,176	311,356	240,762
Service Stations	139,945	140,489	154,832	113,161
Other Retail Stores	235,924	231,479	207,502	194,923
All Other Outlets	238,954	228,072	214,723	179,518
	<u>\$ 1,691,644</u>	<u>\$ 1,647,351</u>	<u>\$ 1,474,669</u>	<u>\$ 1,291,915</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%

Source: State of California Board of Equalization and the HdL Companies

Calendar Year Ended December 31,

2010	2011	2012	2013	2014	2015
\$ 66,348	\$ 68,208	\$ 68,687	\$ 76,962	\$ 76,392	\$ 73,464
238,551	237,195	228,174	225,171	214,955	209,505
48,122	50,988	51,389	52,739	53,540	53,081
112,311	116,638	126,781	139,919	149,203	156,426
88,210	82,061	65,478	70,754	75,359	89,206
213,918	227,061	294,170	356,999	339,238	414,952
122,507	143,165	153,277	149,039	144,835	117,269
189,422	198,004	198,453	197,312	196,295	199,631
177,957	182,074	196,519	232,985	260,003	281,864
<u>\$ 1,257,346</u>	<u>\$ 1,305,394</u>	<u>\$ 1,382,928</u>	<u>\$ 1,501,880</u>	<u>\$ 1,509,820</u>	<u>\$ 1,595,398</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

CITY OF WESTMINSTER

PRINCIPAL SATLES TAX REMITTERS BY CATEGORY

Current Year and Nine Years Ago

Category	Calendar Year 2015			Calendar Year 2006		
	Taxable Sales	Rank	Percent of Total City Taxable Sales	Taxable Sales	Rank	Percent of Total City Taxable Sales
Auto Dealers and Supplies	\$ 414,952	1	26.01%	\$ 470,071	1	27.79%
All Other Outlets	281,864	2	17.67%	238,954	3	14.13%
General Merchandise	209,505	3	13.13%	243,828	2	14.41%
Other Retail Stores	199,631	4	12.51%	235,924	4	13.95%
Eating and Drinking Places	156,426	5	9.80%	111,909	7	6.62%
Service Stations	117,269	6	7.35%	139,945	5	8.27%
Building Materials	89,206	7	5.59%	128,727	6	7.61%
Apparel Stores	73,464	8	4.60%	77,721	8	4.59%
Food Stores	53,081	9	3.33%	44,565	9	2.63%

Source: State of California Board of Equalization and the HdL Companies

CITY OF WESTMINSTER

WATER CUSTOMERS

Current Year and Nine Years Ago

Water Customer	2016		2007	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
City of Westminster	\$ 180,570	1.47%	141,544	1.39%
Arnel Management	169,625	1.38%	127,313	1.25%
Los Alisos	143,974	1.18%	37,639	0.37%
Huntington Beach Union High School	88,193	0.72%	-	0.00%
Westminster School District	85,128	0.69%	88,878	0.87%
Westminster Village HOA	72,228	0.59%	-	0.00%
Garden Grove Unified	57,716	0.47%	77,640	0.76%
LLC Site #4842, Westminster Mall	57,441	0.47%	-	0.00%
Mission del Amo Mobile Home Park	57,142	0.47%	43,295	0.42%
Prado Verde Estates	49,331	0.40%	-	0.00%
Rancho del Sol	42,760	0.35%	36,024	0.35%
Tres Vidas Apartments	41,603	0.34%	35,051	0.34%
Mobile Community Mgt Co	39,032	0.32%	-	0.00%
Windmill Apts	38,851	0.32%	-	0.00%
A & M Properties	38,672	0.32%	-	0.00%
Total	<u>\$ 1,162,268</u>		<u>\$ 587,384</u>	
Total Metered Water Sales	<u>\$ 12,249,948</u>		<u>\$ 10,197,835</u>	

Source: City of Westminster

CITY OF WESTMINSTER

WATER RATES

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Monthly Base Rate</u>	<u>Rate per 1,000 Gallons</u>
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
2016	7.30	2.36

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.

CITY OF WESTMINSTER

WATER SOLD BY TYPE OF CUSTOMER

Last Ten Fiscal Years
(in millions of gallons)

Fiscal Year Ended June 30,	Type of Customer					Total
	Residential	Industrial	Commercial	Military	Government	
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
2016	9,953,572	97,688	2,135,545	-	104,795	12,291,600

Total direct rate
per 1,000 gallons

CITY OF WESTMINSTER

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				
	Tax Allocation Bonds	Leases Payable	Certificates of Participation	Notes Payable	Total Governmental Activities
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
2016	-	711,330	2,785,000	-	3,496,330

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

Business-type Activity					
Certificates of Participation	Loans Payable	Total Business-type Activity	Total Primary Government	Percentage of Personal Income	Debt per Capita
\$ 3,663,223	\$ 3,604,845	\$ 7,268,068	\$ 48,300,815	3.20%	\$ 520
4,619,091	2,386,023	7,005,114	44,924,993	2.94%	483
4,220,083	2,296,152	6,516,235	116,710,906	7.99%	1,251
3,806,075	2,203,127	6,009,202	114,433,665	7.76%	1,214
3,377,067	2,106,835	5,483,902	152,178,157	9.80%	1,692
3,250,000	2,007,163	5,257,163	10,107,163	0.61%	111
3,030,000	1,903,992	4,933,992	9,293,992	0.55%	102
2,800,000	1,797,198	4,597,198	9,004,286	0.50%	98
2,565,000	1,686,655	4,251,655	8,061,162	0.42%	88
2,325,000	1,572,231	3,897,231	7,393,561	0.36%	79

CITY OF WESTMINSTER

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Outstanding General Bonded Debt			Percent of Assessed Value	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Total		
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%	-
2016	-	-	-	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, 2016

2015-16 Assessed Valuation:		<u>\$ 8,279,643,537</u>	
	<u>Percentage</u>	<u>Total Debt</u>	<u>City's Share of</u>
	<u>Applicable (1)</u>	<u>6/30/2016</u>	<u>Debt 6/30/16</u>
<u>Overlapping Tax and Assessment Debt:</u>			
Metropolitan Water District	3.370%	\$ 92,865,000	\$ 312,955
Coast Community College District	6.937%	498,864,504	34,606,231
Garden Grove Unified School District	9.255%	240,640,160	22,271,247
Huntington Beach Union High School District	12.904%	198,629,998	25,631,215
Westminster School District	62.659%	75,929,834	47,576,875
Total Overlapping Tax and Assessment Debt		<u>\$ 1,106,929,496</u>	<u>\$ 130,398,523</u>
<u>Direct and Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	1.659%	\$ 124,614,000	\$ 2,067,346
Orange County Pension Obligations	1.659%	353,417,858	5,863,202
Orange County Board of Education Certificates of Participation	1.659%	14,840,000	246,196
Municipal Water District of Orange County Water Facilities Corporation	1.973%	2,770,000	54,652
Coast Community College District Certificates of Participation	6.937%	3,765,000	6,937
Huntington Beach Union High School District Certificates of Participation	12.904%	64,611,090	8,337,415
Ocean View School District Certificates of Participation	5.396%	25,235,000	1,361,681
Westminster School District Certificates of Participation	62.659%	45,016,589	28,206,945
City of Westminster Certificates of Participation	100.000%	2,785,000	2,785,000
City of Westminster Leases Payable	100.000%	711,330	711,330
Total Gross Direct and Overlapping General Fund Debt		<u>\$ 637,765,867</u>	\$ 49,640,704
Less: MWDOC Water Facilities Corporation (100% self-supporting)			54,652
Total Net Direct and Overlapping General Fund Debt			<u>\$ 49,586,052</u>
<u>Overlapping Tax Increment Debt: (Successor Agency):</u>	100.000%	<u>\$ 117,970,000</u>	<u>\$ 117,970,000</u>
Total Direct Debt			\$ 3,496,330
Total Gross Overlapping Debt			\$ 294,512,897
Total Net Overlapping Debt			\$ 294,458,245
Gross Combined Total Debt			\$ 298,009,227 (2)
Net Combined Total Debt			\$ 297,954,575

(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 2015-16 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.57%
Total Direct Debt (\$3,809,507)	0.04%
Gross Combined Total Debt	3.60%
Net Combined Total Debt	3.60%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$5,113,224,552):

Total Overlapping Tax Increment Debt	2.31%
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Source: California Municipal Statistics

CITY OF WESTMINSTER

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2007	2008	2009	2010
Assessed valuation	\$ 3,171,750,696	\$ 3,171,050,607	\$ 3,171,067,155	\$ 3,169,064,658
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	792,937,674	792,762,652	792,766,789	792,266,165
Debt limit percentage	15%	15%	15%	15%
Debt limit	118,940,651	118,914,398	118,915,018	118,839,925
Total net debt applicable to limitation: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 118,940,651</u>	<u>\$ 118,914,398</u>	<u>\$ 118,915,018</u>	<u>\$ 118,839,925</u>
Total debt applicable to the limit 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,					
2011	2012	2013	2014	2015	2016
\$ 3,168,813,154	\$ 3,170,973,563	\$ 7,023,383,445	\$ 7,176,140,802	\$ 7,628,668,713	\$ 8,279,643,537
25%	25%	25%	25%	25%	25%
792,203,289	792,743,391	1,755,845,861	1,794,035,201	1,907,167,178	2,069,910,884
15%	15%	15%	15%	15%	15%
118,830,493	118,911,509	263,376,879	269,105,280	286,075,077	310,486,633
-	-	-	-	-	-
<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>	<u>\$ 310,486,633</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 Ended June 30,	Certificates of Participation					Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2016	12,849,568	11,596,914	1,252,654	301,737	154,495	2.75

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 Ended June 30,	Population (1)	Personal Income (in billions)(2) *	Per Capita Personal Income (2) *	Unemployment Rate (3)
2007	92,870	\$ 151.1	\$ 56,829	4.50%
2008	93,027	153.0	55,276	5.90%
2009	93,284	146.0	52,864	10.00%
2010	94,294	147.4	52,414	13.20%
2011	89,937	155.3	53,270	12.70%
2012	90,677	166.6	55,540	11.20%
2013	91,169	169.8	56,519	9.20%
2014	91,652	180.4	57,573	7.50%
2015	92,106	191.7	60,013	6.20%
2016	94,073	205.0	61,663	6.10%

Sources:

(1) State Department of Finance

* (2) Department of Transportation - Orange County Economic Forecast 2015-2040 (previous years; updated)

(3) U.S. Department of Labor, Bureau of Labor & Statistics (estimates last updated 6/30/16)

CITY OF WESTMINSTER

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	2016		2007	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Westminster School District	817	1.90%	-	0.00%
Kindred Hospital-Westminster	482	1.12%	410	0.92%
City of Westminster	339	0.79%	393	0.88%
Walmart	346	0.80%	300	0.67%
Target	320	0.74%	210	0.47%
Macy's	300	0.70%	-	0.00%
Honda World	207	0.48%	-	0.00%
Westminster High School	200	0.47%	250	0.56%
JC Penney Co	189	0.44%	235	0.52%
Home Depot	165	0.38%	-	0.00%
B & E Farm/Ito Farms			700	1.56%
Southern California Edison			613	1.37%
DE 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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	46	47	49	47	39	33	22	32	38	39
Public safety	168	174	171	167	162	158	141	145	135	142
Public works	38	36	34	29	30	28	28	29	26	30
Community development	46	43	40	43	42	39	22	19	22	24
Community service	66	73	74	68	63	60	49	54	53	59
Water	29	31	29	28	28	27	25	24	24	27
Total	<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>	<u>321</u>

CITY OF WESTMINSTER

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police:										
Arrests	2,568	*1,663	2,092	2,553	2,547	2,513	2,960	2,528	2,646	2,540
Traffic violations	8,796	6,547	6,662	11,432	11,106	8,407	5,566	6,424	2,991	1,831
Parking violations	21,731	15,884	19,102	15,504	16,322	15,193	12,525	19,979	22,965	21,308
Fire:										
Number of calls answered	5,665	*4,248	5,835	5,781	5,880	6,006	6,446	6,201	6,880	7,441
Inspections conducted	1,547	*644	1,820	1,347	1,945	1,555	513	1,028	1,013	1,694
Public works:										
Street resurfacing (miles)	9.00	18.00	15.00	18.00	16.78	15.00	5.50	5.00	3.10	4.00
Parks and recreation:										
Number of recreation classes	924	991	786	532	1,391	1,143	1,081	1,218	1,347	1,288
Number of facility rentals	89	85	80	80	87	97	72	59	80	88
Water:										
New connections	38	**7,095	**4,214	**3,725	**3,317	30	33	28	43	80
Average daily consumption (in hundred cubic feet)	15,367	14,910	14,678	13,477	13,219	13,724	14,054	14,374	13,678	11,480

* 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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	180	180	180	180	180	180	180	180
Streetlights	4,695	4,697	4,697	4,697	4,662	4,747	4,733	4,733	4,733	4,733
Traffic signals	64	68	66	66	68	68	68	68	68	71
Parks and recreation:										
Parks	24	24	25	25	25	25	24	24	24	24
Community centers	1	1	1	1	1	1	1	1	2	2
Water:										
Water mains (miles)	230	230	230	230	230	230	230	230	230	235
Maximum daily capacity (in acre per foot per day)	76	76	76	76	73	73	73	90	90	82

Source: City of Westminster

