



CITY *of* WESTMINSTER



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR YEAR ENDED JUNE 30, 2019

FOR THE
COMMUNITY



BY THE
COMMUNITY

CITY OF WESTMINSTER, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2019

Prepared by the Finance Department

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CITY OF WESTMINSTER, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019
Table of Contents

| | <u>Page Number</u> |
|---|------------------------|
| INTRODUCTORY SECTION: | |
| Letter of Transmittal | i - vi |
| Principal Officials | vii |
| Organizational Chart | viii |
| Certificate of Achievement for Excellence in Financial Reporting | ix |
| FINANCIAL SECTION: | |
| Independent Auditors' Report | 1 - 3 |
| Management's Discussion and Analysis (Required Supplementary Information) | 5 - 18 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 19 |
| Statement of Activities | 20 - 21 |
| Fund Financial Statements: | |
| Governmental Funds: | |
| Balance Sheet | 22 - 23 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 25 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 26 - 27 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 28 |
| Proprietary Funds: | |
| Statement of Net Position | 29 - 30 |
| Statement of Revenues, Expenses and Changes in Fund Net Position | 31 |
| Statement of Cash Flows | 32 - 33 |
| Fiduciary Funds: | |
| Statement of Net Position | 34 |
| Statement of Changes in Net Position | 35 |
| Notes to Basic Financial Statements | 37 - 93 |

CITY OF WESTMINSTER, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019
Table of Contents

| | <u>Page Number</u> |
|---|------------------------|
| FINANCIAL SECTION (CONTINUED): | |
| Required Supplementary Information: | |
| CalPERS Pension Plans: | |
| Safety Plan: | |
| Schedule of Proportionate Share of the Net Pension Liability | 95 |
| Schedule of Contributions | 96 |
| Miscellaneous Plan: | |
| Schedule of Changes in the Net Pension Liability and Related Ratios | 97 |
| Schedule of Contributions | 98 |
| PARS Pension Plan: | |
| Schedule of Changes in the Net Pension Liability and Related Ratios | 99 |
| Schedule of Contributions | 100 |
| Other-Post Employment Benefit Plan: | |
| Schedule of Changes in the Net OPEB Liability and Related Ratios | 101 |
| Schedule of Contributions | 102 |
| Budgetary Comparison Schedules: | |
| General Fund | 103 |
| Westminster Housing Authority Special Revenue Fund | 104 |
| Housing and Community Development Special Revenue Fund | 105 |
| Special Gas Tax and Street Improvements Special Revenue Fund | 106 |
| Note to Required Supplementary Information | 107 |
| Supplementary Information: | |
| Other Governmental Funds: | 109 |
| Combining Balance Sheet | 110 - 111 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 112 - 113 |
| Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual: | |
| Parks Dedication Special Revenue Fund | 114 |
| Special Police Services Special Revenue Fund | 115 |
| Municipal Lighting Special Revenue Fund | 116 |
| Other Grants Special Revenue Fund | 117 |
| Offsite Drainage District Special Revenue Fund | 118 |
| Community Promotion Special Revenue Fund | 119 |
| Internal Service Funds: | 121 |
| Combining Statement of Net Position | 122 - 125 |
| Combining Statement of Revenues, Expenses and Changes in Net Position | 126 - 127 |
| Combining Statement of Cash Flows | 128 - 129 |
| Agency Fund: | 131 |
| Statement of Changes in Assets and Liabilities | 132 |

CITY OF WESTMINSTER, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019
Table of Contents

| | <u>Page Number</u> |
|--|------------------------|
| STATISTICAL SECTION: | |
| Description of Statistical Section Contents | 133 |
| Financial Trends: | |
| Net Position by Component - Last Ten Fiscal Years | 134 - 135 |
| Changes in Net Position - Expenses and Program Revenues - Last Ten Fiscal Years | 136 - 137 |
| Changes in Net Position - General Revenues - Last Ten Fiscal Years | 138 - 139 |
| Fund Balances of Governmental Funds - Last Ten Fiscal Years | 140 - 141 |
| Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years | 142 - 143 |
| Revenue Capacity: | |
| Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years | 144 |
| Principal Property Taxpayers | 145 |
| Property Tax Levies and Collections - Last Ten Fiscal Years | 147 |
| Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years | 148 - 149 |
| Tax Revenues by Source - Governmental Funds - Last Ten Fiscal Years | 151 |
| Taxable Sales by Category - Last Ten Calendar Years | 152 - 153 |
| Principal Sales Tax Remitters by Category - Current Year and Nine Years Ago | 154 |
| Water Customers | 155 |
| Water Rates - Last Ten Fiscal Years | 156 |
| Water Sold by Customer - Last Ten Fiscal Years | 157 |
| Debt Capacity: | |
| Ratios of Outstanding Debt by Type - Last Ten Fiscal Years | 158 - 159 |
| Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years | 160 |
| Direct and Overlapping Debt | 161 |
| Legal Debt Margin Information - Last Ten Fiscal Years | 162 - 163 |
| Pledged Revenue Coverage - Last Ten Fiscal Years | 164 |
| Demographic and Economic Information: | |
| Demographic and Economic Statistics - Last Ten Fiscal Years | 165 |
| Principal Employers | 166 |
| Operating Information: | |
| Full-Time Equivalent City Employees by Function - Last Ten Fiscal Years | 167 |
| Operating Indicators by Function - Last Ten Fiscal Years | 168 |
| Capital Asset Statistics by Function - Last Ten Fiscal Years | 169 |

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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



December 3, 2019

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 (City) for the fiscal year ended June 30, 2019. The CAFR is prepared in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by an independent accounting firm of licensed Certified Public Accountants.

The City is committed to transparent financial reporting. To ensure the reliability of the information contained herein, the City contracted with the independent auditing firm of White Nelson Diehl Evans, LLP, to conduct the audit of the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2019, 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. We are pleased to report that White Nelson Diehl Evans, LLP granted the City an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2019 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. 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 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's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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

KIMBERLY HO
Vice Mayor

SERGIO CONTRERAS
Council Member

TAI DO
Council Member

CHI CHARLIE NGUYEN
Council Member

EDDIE MANFRO
City Manager

The independent audit of the financial statements of the City 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’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 currently occupies a land area of 10.6 square miles and serves a population of 92,610. In 1996 Westminster was designated an “All-America City” by the National Civic League for civic accomplishments, made possible by the cooperative efforts of business, government, the volunteer sector, and other individuals. Westminster continues to support the needs of a diverse population today and is widely seen as a welcoming community, with many services and venues to serve its citizens and visitors including a 420-seat theater at the Westminster Rose Center, a satellite campus of Coastline Community College, Sid Goldstein Freedom Park, and Westminster Mall.

The City 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 elected, at large, on a non-partisan basis. The Mayor serves a four-year term. Council Members serve four-year staggered terms, with two Council Members elected every two years. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing the City Attorney and committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the government and appointing the City’s department heads. Commissions and Advisory Committees provide opportunities for citizens to participate in community affairs.

The City 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 is also 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’s financial statements. Sewer and solid waste services for the City are provided through Midway City Sanitary District.

The City currently provides a two-year budget with appropriations approved by the City Council annually. The biennial budget serves as the foundation for the City’s financial planning control. All departments of the City 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 which is presented to the City Council for review and adoption by no later than June 30, the close of the City's fiscal year. A spending resolution would be required should adoption by this date not be met. The Fiscal Years 2019-20 and 2020-21 Budget was passed on May 22, 2019.

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 this report. For other funds with appropriated annual budgets, this comparison is presented as part of the other supplementary information section of the report.

As a part of the City's commitment to financial transparency, the City's website includes a Transparency Portal, allowing residents to view and create easy-to-understand graphics and reports from the current and historical City budgets.

LOCAL ECONOMY AND OUTLOOK FOR THE FUTURE

The City's central location and freeway access allow the City to draw upon the economic engines and jobs in both the Orange County and Los Angeles regions, providing many opportunities for businesses and residents. The City 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.

In addition to Little Saigon, Westminster has a 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 and Costco Business Center. Westminster is also home to major motorcycle and recreation vehicle dealerships, including Harley Davidson, Indian Motorcycle and Dillon RV. Future and new businesses include: John's Incredible Pizza, Aldi, Carvana, The Habit Burger Grill, Wingstop and Jay's Catering. This well capitalized and established business community is also supported by a regional mall and growing development demand.

The City's General Plan, updated and approved in September 2016, governs future land use decisions, positively impacts the local economy through the development opportunities it creates, and will improve the current condition of the City's infrastructure and housing stock. Specifically, six mixed-use districts were identified for intensified development to attract new investment in Westminster's real estate market. The City is currently developing a Specific Plan for the Westminster Mall, one of the six districts, to support new uses at this very desirable 100-acre site. In addition to new investment at key locations, the turnover of properties will also create the added benefit of resetting the taxable values for property tax purposes.

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

The ongoing recovery from the Great Recession has now entered its tenth year, and Orange County and the City have continued to see the overall economy improving. The City's housing values have finally recovered back to a pre-recession peak price. Unemployment continues to decline. The City has collected on its ballot approved one percent transactions and use tax for the last 27 months. While all this is good news for the City, there are several issues that continue to impact the City's fiscal sustainability: potential State of California (State) takeaways; a sunset clause on the transactions and use tax; increasing pension and other post-employment benefit (OPEB) costs; and a recession is long overdue based on historical data.

The City continues to face a number of budget challenges as State takeaways have impacted the City's ability to address basic city needs. The State legislative action having the most impact on Westminster in recent years dealt with the dissolution of redevelopment throughout California, effective January 31, 2012. This elimination has had a significant impact on the City's ability to fund capital improvement projects and support economic development efforts. As a means to address this lost revenue source, the City recently purchased and resold some previously owned redevelopment land to establish an Economic Development Fund with some of these one-time monies. Several projects are currently underway to help bring new development into the City under the "Project W" umbrella. Given the State's continuing budget uncertainty, the City cannot accurately predict what measures, if any, will be adopted at the State level which would impact local agencies.

The City's proportional share of property tax is one of the smallest shares of all the cities in Orange County, and has forced the City to continue to look elsewhere for the needed revenue. The City is the fifth largest collector of the local general levy at 7% (or \$7 dollars on every \$100 dollars collected) preceded by Westminster Elementary General Fund at 24%, Huntington Beach Union High General Fund at 20%, Educational Revenue Augmentation Fund at 18% and Coast Community College General Fund at 8.5%. Surrounding cities' collections range from 11% to 19%. Currently there is no mechanism available to increase Westminster's proportional share.

Sales tax collections came in higher than budgeted, and increased from the prior year. However, this comparison is inflated due to the California Department of Tax and Fee Administration's (CDTFA) transition to a new reporting system in the prior year which temporarily delayed distributions to the City. In addition, the loss of Sears, J.C. Penney Home Store and Babies "R" Us retail stores due to corporate financial challenges has had an impact on sales tax revenue as both the current and prior fiscal year's receipts are lower than fiscal year 2016-17. The majority of sales tax revenues are from auto dealers and supplies at 26%, followed by all other outlets at 17%, other retail stores at 13%, general merchandise at 12%, and restaurants at 11%.

The City's Transient Occupancy Tax, an 8% tax applied to hotel stays within the City totaled \$824 thousand. Surrounding cities' collections range from 8% to 14.5%. An increase in this rate would require a vote of the Westminster Citizens.

In an effort to address the City's "budget" and "structural" deficits, the City hired an independent financial consultant in 2015 and appointed a five member Financial Task Force in 2016 to evaluate and recommend possible ideas. Several years of budget cuts had taken their toll on the City and in June 2016, the City Council voted to place a 1% transactions and use tax measure on the

November 8, 2016 General Election ballot. Measure SS ultimately passed by an over 60% vote of the Westminster Citizens. This tax will be in effect from April 1, 2017 and sunset on December 31, 2022. The collection of this tax enabled the City Council to adopt the first balanced budget (fiscal years 2017-19) without the use of reserves in 10 years. The same holds true for fiscal year 2019-20, but 2020-21 was adopted with a deficit of \$1.2 million. Since the adoption, Council approved a Cost of Services Study which should provide the City with additional annual revenues of \$1.1 million. The transaction and use tax has allowed for a positive change in fund balance to the General Fund in fiscal years 2017-18, and 2018-19. Overall, the revenue has come in lower than originally projected. The majority of the shortfall is due to lower than projected vehicle sales to Westminster residents.

Ongoing expenditures continue growing at a faster pace than ongoing revenues. Westminster's 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 76% of the City's General Fund and operating expenditure budget, an increase in these costs has a dramatic impact on the remaining services and the City's overall financial condition. With tax revenue - primarily property and sales - comprising the majority of Westminster's general fund revenue (87%), improvements to the local real estate and retail markets will directly impact the City's revenues in a positive manner.

LONG-TERM FINANCIAL PLANNING

Even with the approval of the transactions and use tax, maintaining a balanced budget will require the City to continue to take actions internally to reduce costs, while pursuing ways to support development in the business community to increase revenues. Adding in the Measure SS transactions and use tax revenue to the long-term financial projections postpones the deficit spending, but doesn't completely eliminate it. Fiscal year 2019-20 is budgeted at a positive net change in fund balance of \$35 thousand. This budget does not include any funding for capital projects, however the City was able to pre-fund \$4.5 million from savings in fiscal year 2018-19. Beyond fiscal year 2019-20, the City will have two and a half fiscal years remaining with proceeds from the transactions and use tax. Looking forward those fiscal years will more than likely require the use of reserves while maintaining a status quo budget. Reserves may be built up by fiscal year 2022-23, but with the elimination of the transactions and use tax on December 31, 2022, that budget will be especially challenging.

The City adopted a Cost of Services Study on May 22, 2019 which should provide the City with an additional \$1.1 million a year in revenues. Management has committed to updating this study as part of the two year budget adoption going forward.

The City adopted a reserve policy on June 28, 2017. The adopted reserve policy established two dedicated reserves in the General Fund and additional reserves in the Internal Service Funds. The reserve policy improves the City's fiscal stability by helping elected officials and staff plan long-term spending decisions in a more strategic and consistent manner. The City also reviewed its internal policies related to the expenditure of funds from various accounts. This included the study of how internal service fund charges are calculated and charged to the various departments throughout the City.

The cost of employee retirement benefits continues to increase as a result of actions taken by the California Public Employees Retirement System (CalPERS) to address changing actuarial assumptions and to reduce the amount of risk and volatility in their investment portfolio. The

City's unfunded pension and OPEB liabilities currently total \$163 million. To help with future payment of these liabilities, the City established two IRS Section 115 Trust Funds. A total of \$5.0 million was deposited into these two accounts during fiscal year 2017-18. These deposits were from monies received as part of the redevelopment dissolution. The amounts were approved by the State of California Department of Finance as obligations to past employees of the Westminster Redevelopment Agency. An additional \$477 thousand was deposited in fiscal year 2018-19, and deposits of \$517 thousand are currently planned for fiscal year 2019-20. Monies deposited into the trust accounts can only be spent on pension and OPEB expenditures. The City will continue to make deposits when budget savings allow.

The City of Westminster is committed to providing the highest quality of service, ensuring that Westminster is a desirable place to live, work, play and do business.

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, 2018. This was the twenty-fourth 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 biennium budget document dated July 1, 2017. 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's finances.

Respectfully submitted,



Sherry Johnson
Finance Director

CITY OF WESTMINSTER

Principal Officials

CITY COUNCIL

TRI TA, Mayor
KIMBERLY HO, Vice Mayor

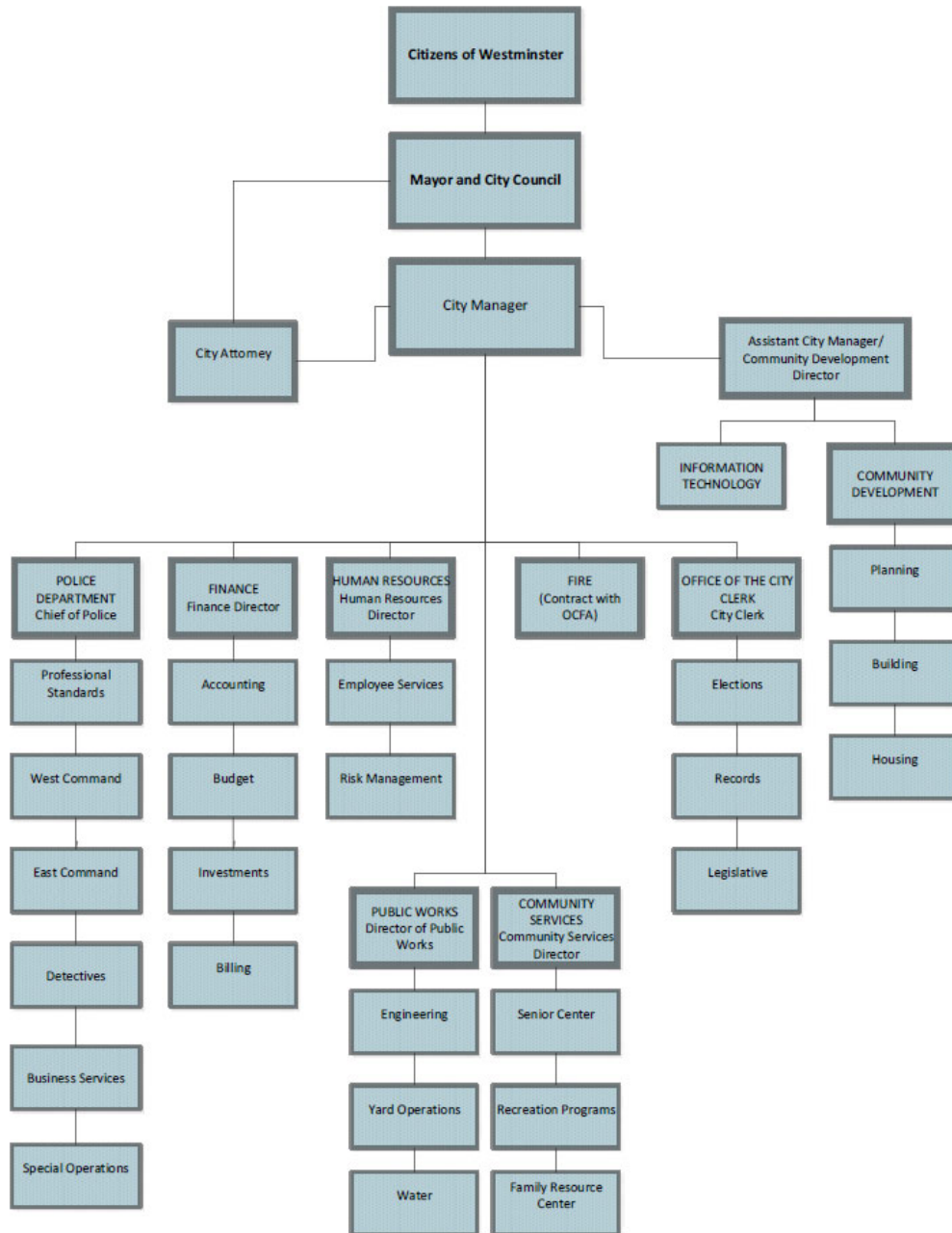
SERGIO CONTRERAS, Council Member
TAI DO, Council Member
CHI CHARLIE NGUYEN, Council Member

CITY OFFICIALS

| | |
|------------------|--|
| Eddie Manfro | City Manager |
| Christine Cordon | City Clerk |
| Diana Dobbert | Community Services Director |
| Sherry Johnson | Finance Director/City Treasurer |
| Richard D. Jones | City Attorney |
| Mark Lauderback | Police Chief |
| Ron Roberts | O.C. Fire Authority Division Chief |
| Cyndie Sanders | Human Resources Director |
| Chester Simmons | Assistant City Manager/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, 2018

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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CITY OF WESTMINSTER

Comprehensive Annual Financial Report

June 30, 2019

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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 other post-employment benefit plan - schedule of changes in the OPEB liability and related ratios 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.

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 December 3, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
December 3, 2019

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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, 2019, along with comparisons to the fiscal year ended June 30, 2018. 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

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 \$186.0 million, an increase of \$2.5 million or 1.36%. The net position of business-type activity increased by \$1.5 million or 5.03%, while the net position of governmental activities increased by \$1.0 million or 0.65%.

The net position of \$186.0 million consisted of: \$229.1 million of net investment in capital assets; \$36.4 million of resources that are subject to external restrictions on how they may be used; \$2.7 million that may be used to meet the City's obligations for its business-type activity; and a \$82.2 million deficit related to its governmental activities.

Total revenues were \$94.2 million and total expenses were \$91.8 million. Revenues increased by \$7.8 million, while expenses decreased by \$0.1 million.

The City's governmental funds reported a combined ending fund balance of \$104.1 million, an increase of \$21.1 million. Of this amount, \$59.7 million (the sum of assigned and unassigned fund balances) is available for spending at the City's discretion.

The City has a Reserve Policy with committed and assigned balances. The Committed fund balance for the General Fund as of June 30, 2019, was \$10.1 million, or 17.00% of total General Fund expenditures. This percentage hits the City's target rate and is in accordance with the recommendation of the Government Finance Officers Association (GFOA). The Assigned fund balance for the General Fund as of June 30, 2019, was \$2.7 million, while the Unassigned fund balance was \$13.0 million, or 21.83% of total General Fund expenditures. This compares to an Unassigned fund balance of \$11.3 million as of June 30, 2018, which was 20.17% of General Fund expenditures for that fiscal year.

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 the government-wide 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 government-wide financial statements include not only the City (known as the primary government) but also the legally separate Westminster Housing Authority, and the Westminster Public Financing Authority but whose activities entirely support the City of Westminster.

The government-wide financial statements can be found immediately following this discussion and analysis.

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 twelve 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 immediately following the government-wide financial statements.

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 liability administration, general benefits, equipment replacement, 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 immediately following the governmental funds financial statements.

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

The basic fiduciary fund financial statements can be found immediately following the proprietary fund financial statements.

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 basic financial statements can be found immediately following the fiduciary funds financial statements.

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 post-employment 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 immediately following the notes to the basic financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. This analysis addresses the financial statements of the City as a whole.

City assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$186.0 million as of June 30, 2019. This is an increase of \$2.5 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 \$5.2 million.

| Condensed Statement of Net Position Primary Government | | | | |
|---|--------------------------|--------------------------|---|---|
| | June 30, 2019 | June 30, 2018 | Increase/ (Decrease) From 2018 | Percent Increase/ (Decrease) |
| Assets: | | | | |
| Current and other assets | 145,920,604 | 130,749,565 | \$ 15,171,039 | 11.60% |
| Capital assets, net of accumulated depreciation | 234,485,485 | 250,633,395 | (16,147,910) | -6.44% |
| Total assets | 380,406,089 | 381,382,960 | (976,871) | -0.26% |
| Deferred Outflows of Resources: | 22,181,831 | 32,366,132 | (10,184,301) | -31.47% |
| Liabilities: | | | | |
| Current and other liabilities | 12,358,240 | 18,249,753 | (5,891,513) | -32.28% |
| Long-term liabilities | 181,064,477 | 200,635,578 | (19,571,101) | -9.75% |
| Total liabilities | 193,422,717 | 218,885,331 | (25,462,614) | -11.63% |
| Deferred Inflows of Resources: | 23,169,094 | 11,357,122 | 11,811,972 | 104.00% |
| Net position: | | | | |
| Net investment in capital assets | 229,116,901 | 243,886,235 | (14,769,334) | -6.06% |
| Restricted | 36,357,323 | 37,126,376 | (769,053) | -2.07% |
| Unrestricted | (79,478,115) | (97,505,972) | 18,027,857 | -18.49% |
| Total net position | 185,996,109 | 183,506,639 | \$ 2,489,470 | 1.36% |

At the end of the fiscal year 2019, 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.

Net position - Restricted for governmental and business-type activities combined (\$36.4 million or 19.55% of total net position) represents resources that are subject to external restrictions on how they may be used. This is a \$0.77 million, or 2.07% decrease from prior year.

The largest portion (123.2%) of the City's net position reflects its investment of \$229.1 million in capital assets (net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall decrease of \$14.8 million, or 6.06% 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 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.

Net position - Unrestricted has a deficit balance of \$79.5 million as of June 30, 2019. The deficit balance is the result of implementing Governmental Accounting Standards Board (GASB) statements related to pension and other post-employment benefits (OPEB) liabilities. The deficit reflects the extent to which the City must defer to future periods the financing of a portion of its pension and OPEB liabilities. 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 this obligation on an actuarial basis, contributing the full amount of annual required contributions to the pension system every year. For the OPEB liability, the City pays this obligation on a pay-as-you-go basis. In fiscal year 2017-18 the City set up two IRS Section 115 Trust Funds dedicated to pension and OPEB. The City contributed \$2.38 million and \$2.61 million to the pension and OPEB trust funds respectively in fiscal year 2017-18. \$227 thousand and \$250 thousand were contributed to the pension, and OPEB trust funds respectively in fiscal year 2018-19. The initial payments were funded mostly from the dissolution of the Westminster Redevelopment Agency (WRA). The California Department of Finance approved these amounts as obligations to the prior employees of the WRA. Subject to available funds, the City will prepay the annual unfunded accrued liabilities (UAL) obligation and transfer the savings in interest expense to the pension trust fund. When annual budget savings allow an amount may also be transferred to the OPEB trust fund.

| Condensed Statement of Net Position Governmental Activities | | | | |
|--|--------------------------|--------------------------|---|---|
| | June 30, 2019 | June 30, 2018 | Increase/ (Decrease) From 2018 | Percent Increase/ (Decrease) |
| Assets: | | | | |
| Current and other assets | 130,429,453 | 114,610,536 | \$ 15,818,917 | 13.80% |
| Capital assets, net of accumulated depreciation | 203,482,593 | 219,962,476 | (16,479,883) | -7.49% |
| Total assets | <u>333,912,046</u> | <u>334,573,012</u> | <u>(660,966)</u> | -0.20% |
| Deferred Outflows of Resources: | <u>21,339,147</u> | <u>30,856,819</u> | <u>(9,517,672)</u> | -30.84% |
| Liabilities: | | | | |
| Current and other liabilities | 9,876,091 | 16,007,211 | (6,131,120) | -38.30% |
| Long-term liabilities | 169,319,292 | 184,877,539 | (15,558,247) | -8.42% |
| Total liabilities | <u>179,195,383</u> | <u>200,884,750</u> | <u>(21,689,367)</u> | -10.80% |
| Deferred Inflows of Resources: | <u>21,280,080</u> | <u>10,764,466</u> | <u>10,515,614</u> | 97.69% |
| Net position: | | | | |
| Net investment in capital assets | 200,733,298 | 217,710,821 | (16,977,523) | -7.80% |
| Restricted | 36,240,191 | 37,011,787 | (771,596) | -2.08% |
| Unrestricted | <u>(82,197,759)</u> | <u>(100,941,993)</u> | <u>18,744,234</u> | 18.57% |
| Total net position | <u>\$ 154,775,730</u> | <u>\$ 153,780,615</u> | <u>\$ 995,115</u> | 0.65% |

Governmental activities show an overall increase in the total net position of \$1.0 million or 0.65%. Key changes in the Statement of Net Position are as follows:

Current and other assets increased by \$15.8 million or 13.80%. This was mostly due to the sale of land at \$14.5 million resulting in an increase to Cash and investments. The sale of land is also reflected as a portion (\$9.4 million) of the decrease of \$16.5 million or 7.49% in Capital assets, net of accumulated depreciation, as well as the Net position – Net investment in capital assets decrease of \$17.0 million or 7.80%.

Deferred Outflows of Resources decreased by \$9.5 million, or 30.84%. The majority of this balance is related to the City's pension and OPEB plans. \$10.4 million in deferred outflows of resources is related to pension and OPEB contributions made in the fiscal year 2018-19 (\$7.7 million for pension and \$2.7 million for OPEB), which is an overall decrease of \$1.5 million when compared to the fiscal year 2017-18. These current year contributions will be recognized as a reduction of the net pension and OPEB liabilities in the fiscal year 2019-20. The remaining balance in deferred outflows of resources (\$10.8 million for pension, and \$40 thousand for OPEB) will be amortized over a number of years and recognized as pension and OPEB expenses.

Current and other liabilities decreased by \$6.1 million or 38.30%. In fiscal year 2017-18, the City owed the WRA \$6.4 million for the purchase of an asset. This liability was paid in the current fiscal year.

Deferred Inflows of Resources increased by \$10.5 million or 97.69%. The balance is related to the City's pension and OPEB plans. \$6.5 million of the balance is related to pension and \$14.8 million is related to OPEB. These balances are made up of various components, the largest being the change in assumptions, followed by the net differences between projected and actual earnings on plan investments. Similar to the Deferred Outflows of Resources, these balances are amortized over a number of years and recognized through pension and OPEB expenses. More detailed information can be found in Notes 8 and 9 in the notes to the basic financial statements.

Net position – Unrestricted increased by \$18.7 million or 18.57%. This is due in part to the decrease in the pension and OPEB liabilities at \$17.9 million. The pension experienced a better than expected return this year, and the City's OPEB liability is now afforded a better discount rate as a result of the City maintaining a Section 115 Trust account that funds more than the "pay as you go" that was previously used to fund this liability.

| Condensed Statement of Net Position Business-type Activity | | | | |
|---|--------------------------|--------------------------|---|---|
| | June 30, 2019 | June 30, 2018 | Increase/ (Decrease) From 2018 | Percent Increase/ (Decrease) |
| Assets: | | | | |
| Current and other assets | \$ 15,491,151 | \$ 16,139,029 | \$ (647,878) | -4.01% |
| Capital assets, net of accumulated depreciation | 31,002,892 | 30,670,919 | 331,973 | 1.08% |
| Total assets | <u>46,494,043</u> | <u>46,809,948</u> | <u>(315,905)</u> | -0.67% |
| Deferred Outflows of Resources: | <u>842,684</u> | <u>1,509,313</u> | <u>(666,629)</u> | -44.17% |
| Liabilities: | | | | |
| Current and other liabilities | 2,482,149 | 2,242,542 | 239,607 | 10.68% |
| Long-term liabilities | 11,745,185 | 15,758,039 | (4,012,854) | -25.47% |
| Total liabilities | <u>14,227,334</u> | <u>18,000,581</u> | <u>(3,773,247)</u> | -20.96% |
| Deferred Inflows of Resources: | <u>1,889,014</u> | <u>592,656</u> | <u>1,296,358</u> | 218.74% |
| Net position: | | | | |
| Net investment in capital assets | 28,383,603 | 26,175,414 | 2,208,189 | 8.44% |
| Restricted | 117,132 | 114,589 | 2,543 | 2.22% |
| Unrestricted | 2,719,644 | 3,436,021 | (716,377) | -20.85% |
| Total net position | <u>\$ 31,220,379</u> | <u>\$ 29,726,024</u> | <u>\$ 1,494,355</u> | 5.03% |

Business-type activity shows an overall increase of \$1.5 million or 5.03%. Key changes in the net position of business-type activity were as follows:

Deferred outflows of resources decreased by \$0.7 million or 44.17%; long-term liabilities decreased by \$4.0 million or 25.47%, and deferred inflows of resources increased by \$1.3 million or 218.74%. As noted with the governmental activities, the majority of these changes are attributable to the pension and OPEB liabilities. More detailed information can be found in Notes 8 and 9 in the notes to the basic financial statements.

Net position – Unrestricted decreased by \$0.7 million or 20.85%. This was somewhat offset by an increase in Net investment in capital assets of \$2.2 million or 8.44%. As the debt related to net capital assets decreases, this net position category will increase, and will pull from the Net position – Unrestricted category. In addition to the asset related debt, both the pension and OPEB liabilities decreased for similar reasons as noted with the governmental activities, contributing to a total net position increase.

Analysis of Activities

The statement of activities shows how the government’s net position changed during the fiscal year 2018-19. The City’s net position increased by \$2.5 million as shown on the condensed summaries shown below and on the following pages.

| Condensed Statement of Activities | | | | |
|--|---------------------------|--------------------------|---|---|
| Primary Government | | | | |
| | For the year ended | | Increase/ (Decrease) From 2018 | Percent Increase/ (Decrease) |
| | June 30, 2019 | June 30, 2018 | | |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 24,633,046 | \$ 24,982,863 | \$ (349,817) | -1.40% |
| Operating grants and contributions | 7,809,684 | 6,950,890 | 858,794 | 12.36% |
| Capital grants and contributions | 110,317 | 61,823 | 48,494 | 78.44% |
| General revenues: | | | | |
| Unrestricted taxes | 40,887,109 | 37,681,895 | 3,205,214 | 8.51% |
| Unrestricted investment earnings | 3,291,636 | 86,816 | 3,204,820 | 3691.51% |
| Intergovernmental revenue - sales taxes | 17,511,972 | 16,663,263 | 848,709 | 5.09% |
| Total Revenues | <u>94,243,764</u> | <u>86,427,550</u> | <u>7,816,214</u> | 9.04% |
| Expenses: | | | | |
| General government | 4,827,179 | 5,401,118 | (573,939) | -10.63% |
| Public safety | 49,134,686 | 46,362,520 | 2,772,166 | 5.98% |
| Public works | 13,854,705 | 13,934,252 | (79,547) | -0.57% |
| Community development | 4,845,122 | 5,847,143 | (1,002,021) | -17.14% |
| Community services | 3,497,900 | 3,604,104 | (106,204) | -2.95% |
| Interest on long term debt | 90,162 | 114,028 | (23,866) | -20.93% |
| Water enterprise | 15,504,540 | 16,377,091 | (872,551) | -5.33% |
| Total Expenses | <u>91,754,294</u> | <u>91,640,256</u> | <u>114,038</u> | 0.12% |
| Change in Net Position | 2,489,470 | (5,212,706) | 7,702,176 | -147.76% |
| Net Position - Beginning of Year | <u>183,506,639</u> | <u>188,719,345</u> | <u>(5,212,706)</u> | -2.76% |
| Net Position - End of Year | <u>\$ 185,996,109</u> | <u>\$ 183,506,639</u> | <u>\$ 2,489,470</u> | 1.36% |

**Condensed Statement of Activities
Governmental Activities**

| | <u>For the year ended</u> | | Increase/ (Decrease) From 2018 | Percent Increase/ (Decrease) |
|--|---------------------------|--------------------------|---|---|
| | <u>June 30, 2019</u> | <u>June 30, 2018</u> | | |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 7,752,650 | \$ 8,783,992 | \$ (1,031,342) | -11.74% |
| Operating grants and contributions | 7,809,684 | 6,950,890 | 858,794 | 12.36% |
| Capital grants and contributions | 110,317 | 61,823 | 48,494 | 78.44% |
| General revenues: | | | | |
| Unrestricted taxes | 40,887,109 | 37,681,895 | 3,205,214 | 8.51% |
| Unrestricted investment earnings | 3,103,684 | (41,593) | 3,145,277 | -7562.03% |
| Intergovernmental revenue - sales taxes | 17,511,972 | 16,663,263 | 848,709 | 5.09% |
| Total Revenues | <u>77,175,416</u> | <u>70,100,270</u> | <u>7,075,146</u> | 10.09% |
| Expenses: | | | | |
| General government | 4,827,179 | 5,401,118 | (573,939) | -10.63% |
| Public safety | 49,134,686 | 46,362,520 | 2,772,166 | 5.98% |
| Public works | 13,854,705 | 13,934,252 | (79,547) | -0.57% |
| Community development | 4,845,123 | 5,847,143 | (1,002,020) | -17.14% |
| Community services | 3,497,900 | 3,604,104 | (106,204) | -2.95% |
| Interest on long term debt | 90,161 | 114,028 | (23,867) | -20.93% |
| Total Expenses | <u>76,249,754</u> | <u>75,263,165</u> | <u>986,589</u> | 1.31% |
| Excess (Deficit) of Revenues over Expenses | 925,662 | (5,162,895) | 6,088,557 | -117.93% |
| Transfers | 69,453 | 35,000 | 34,453 | 98.44% |
| Change in Net Position | 995,115 | (5,127,895) | 6,123,010 | -119.41% |
| Net Position - Beginning of Year | 153,780,615 | 158,908,510 | (5,127,895) | -3.23% |
| Net Position - End of Year | <u>\$ 154,775,730</u> | <u>\$ 153,780,615</u> | <u>\$ 995,115</u> | 0.65% |

Governmental activities increased the City's net position by \$1.0 million. Revenues increased by \$7.1 million or 10.09%. The majority of the increase is in general revenues related to unrestricted taxes, which increased by \$3.2 million or 8.51%. As the City continues to dissolve the WRA, it will receive a percentage share of property taxes generated from reduced WRA continuing obligations. In addition, when the WRA sells property, the City also gets a percentage of the proceeds. The combination of these two WRA activities resulted in an increase of \$1.2 million in fiscal year 2018-19 greater than fiscal year 2017-18. There was also an increase of \$1.4 million in the Transaction and use taxes, generated in part by a change in the State's sales and use taxes collection program which resulted in some delayed payment processing that began working itself out in fiscal year 2018-19. This can also be seen in the increase of \$0.85 million or 5.09% in Intergovernmental revenue – sales taxes.

Unrestricted investment earnings shows an increase of \$3.1 million. While interest income has increased by \$0.60 million, the majority of this change is the result to the City's mark-to-market posting. This entry which adjusts the City cash to market value at fiscal year-end resulted in a \$2.6 million increase in fiscal year 2018-19, which had a positive \$1.6 million gain, while fiscal year 2017-18 had a \$1.0 million loss.

Program expenses increased by \$1.0 million or 1.31%. With the exception of Public safety, which showed an increase of \$2.8 million or 5.98%, all other expenses increased. With the passage of the City's one percent transaction and use tax (Measure SS), the City has been able to hire and retain police officers. While there are still vacancies within the department, most are due to retirements or promotions, rather than voluntary leaves. Community development had a decrease of \$1.0 million or (17.14%). During the last two fiscal years this department recognized gains of \$5.0 million in fiscal year 2018-19 and \$4.2 million in fiscal year 2017-18 from the sale of land. Absent these one-time gains, the department had a decrease of \$0.23 million or (2.33%).

A reorganization is underway in this department that is expected to add both savings and efficiency. This reorganization also contributed to some savings in General Government, which decreased by \$0.6 million or (10.63%).

In the fiscal year 2018-19, program revenues funded 20.55% of total expenses, as compared to 20.99% in the fiscal year 2017-18. A Cost of Services Study was completed and passed in fiscal year 2019-20 which should help in bringing this percentage up. General revenues were able to fully fund the balance of expenses not funded from program revenues in fiscal year 2018-19 resulting \$0.9 million surplus of revenues over expenses. Fiscal year 2017-18 showed a \$5.2 million deficit of revenues over expenses. While General revenues did cover this year's expenses, \$13.5 million of the revenue was from the transaction and use tax which is set to sunset in December 2022.

| Condensed Statement of Activities | | | | |
|--|---------------------------|--------------------------|---|---|
| Business-type Activity | | | | |
| | For the year ended | | Increase/ (Decrease) From 2018 | Percent Increase/ (Decrease) |
| | June 30, 2019 | June 30, 2018 | | |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 16,880,396 | \$ 16,198,871 | \$ 681,525 | 4.21% |
| General revenues: | | | | |
| Unrestricted investment earnings | 187,952 | 128,409 | 59,543 | 46.37% |
| Total Revenues | 17,068,348 | 16,327,280 | 741,068 | 4.54% |
| Expenses: | | | | |
| Water enterprise | 15,504,540 | 16,377,091 | (872,551) | -5.33% |
| Total Expenses | 15,504,540 | 16,377,091 | (872,551) | -5.33% |
| Excess (Deficit) of Revenues over Expenses | 1,563,808 | (49,811) | 1,613,619 | -3239.48% |
| Transfers | (69,453) | (35,000) | (34,453) | 98.44% |
| Change in Net Position | 1,494,355 | (84,811) | 1,579,166 | -1861.98% |
| Net Position - Beginning of Year | 29,726,024 | 29,810,835 | (84,811) | -0.28% |
| Net Position - End of Year | <u>\$ 31,220,379</u> | <u>\$ 29,726,024</u> | <u>\$ 1,494,355</u> | 5.03% |

Business-type activity increased the City's net position by \$1.5 million or (1,861.98%) in the fiscal year 2018-19. Charges for services increased by \$0.7 million or 4.21%. The City increased water rates in November 2018 to cover overall increasing production and infrastructure costs. Water expenses decreased by \$0.9 million or (5.33%). The majority of this decrease is due to a decrease of \$0.6 million in Purchased water and a decrease of OPEB expenses of \$0.11 million. Year round conservation efforts by the Westminster citizens, have contributed to less of a need to purchase water. In addition, the establishment of the OPEB trust fund resulted in a decrease to the OPEB liability. More detailed information can be found in Note 9 in the notes to the basic financial statements.

In the fiscal year 2018-19, program revenues funded 108.87% of total expenses, as compared to 98.91% in the fiscal year 2017-18. General revenues were able to add to the surplus of Excess of Revenues over Expenses resulting in a positive Change in Net Position of \$1.6 million in fiscal year 2018-19 after transfers.

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 increase of \$21.1 million to governmental fund balances in the fiscal year 2018-19 and a net increase of \$0.9 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, 2019, the City's governmental funds reported combined ending fund balances of \$104.1 million, an increase of \$21.1 million in comparison with the prior year. Of the \$104.1 million, \$67,076 or 0.06% is classified as non-spendable fund balance; \$34.2 million or 32.82%, is classified as restricted fund balance; \$10.1 million or 9.74%, is classified as committed; \$46.7 million or 44.86%, is classified as assigned fund balance; and \$13.0 million or 12.51% 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, 2019, the total fund balance was \$25.9 million. The non-spendable portion of this balance is \$67,076; \$10.1 million is committed for emergency/contingency reserve; \$2.7 million is assigned for the WRA dissolution reserve; the remaining \$13.0 million unassigned fund balance is available for spending at the City's discretion. The unassigned total fund balance represents 22.99% of total General Fund expenditures.

The major factors in fund balance changes are as follows:

Governmental Funds

- The **General Fund** experienced a \$2.3 million increase in fund balance in the fiscal year 2018-19, compared to a \$2.8 million increase in the fiscal year 2017-18. Revenues were \$66.5 million, an increase of \$6.0 million compared to the fiscal year 2017-18, while expenditures were \$59.7 million, an increase of \$3.4 million from the fiscal year 2017-18. The increase in revenues and expenditures were addressed on page 12 of this report as part of the Analysis of Activities section.

Other financing sources and uses in the General Fund totaled (\$4.6) million. In fiscal year 2018-19, the City transferred \$4.5 million to the Capital Projects Fund; \$1.5 million is for street improvements, and the remaining \$3.0 is set aside for designation by Council during fiscal year 2019-20. Since the loss of the WRA, street improvements had only been funded with gas tax monies and grants. With the passage of the transaction and use tax – Measure SS, the City has been able to do some transfers to cover some infrastructure work throughout the City.

- The **Westminster Housing Authority Fund** balance declined by \$0.4 million in the fiscal year 2018-19. In the fiscal year 2017-18, the fund declined by \$0.3 million. The fund's \$26.1 million fund balance is restricted for low and moderate income housing purposes.
- The **Housing and Community Development Fund** had its fund balance decrease by \$74.2 thousand. 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, Neighborhood Pride Program, and the Westminster Boys and Girls Club renovation projects.

- The **Special Gas Tax and Street Improvements Fund** recognized a \$0.5 million increase in fund balance during the fiscal year 2018-19. Grant-funded projects comprise a significant portion of this fund and many of the projects are reimbursable only upon completion. The fund received \$6.2 million in revenue in the fiscal year 2018-19, compared to expenditures of \$2.0 million. Resources were transferred out in the amount of \$3.7 million. As of June 30, 2019, this fund had a fund balance of \$0.2 million.
- The **Capital Improvements Capital Projects Fund** balance increased by \$22.0 million. There were \$13.9 million in transfers into the fund from various other funds to complete newly approved projects. A total of \$6.1 million was spent on capital outlay during the year. In addition, \$0.5 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.

This fund also houses the Economic Development-Capital Improvements Fund which was established in fiscal year 2016-17. This fund was created using one-time monies to address the elimination of redevelopment and to support capital improvement projects and economic development efforts. In fiscal year 2018-19, \$14.5 million was received as part of the sale of land. As of June 30, 2019, this portion of the Capital Improvements Capital Projects fund balance of \$43.8 million was \$17.4 million.

- **Other Governmental Funds**, which are the City’s non-major funds, recognized a combined decrease of \$3.2 million to fund balances. These funds are further detailed in the Other Supplementary Information section of this annual report.

Proprietary Funds

- The **Enterprise (Water) Fund** recorded an increase of \$1.4 million to its net position during the fiscal year 2018-19. This is the first year of gains to this fund in four years, which experienced previous losses of \$13.7 thousand in the fiscal year 2017-18, \$829.4 thousand in the fiscal year 2016-17, and \$437.4 thousand in the fiscal year 2015-16. The majority of the previous fiscal year’s losses can be attributed to an increase in operating expenses (including increases to pass-through water costs), which exceeded the slight gain in water sales. A water study was performed during the fiscal year 2017-18 that resulted in an increase in water rates that were implemented in November 2017 and 2018. This has helped to improve the financial stability of this fund.
- The **Internal Service Funds** had its net position decrease by \$0.6 million. These funds had a combined operating loss of \$0.2 million. The City’s reserve policy established a target level of \$500,000 in unrestricted net position in each of the internal service funds. With the exception of the Compensation/Benefits Internal Service Fund, which had a deficit unrestricted fund balance of \$3.7 million as of June 30, 2019, the remaining internal service funds had a combined balance of \$6.0 million in unrestricted net position. The Compensation/Benefits Fund also has a portion of its net position restricted for pension benefits at \$2.9 million for an overall negative net position of \$838,834. 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. The fiscal year 2018-19 General Fund’s original (adopted) budget revenue amount was \$61.5 million and the final budget was \$62.1 million, a net increase of \$0.6 million. The majority of this increase was for property tax revenue at \$0.5 million from the sale of WRA land, and revenue adjustments based on more current data of \$0.4 million of rental income, and a reduction of \$0.3 million in plan check fees. The fiscal year 2018-19 General Fund’s original (adopted) budget for expenditures was \$61.2 million and the final budget was \$61.4 million, a net increase of \$0.2 million. The majority of this was \$0.14 million for Park Maintenance. During the year, Council approved clearing the dead grass brought about during the drought with new grass.

The General Fund reflected a net total positive budget variance of \$6.2 million when comparing actual amounts to the final amended budget for the current fiscal year. Actual revenues shows a positive variance of \$4.4 million or 7.12% of the final budget.

Actual expenditures of \$59.7 million generated budgetary savings of \$1.7 million, or 2.8% of the final budget. \$1.1 million of the savings was from salary savings as a result of vacancies, while the remaining \$0.6 million was from operating cost savings.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets:

Capital assets (net of accumulated depreciation) as of June 30, 2019, and June 30, 2018, are summarized below:

| Capital Assets (net of accumulated depreciation) | | | |
|---|------------------------------------|-----------------------------------|----------------|
| | June 30, 2019 | | |
| | Governmental Activities | Business-type Activity | Total |
| Land | \$ 7,727,359 | \$ 2,484,846 | \$ 10,212,205 |
| Construction in progress | 469,017 | - | 469,017 |
| Buildings | 91,932,348 | 10,778 | 91,943,126 |
| Improvements other than buildings | 18,810,039 | 8,607,518 | 27,417,557 |
| Water distribution lines | - | 16,516,012 | 16,516,012 |
| Vehicles, machinery and equipment | 3,847,434 | 3,319,449 | 7,166,883 |
| Office furniture and equipment | 2,979,565 | 64,289 | 3,043,854 |
| Leased property | 1,676,281 | - | 1,676,281 |
| Infrastructure | 76,040,550 | - | 76,040,550 |
| Total capital assets, net | \$ 203,482,593 | \$ 31,002,892 | \$ 234,485,485 |
| June 30, 2018 | | | |
| | Governmental Activities | Business-type Activity | Total |
| Land | \$ 17,146,581 | \$ 2,484,846 | \$ 19,631,427 |
| Construction in progress | 170,405 | 84,290 | 254,695 |
| Buildings | 94,002,823 | 11,577 | 94,014,400 |
| Improvements other than buildings | 19,885,740 | 8,826,976 | 28,712,716 |
| Water distribution lines | - | 15,825,528 | 15,825,528 |
| Vehicles, machinery and equipment | 4,544,399 | 3,369,450 | 7,913,849 |
| Office furniture and equipment | 3,127,433 | 68,252 | 3,195,685 |
| Leased property | 454,248 | - | 454,248 |
| Infrastructure | 80,630,847 | - | 80,630,847 |
| Total capital assets, net | \$ 219,962,476 | \$ 30,670,919 | \$ 250,633,395 |

Capital assets as of June 30, 2019, totaled \$234.5 million (net of accumulated depreciation). The total decrease in capital assets for the fiscal year 2018-19 was \$16.1 million, composed of a \$16.5 million or 7.5% decrease for governmental activities and a \$0.3 million or 1.1% increase for business-type activity. Noteworthy changes to capital assets during the fiscal year 2018-19 included the following:

- The City sold land purchased from the WRA resulting in a reduction of \$9.4 million in Land. The \$14.5 million in proceeds were deposited in the Economic Development Capital Improvements-Capital Projects Fund to be used in funding future capital improvements and to support economic development efforts.
- The City added \$4.8 million in Infrastructure. The majority of these projects were paid for with various grant contributions.
- The City added \$1.1 million in Leased property. The fleet department began moving toward replacing owned vehicles with a rotating three-year lease program several years ago in an effort to reduce maintenance costs.
- Annual depreciation expense was \$14.7 million - \$13.2 million on assets related to governmental activities assets and \$1.4 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 as of June 30, 2019, and June 30, 2018, are summarized below:

| Outstanding Debt | | | |
|-------------------------------|------------------------------------|-----------------------------------|---------------------|
| June 30, 2019 | | | |
| | Governmental Activities | Business-type Activity | Total |
| Certificates of participation | \$ 1,005,000 | \$ 1,545,000 | \$ 2,550,000 |
| Leases payable | 1,816,704 | - | 1,816,704 |
| Loans payable | - | 1,204,287 | 1,204,287 |
| Total outstanding debt | <u>\$ 2,821,704</u> | <u>\$ 2,749,287</u> | <u>\$ 5,570,991</u> |
| June 30, 2018 | | | |
| | Governmental Activities | Business-type Activity | Total |
| Certificates of participation | \$ 1,620,000 | \$ 1,815,000 | \$ 3,435,000 |
| Leases payable | 728,860 | - | 728,860 |
| Loans payable | - | 2,836,493 | 2,836,493 |
| Total outstanding debt | <u>\$ 2,348,860</u> | <u>\$ 4,651,493</u> | <u>\$ 7,000,353</u> |

At the end of the fiscal year 2018-19, the City had total long-term debt (excluding compensated absences and claims, pension and OPEB liabilities) outstanding of \$5.6 million. The total decrease in debt for the fiscal year 2019 was \$1.4 million, composed of an increase of \$0.47 million or 20.13% for governmental activities and a decrease of \$1.9 million or 40.89% for business-type activity. The increase in governmental long-term debt was the result of increased leases payable activity related to the City's vehicle fleet at \$1.6 million. This was offset somewhat by ongoing debt service payments of \$1.1 million. The decrease in business-type debt was the result of paying off the \$1.6 million loan with the West Orange County Water Board and other ongoing debt service payments of \$0.3 million. Additional information can be found in Note 7 in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City continues to manage a structural deficit, and the General Fund ended the fiscal year 2018-19 with total revenues exceeding total expenditures by \$6.8 million. \$4.5 million of this balance was transferred to the Capital Improvements-Capital Projects Fund for use on street infrastructure at \$1.5 million, and \$3.0 million for various other one-time projects to be determined in fiscal year 2019-20. With the passage of the 1% transaction and use tax during the latter part of the fiscal year 2016-17, a balanced two-year budget was passed for fiscal years 2017-19 for the second time since the fiscal year 2007-08. The current two-year budget for fiscal years 2019-21 was passed with a balanced budget for fiscal year 2019-20. However, fiscal year 2020-21 has a deficit of \$1.2 million. Since the passage of this biennial budget, Council passed a Cost of Services Study which is expected to provide an estimated additional \$1.0 million annually in charges for services.

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 Average</u> |
|-------------------------------|-------------|-----------------------------------|
| Employees per capita (1,000) | 2.53 | 3.62 |
| General Fund costs per capita | \$680 | \$741 |

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 the fiscal year 2019-20 includes a General Fund surplus of \$30,832. The budget authorizes \$62.9 million in General Fund expenditures vs. \$63.0 million in estimated revenue and \$25,000 in transfers out to other funds. Expenditures are budgeted at a \$3.3 million or 5.5% increase over the fiscal year 2018-19 actuals, while revenues are budgeted at a \$3.4 million or 5.2% decrease from the fiscal year 2018-19 actuals. The General Fund ended the fiscal year 2018-19 with \$13.0 million in unassigned fund balance or approximately 21.83% of actual General Fund expenditures. Based on the adopted budget, the General Fund is projected to end the fiscal year 2019-20 with \$26.0 million in reserves, representing 41.2% of the budgeted expenditures.

The City Council has acknowledged the importance of continuing to provide essential services to residents such as police, code enforcement, community services, parks 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 and sunset on December 31, 2022. Measure SS passed 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.

BASIC FINANCIAL STATEMENTS

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CITY OF WESTMINSTER
STATEMENT OF NET POSITION
June 30, 2019

| | Primary Government | | |
|---|----------------------------|---------------------------|-----------------------|
| | Governmental Activities | Business-type Activity | Total |
| ASSETS: | | | |
| Cash and investments (Note 2) | \$ 71,346,378 | \$ 7,183,105 | \$ 78,529,483 |
| Receivables, net of allowances (Note 4) | 27,292,989 | 3,105,958 | 30,398,947 |
| Prepaid items | 90,592 | 1,000 | 91,592 |
| Internal balances | (1,015,079) | 1,015,079 | - |
| Inventory | 12,978 | 278,911 | 291,889 |
| Restricted assets: | | | |
| Cash and investments (Note 2) | 17,153,224 | 3,789,966 | 20,943,190 |
| Cash and investments with fiscal agents (Note 2) | 6,888,761 | 117,132 | 7,005,893 |
| Land held for resale (Note 5) | 8,659,610 | - | 8,659,610 |
| Capital assets (Note 6): | | | |
| Not being depreciated: | | | |
| Land | 7,727,359 | 2,484,846 | 10,212,205 |
| Construction in progress | 469,017 | - | 469,017 |
| Being depreciated, net of accumulated depreciation: | | | |
| Buildings | 91,932,348 | 10,778 | 91,943,126 |
| Improvements other than buildings | 18,810,039 | 8,607,518 | 27,417,557 |
| Water distribution lines | - | 16,516,012 | 16,516,012 |
| Vehicles, machinery and equipment | 3,847,434 | 3,319,449 | 7,166,883 |
| Office furniture and equipment | 2,979,565 | 64,289 | 3,043,854 |
| Leased property | 1,676,281 | - | 1,676,281 |
| Infrastructure | 76,040,550 | - | 76,040,550 |
| TOTAL ASSETS | 333,912,046 | 46,494,043 | 380,406,089 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | |
| Deferred loss on refunding, net of accumulated amortization | 72,409 | 129,996 | 202,405 |
| Deferred amounts on pension plans (Note 8) | 18,568,828 | 403,230 | 18,972,058 |
| Deferred amounts on OPEB plan (Note 9) | 2,697,910 | 309,458 | 3,007,368 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 21,339,147 | 842,684 | 22,181,831 |
| LIABILITIES: | | | |
| Accounts payable and other liabilities | 2,862,902 | 2,465,149 | 5,328,051 |
| Due to other governments | 5,182,180 | - | 5,182,180 |
| Deposits | 1,831,009 | 17,000 | 1,848,009 |
| Long-term liabilities: | | | |
| Due within one year (Note 7) | 5,494,028 | 640,993 | 6,135,021 |
| Due in more than one year (Note 7) | 9,559,484 | 2,369,496 | 11,928,980 |
| Due in more than one year - pension liability (Note 8) | 109,615,895 | 3,613,223 | 113,229,118 |
| Due in more than one year - OPEB liability (Note 9) | 44,649,885 | 5,121,473 | 49,771,358 |
| TOTAL LIABILITIES | 179,195,383 | 14,227,334 | 193,422,717 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Deferred amounts on pension plans (Note 8) | 6,519,075 | 195,884 | 6,714,959 |
| Deferred amounts on OPEB plans (Note 9) | 14,761,005 | 1,693,130 | 16,454,135 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 21,280,080 | 1,889,014 | 23,169,094 |
| NET POSITION: | | | |
| Net investment in capital assets | 200,733,298 | 28,383,603 | 229,116,901 |
| Restricted for: | | | |
| Community development | 26,638,119 | - | 26,638,119 |
| Public safety | 2,114,362 | - | 2,114,362 |
| Public works | 4,378,381 | - | 4,378,381 |
| Debt service | 255,722 | 117,132 | 372,854 |
| Pension benefits | 2,853,607 | - | 2,853,607 |
| Unrestricted | (82,197,759) | 2,719,644 | (79,478,115) |
| TOTAL NET POSITION | \$ 154,775,730 | \$ 31,220,379 | \$ 185,996,109 |

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

| Functions/programs | Expenses | Program Revenues | | |
|---------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government | \$ 4,827,179 | \$ 1,149,664 | \$ 175,740 | \$ 30,621 |
| Public safety | 49,134,686 | 3,875,102 | 668,294 | - |
| Public works | 13,854,705 | 411,959 | - | - |
| Community development | 4,845,122 | 2,109,265 | 6,635,832 | 79,696 |
| Community services | 3,497,900 | 206,660 | 329,818 | - |
| Interest on long term debt | 90,162 | - | - | - |
| Total governmental activities | <u>76,249,754</u> | <u>7,752,650</u> | <u>7,809,684</u> | <u>110,317</u> |
| Business-type activity: | | | | |
| Water enterprise | <u>15,504,540</u> | <u>16,880,396</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 91,754,294</u> | <u>\$ 24,633,046</u> | <u>\$ 7,809,684</u> | <u>\$ 110,317</u> |

General revenues:

Unrestricted taxes:

Transactions and use taxes

Property taxes, levied for general purposes

Utility users taxes

Business operation taxes

Franchise taxes

Transient occupancy taxes

Unrestricted investment earnings

Intergovernmental revenue - sales taxes

Transfers

Total general revenues and transfers

Change in net position

Net Position - Beginning of Year

Net Position - End of Year

| Net (Expense) Revenue and Changes in Net Position | | |
|--|---------------------------|-----------------------|
| Governmental Activities | Business-type Activity | Total |
| \$ (3,471,154) | \$ - | \$ (3,471,154) |
| (44,591,290) | - | (44,591,290) |
| (13,442,746) | - | (13,442,746) |
| 3,979,671 | - | 3,979,671 |
| (2,961,422) | - | (2,961,422) |
| (90,162) | - | (90,162) |
| (60,577,103) | - | (60,577,103) |
| - | 1,375,856 | 1,375,856 |
| (60,577,103) | 1,375,856 | (59,201,247) |
| 13,538,135 | - | 13,538,135 |
| 19,374,827 | - | 19,374,827 |
| 4,411,518 | - | 4,411,518 |
| 1,427,830 | - | 1,427,830 |
| 1,310,370 | - | 1,310,370 |
| 824,429 | - | 824,429 |
| 3,103,684 | 187,952 | 3,291,636 |
| 17,511,972 | - | 17,511,972 |
| 69,453 | (69,453) | - |
| 61,572,218 | 118,499 | 61,690,717 |
| 995,115 | 1,494,355 | 2,489,470 |
| 153,780,615 | 29,726,024 | 183,506,639 |
| <u>\$ 154,775,730</u> | <u>\$ 31,220,379</u> | <u>\$ 185,996,109</u> |

CITY OF WESTMINSTER
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

| | General | Special Revenue Funds | |
|---|----------------------|-------------------------------|-----------------------------------|
| | | Westminster Housing Authority | Housing and Community Development |
| ASSETS | | | |
| Cash and investments (Note 2) | \$ 22,513,967 | \$ - | \$ 65,089 |
| Receivables, net of allowances (Note 4) | 6,838,021 | 13,475,345 | 6,034,506 |
| Prepaid items | 67,076 | - | - |
| Due from other funds (Note 3) | 100,000 | - | - |
| Land held for resale (Note 5) | - | 2,259,610 | - |
| Restricted assets: | | | |
| Cash and investments (Note 2) | - | 10,082,750 | - |
| Cash and investments with fiscal agents (Note 2) | - | - | - |
| TOTAL ASSETS | \$ 29,519,064 | \$ 25,817,705 | \$ 6,099,595 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| LIABILITIES: | | | |
| Accounts payable and other liabilities | \$ 1,653,050 | \$ 87,209 | \$ 19,562 |
| Deposits | 1,797,632 | - | - |
| Due to other funds (Note 3) | - | - | 600,000 |
| Due to other governments | 68,577 | - | 5,113,603 |
| TOTAL LIABILITIES | 3,519,259 | 87,209 | 5,733,165 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue | 68,359 | - | - |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 3,587,618 | 87,209 | 5,733,165 |
| FUND BALANCES (NOTE 12): | | | |
| Nonspendable | 67,076 | - | - |
| Restricted | - | 25,730,496 | 366,430 |
| Committed | 10,141,831 | - | - |
| Assigned | 2,696,420 | - | - |
| Unassigned | 13,026,119 | - | - |
| TOTAL FUND BALANCES | 25,931,446 | 25,730,496 | 366,430 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 29,519,064 | \$ 25,817,705 | \$ 6,099,595 |

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 | | |
| \$ 5,359,802 | \$ 27,741,867 | \$ 7,991,971 | \$ 63,672,696 |
| 680,558 | - | 102,914 | 27,131,344 |
| - | - | - | 67,076 |
| - | 6,200,000 | - | 6,300,000 |
| - | 6,400,000 | - | 8,659,610 |
| - | - | - | 10,082,750 |
| - | 4,034,224 | 930 | 4,035,154 |
| <u>\$ 6,040,360</u> | <u>\$ 44,376,091</u> | <u>\$ 8,095,815</u> | <u>\$ 119,948,630</u> |
| | | | |
| \$ 93,673 | \$ 535,172 | \$ 48,518 | \$ 2,437,184 |
| - | - | 33,377 | 1,831,009 |
| 5,700,000 | - | - | 6,300,000 |
| - | - | - | 5,182,180 |
| 5,793,673 | 535,172 | 81,895 | 15,750,373 |
| - | - | 30,164 | 98,523 |
| <u>5,793,673</u> | <u>535,172</u> | <u>112,059</u> | <u>15,848,896</u> |
| | | | |
| - | - | - | 67,076 |
| 246,687 | - | 7,817,243 | 34,160,856 |
| - | - | - | 10,141,831 |
| - | 43,840,919 | 166,513 | 46,703,852 |
| - | - | - | 13,026,119 |
| <u>246,687</u> | <u>43,840,919</u> | <u>7,983,756</u> | <u>104,099,734</u> |
| | | | |
| <u>\$ 6,040,360</u> | <u>\$ 44,376,091</u> | <u>\$ 8,095,815</u> | <u>\$ 119,948,630</u> |

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CITY OF WESTMINSTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2019

| | | |
|--|----------------------|-----------------------|
| Fund balances - total governmental funds | | \$ 104,099,734 |
| 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 | \$ 438,076,505 | |
| Accumulated depreciation | <u>(240,497,485)</u> | 197,579,020 |
| 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 Activities. Internal Service funds net position is: | | |
| | | 7,988,442 |
| 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, 2019 are: | | |
| Certificates of participation payable | (708,478) | |
| Accrued interest | <u>(2,389)</u> | (710,867) |
| Pension and OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pension and OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities: | | |
| Deferred outflows of resources on pension and OPEB | 21,266,738 | |
| Deferred inflows of resources on pension and OPEB | (21,280,080) | |
| Pension and OPEB liability | <u>(154,265,780)</u> | (154,279,122) |
| 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>98,523</u> |
| Net position of governmental activities | | <u>\$ 154,775,730</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, 2019

| | General | Special Revenue Funds | |
|---|----------------------|-------------------------------------|---|
| | | Westminster Housing Authority | Housing and Community Development |
| REVENUES: | | | |
| Taxes | \$ 38,971,548 | \$ - | \$ - |
| Licenses and permits | 792,649 | - | - |
| Fines | 669,359 | - | - |
| Investment and rental | 3,318,393 | 194,598 | - |
| Intergovernmental | 17,836,858 | 57,667 | 1,007,823 |
| Charges for services | 4,553,697 | - | - |
| Other | 347,256 | 1,387 | 405 |
| TOTAL REVENUES | 66,489,760 | 253,652 | 1,008,228 |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 4,318,001 | - | - |
| Public safety | 45,519,158 | - | - |
| Public works | 4,965,284 | - | - |
| Community development | 2,360,254 | 605,489 | 567,437 |
| Community services | 2,375,123 | - | - |
| Capital outlay | 120,009 | - | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| TOTAL EXPENDITURES | 59,657,829 | 605,489 | 567,437 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 6,831,931 | (351,837) | 440,791 |
| OTHER FINANCING SOURCES (USES): | | | |
| Sale of equipment and property | 4,548 | - | - |
| Transfers in | 32,802 | - | - |
| Transfers out | (4,601,939) | - | (515,000) |
| TOTAL OTHER FINANCING SOURCES (USES) | (4,564,589) | - | (515,000) |
| NET CHANGE IN FUND BALANCES | 2,267,342 | (351,837) | (74,209) |
| FUND BALANCES (DEFICIT) - BEGINNING OF YEAR | 23,664,104 | 26,082,333 | 440,639 |
| FUND BALANCES - END OF YEAR | \$ 25,931,446 | \$ 25,730,496 | \$ 366,430 |

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 | | |
| \$ 4,897,044 | \$ - | \$ 2,100,361 | \$ 45,968,953 |
| - | - | - | 792,649 |
| - | - | - | 669,359 |
| 98,775 | 241,375 | 206,378 | 4,059,519 |
| 1,109,283 | - | 999,163 | 21,010,794 |
| 1,620 | - | 85,836 | 4,641,153 |
| 79,697 | - | 26,053 | 454,798 |
| <u>6,186,419</u> | <u>241,375</u> | <u>3,417,791</u> | <u>77,597,225</u> |
| - | - | 20,832 | 4,338,833 |
| - | - | 822,782 | 46,341,940 |
| - | - | - | 4,965,284 |
| 1,775,638 | 892,269 | 1,325,981 | 7,527,068 |
| - | - | 337,633 | 2,712,756 |
| - | 5,160,925 | - | 5,280,934 |
| 198,336 | - | 235,211 | 433,547 |
| 21,720 | - | 25,758 | 47,478 |
| <u>1,995,694</u> | <u>6,053,194</u> | <u>2,768,197</u> | <u>71,647,840</u> |
| <u>4,190,725</u> | <u>(5,811,819)</u> | <u>649,594</u> | <u>5,949,385</u> |
| - | 14,475,933 | - | 14,480,481 |
| 174,499 | 13,892,059 | 136,939 | 14,236,299 |
| (3,878,124) | (547,171) | (4,000,737) | (13,542,971) |
| <u>(3,703,625)</u> | <u>27,820,821</u> | <u>(3,863,798)</u> | <u>15,173,809</u> |
| 487,100 | 22,009,002 | (3,214,204) | 21,123,194 |
| (240,413) | 21,831,917 | 11,197,960 | 82,976,540 |
| <u>\$ 246,687</u> | <u>\$ 43,840,919</u> | <u>\$ 7,983,756</u> | <u>\$ 104,099,734</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, 2019**

Net change in fund balances - total governmental funds \$ 21,123,194

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

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

| | | |
|----------------------|---------------------|--------------|
| Capital outlays | \$ (5,263,250) | |
| Depreciation expense | <u>(12,041,553)</u> | (17,304,803) |

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

| | | |
|--------------------|--|---------|
| Principal payments | | 433,547 |
|--------------------|--|---------|

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

| | | |
|--------------------------------|--|-------|
| Net change in accrued interest | | 1,374 |
|--------------------------------|--|-------|

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.

| | | |
|--|--|-------------|
| | | (5,931,912) |
|--|--|-------------|

OPEB expense reported in the governmental funds includes the insurance premiums paid. In the Statement of Activities, OPEB expense includes the change in the OPEB liability, and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.

| | | |
|--|--|-----------|
| | | 3,794,276 |
|--|--|-----------|

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.

| | | |
|--|--|-----------|
| | | (627,875) |
|--|--|-----------|

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

| | | |
|-------------------------------------|--|------------------|
| Net change in long-term receivables | | <u>(492,686)</u> |
|-------------------------------------|--|------------------|

| | | |
|---|--|-------------------|
| Change in net position of governmental activities | | <u>\$ 995,115</u> |
|---|--|-------------------|

CITY OF WESTMINSTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

| | Business-type Activity | Governmental Activities |
|---|---------------------------|----------------------------|
| | Enterprise Fund | Internal Service Funds |
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash and investments | \$ 7,183,105 | \$ 7,673,681 |
| Receivables, net of allowances | 3,105,958 | 161,645 |
| Prepaid items | 1,000 | 23,516 |
| Inventories | 278,911 | 12,978 |
| Restricted assets: | | |
| Cash and investments | 3,789,966 | 7,070,475 |
| Cash and investments with fiscal agents | 117,132 | 2,853,607 |
| TOTAL CURRENT ASSETS | 14,476,072 | 17,795,902 |
| CAPITAL ASSETS: | | |
| Land | 2,484,846 | - |
| Construction in progress | - | 120,090 |
| Buildings | 101,429 | 4,575,005 |
| Water distribution lines | 47,901,898 | - |
| Improvements other than buildings | 11,975,579 | 622,855 |
| Vehicles | - | 2,513,979 |
| Machinery and equipment | 13,341,581 | 871,773 |
| Office furniture, computers and equipment | 202,939 | 2,855,470 |
| Leased property | - | 2,767,259 |
| TOTAL CAPITAL ASSETS | 76,008,272 | 14,326,431 |
| Less accumulated depreciation | (45,005,380) | (8,422,858) |
| NET CAPITAL ASSETS | 31,002,892 | 5,903,573 |
| TOTAL ASSETS | 45,478,964 | 23,699,475 |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding, net of accumulated amortization | 129,996 | 72,409 |
| Deferred amounts on pension plans | 403,230 | - |
| Deferred amounts on OPEB plan | 309,458 | - |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 842,684 | 72,409 |

(Continued)

CITY OF WESTMINSTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
June 30, 2019

| | Business-type Activity | Governmental Activities |
|--|---------------------------|----------------------------|
| | Enterprise Fund | Internal Service Funds |
| LIABILITIES: | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and other liabilities | \$ 2,465,149 | \$ 423,329 |
| Deposits | 17,000 | - |
| Claims payable | - | 2,495,303 |
| Compensated absences | 224,634 | 1,935,513 |
| Leases payable | - | 535,251 |
| Certificates of participation | 285,000 | 94,415 |
| Loans payable | 131,359 | - |
| TOTAL CURRENT LIABILITIES | <u>3,123,142</u> | <u>5,483,811</u> |
| LONG-TERM LIABILITIES: | | |
| Claims payable | - | 7,485,908 |
| Compensated absences | 36,568 | 315,084 |
| Leases payable | - | 1,281,453 |
| Certificates of participation | 1,260,000 | 202,107 |
| Loans payable | 1,072,928 | - |
| OPEB liability | 5,121,473 | - |
| Pension liability | 3,613,223 | - |
| TOTAL LONG-TERM LIABILITIES | <u>11,104,192</u> | <u>9,284,552</u> |
| TOTAL LIABILITIES | <u>14,227,334</u> | <u>14,768,363</u> |
| DEFERRED INFLOWS OF RESOURCES: | | |
| Deferred amounts on pension plans | 195,884 | - |
| Deferred amounts on OPEB plan | 1,693,130 | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>1,889,014</u> | <u>-</u> |
| NET POSITION: | | |
| Net investment in capital assets | 28,383,601 | 3,862,756 |
| Restricted: | | |
| Debt service | 117,132 | - |
| Pension benefits | - | 2,853,607 |
| Unrestricted | 1,704,567 | 2,287,158 |
| TOTAL NET POSITION | <u>30,205,300</u> | <u>\$ 9,003,521</u> |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | <u>1,015,079</u> | |
| Net position of business-type activity | <u>\$ 31,220,379</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, 2019

| | Business-type Activity | Governmental Activities |
|--|---------------------------|----------------------------|
| | Enterprise Fund | Internal Service Funds |
| OPERATING REVENUES: | | |
| Charges for services | \$ 16,857,016 | \$ 10,059,968 |
| Other | 23,380 | 292,411 |
| TOTAL OPERATING REVENUES | 16,880,396 | 10,352,379 |
| OPERATING EXPENSES: | | |
| Salaries | 3,160,106 | 1,703,249 |
| Maintenance and operations | 3,988,225 | 2,700,103 |
| Purchased water | 3,030,745 | - |
| Pump and basin assessment | 3,797,455 | - |
| Insurance premiums and legal fees | 406 | 1,329,345 |
| Claims and benefits | - | 3,669,289 |
| Depreciation and amortization | 1,432,021 | 1,181,268 |
| TOTAL OPERATING EXPENSES | 15,408,958 | 10,583,254 |
| OPERATING INCOME (LOSS) | 1,471,438 | (230,875) |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | 187,952 | 318,832 |
| Interest and fiscal charges | (150,994) | (44,058) |
| Gain on sale of property and equipment | - | 7,513 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 36,958 | 282,287 |
| INCOME BEFORE TRANSFERS | 1,508,396 | 51,412 |
| TRANSFERS: | | |
| Transfers in | 25,000 | 407,125 |
| Transfers out | (94,453) | (1,031,000) |
| TOTAL TRANSFERS | (69,453) | (623,875) |
| CHANGE IN NET POSITION | 1,438,943 | (572,463) |
| NET POSITION - BEGINNING OF YEAR | 28,766,357 | 9,575,984 |
| NET POSITION - END OF YEAR | \$ 30,205,300 | \$ 9,003,521 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund | \$ 55,412 | |
| Change in net position - Enterprise Fund | 1,438,943 | |
| Change in net position of business-type activity | \$ 1,494,355 | |

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2019

| | Business-type Activity | Governmental Activities |
|--|---------------------------|----------------------------|
| | Enterprise Fund | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | \$ 16,706,353 | \$ 10,199,061 |
| Payment to suppliers | (9,160,951) | (6,022,247) |
| Payment to employees | (3,333,758) | (1,681,920) |
| NET CASH PROVIDED BY ACTIVITIES | <u>4,211,644</u> | <u>2,494,894</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Cash received from other funds | 25,000 | 407,125 |
| Cash paid to other funds | (94,453) | (1,031,000) |
| NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES | <u>(69,453)</u> | <u>(623,875)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Acquisition of capital assets | (1,763,995) | (452,899) |
| Proceeds from sale of assets | - | 33,695 |
| Proceeds from debt | - | - |
| Principal payments on capital leases | - | (491,625) |
| Principal payments on long-term debt | (1,902,206) | (181,455) |
| Interest and fiscal charges | (125,001) | (19,266) |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | <u>(3,791,202)</u> | <u>(1,111,550)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income | 187,952 | 318,832 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 538,941 | 1,078,301 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>10,551,262</u> | <u>16,519,462</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 11,090,203</u> | <u>\$ 17,597,763</u> |
| CASH AND CASH EQUIVALENTS: | | |
| Current assets: | | |
| Cash and investments | \$ 7,183,105 | \$ 7,673,681 |
| Restricted assets: | | |
| Cash and investments | 3,789,966 | 7,070,475 |
| Cash and investments with fiscal agents | 117,132 | 2,853,607 |
| TOTAL CASH AND CASH EQUIVALENTS | <u>\$ 11,090,203</u> | <u>\$ 17,597,763</u> |

(Continued)

CITY OF WESTMINSTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For the year ended June 30, 2019

| | Business-type Activity | Governmental Activities |
|---|---------------------------|----------------------------|
| | Enterprise Fund | Internal Service Funds |
| RECONCILIATION OF OPERATING INCOME TO NET | | |
| CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ 1,471,438 | \$ (230,875) |
| Depreciation and amortization | 1,432,021 | 1,181,268 |
| Change in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (174,043) | (153,318) |
| (Increase) decrease in prepaid items | 1,504,303 | (22,381) |
| (Increase) decrease in inventories | (88,029) | - |
| (Increase) decrease in deferred outflows on pensions and OPEB | 640,637 | - |
| Increase (decrease) in accounts payable and other liabilities | 239,606 | (119,567) |
| Increase (decrease) in claims payable | - | 1,761,354 |
| Increase (decrease) in deferred inflows on pensions and OPEB | 1,296,359 | - |
| Increase (decrease) in OPEB | (1,784,278) | - |
| Increase (decrease) in pension liability | (333,691) | - |
| Increase (decrease) in compensated absences payable | 7,321 | 78,413 |
| | <u>7,321</u> | <u>78,413</u> |
| NET CASH PROVIDED BY OPERATING | | |
| ACTIVITIES | <u>\$ 4,211,644</u> | <u>\$ 2,494,894</u> |
| NONCASH FINANCING, CAPITAL OR INVESTING ACTIVITIES: | | |
| Capital assets acquired through lease | <u>\$ -</u> | <u>\$ 1,579,469</u> |

See accompanying notes to basic financial statements.

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

| | Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund | Agency Fund |
|---|---|-----------------|
| | <u>Trust Fund</u> | <u>Fund</u> |
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash and investments | \$ 3,362,950 | \$ - |
| Interest receivable | 16,392 | - |
| Prepaid items | 659,828 | - |
| Due from other governments | 61,239 | - |
| Restricted assets: | | |
| Cash and investments | - | 8,667 |
| Cash and investments with fiscal agents | 16,009,366 | - |
| TOTAL ASSETS | <u>20,109,775</u> | <u>\$ 8,667</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding, net of accumulated amortization | <u>10,439,739</u> | |
| LIABILITIES: | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and other liabilities | 20,963 | \$ - |
| Certificates of participation, current portion | 2,350,000 | - |
| Due to bondholders | - | 8,667 |
| Interest payable | 955,696 | - |
| TOTAL CURRENT LIABILITIES | <u>3,326,659</u> | <u>8,667</u> |
| LONG-TERM LIABILITIES: | | |
| Certificates of participation | 117,739,174 | - |
| TOTAL LONG-TERM LIABILITIES | <u>117,739,174</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>121,065,833</u> | <u>\$ 8,667</u> |
| NET POSITION: | | |
| Net position for private purpose | <u>(90,516,319)</u> | |
| TOTAL NET POSITION | <u>\$ (90,516,319)</u> | |

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the year ended June 30, 2019

| | Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund |
|-----------------------------------|---|
| ADDITIONS: | |
| Taxes and assessments | \$ 7,196,134 |
| Investment and rental | <u>315,995</u> |
| TOTAL ADDITIONS | <u>7,512,129</u> |
| DEDUCTIONS: | |
| General government | 90,598 |
| Community development | 109,989 |
| Interest and fiscal expense | <u>4,702,947</u> |
| TOTAL DEDUCTIONS | <u>4,903,534</u> |
| CHANGE IN NET POSITION | 2,608,595 |
| NET POSITION AT BEGINNING OF YEAR | <u>(93,124,914)</u> |
| NET POSITION AT END OF YEAR | <u><u>\$ (90,516,319)</u></u> |

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The basic financial statements of the City of Westminster (the City) 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 (GASB) 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 financial statements prepared for the Authority.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) 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 regard 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

Current Year Standards

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

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

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019, was early implemented by the City in fiscal year 2018-19. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in an enterprise fund. Accounting changes adopted to conform to this provision for this statement should be applied prospectively. There was no material impact on the City's financial statements resulting from the implementation of GASB 89.

Pending Accounting Standards

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

- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.
- GASB 91 - *Conduit Debt Obligations*, effective for periods beginning after December 15, 2020.

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 acquisition 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. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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 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 and OPEB equal to employer contributions made after the measurement date of the net pension liability and the net OPEB liability, respectively.
- Deferred outflow related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions and OPEB 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.
- Deferred outflow 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.

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 inflow 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 inflow related to pensions and OPEB for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred inflow from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions and OPEB through the respective plans.
- Deferred inflow related to pension plans for the changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019, 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plans' fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the City's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments that have a maturity at the time of purchase of one year or less, which are reported at cost.

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.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

2. CASH AND INVESTMENTS

Cash and Investments

Cash and investments at June 30, 2019 consisted of the following:

| | Government- Wide Statement of Net Position | Fiduciary Funds Statement of Net Position | Total |
|---|---|--|------------------------------|
| Unrestricted assets: | | | |
| Cash and investments | <u>\$ 78,529,483</u> | <u>\$ 3,362,950</u> | <u>\$ 81,892,433</u> |
| Total unrestricted assets | <u>78,529,483</u> | <u>3,362,950</u> | <u>81,892,433</u> |
| Restricted assets: | | | |
| Cash and investments | 20,943,190 | 8,667 | 20,951,857 |
| Cash and investments with fiscal agents | <u>7,005,893</u> | <u>16,009,366</u> | <u>23,015,259</u> |
| Total restricted assets | <u>27,949,083</u> | <u>16,018,033</u> | <u>43,967,116</u> |
| Total cash and investments | <u><u>\$ 106,478,566</u></u> | <u><u>\$ 19,380,983</u></u> | <u><u>\$ 125,859,549</u></u> |

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

Primary government:

| | |
|-------------|------------------------------|
| Petty cash | \$ 5,000 |
| Deposits | 1,961,326 |
| Investments | <u>104,512,240</u> |
| | <u><u>\$ 106,478,566</u></u> |

Fiduciary funds:

| | |
|------------------------------------|-----------------------------|
| Pooled with the primary government | \$ 8,667 |
| Deposits | 105,565 |
| Investments | <u>19,266,751</u> |
| | <u><u>\$ 19,380,983</u></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.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

2. CASH AND INVESTMENTS (CONTINUED)

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 or the funds within the Pension Trust that are governed by the agreement between the City and the trustee, rather than the general provisions of the California Government Code or the City's investment policy.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio* | Maximum Investment in One Issuer |
|--|------------------|----------------------------------|----------------------------------|
| 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% | 5% |
| 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 | \$ 65,000,000 |
| Corporate Medium Term Notes (MTN) | 5 years | 30% | 5% |
| Mortgage Pass-through Securities/ Collateralized Mortgage Obligations/ Asset-Backed Securities | 5 years | 20% | 5% |
| Money Market Mutual Funds | None | 20% | No Limit |

N/A - Not Applicable

* Excluding amounts held by bond and pension trustees that are not subject to California Government Code restrictions.

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.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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:

| Investment Type | Primary Government | | | Total |
|---|--------------------------------|------------------------|------------------------|-------------------------|
| | Remaining Maturity (in Months) | | | |
| | 12 Months or Less | 13 - 36 Months | 37 - 60 Months | |
| Local Agency Investment Fund (LAIF) | \$ 40,792,874 | \$ - | \$ - | \$ 40,792,874 |
| United States Treasury Obligations | 745,664 | 9,322,667 | 4,573,137 | 14,641,468 |
| Federal National Mortgage Association (FNMA) Federal Home Loan Mortgage Corporation (FHLMC) | 1,902,455 795,432 | 7,377,376 1,182,941 | 1,172,603 1,035,395 | 10,452,434 3,013,768 |
| Federal Home Loan Bank (FHLB) | - | 2,918,024 | 3,698,456 | 6,616,480 |
| Corporate Medium Term Notes (MTN) | 1,038,155 | 5,579,501 | 7,524,686 | 14,142,342 |
| Collateralized Mortgage Obligation | - | 309,597 | 2,453,467 | 2,763,064 |
| Asset-Backed Securities | - | 1,021,477 | 1,577,098 | 2,598,575 |
| Supranational | 901,523 | 1,480,675 | - | 2,382,198 |
| Money Market Mutual Funds | 7,109,037 | - | - | 7,109,037 |
| | <u>\$ 53,285,140</u> | <u>\$ 29,192,258</u> | <u>\$ 22,034,842</u> | <u>\$ 104,512,240</u> |

| Investment Type | Fiduciary Funds | | | Total |
|-------------------------------------|--------------------------------|-------------------|-------------------|----------------------|
| | Remaining Maturity (in Months) | | | |
| | 12 Months or Less | 13 - 36 Months | 37 - 60 Months | |
| Local Agency Investment Fund (LAIF) | \$ 3,257,385 | \$ - | \$ - | \$ 3,257,385 |
| Money Market Mutual Funds | 16,009,366 | - | - | 16,009,366 |
| | <u>\$ 19,266,751</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 19,266,751</u> |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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 Standard & Poor's as of year-end for each investment type:

| Investment Type | Minimum Legal Rating | Primary Government | | | | | |
|------------------------------------|----------------------|---------------------------|---------------------|----------------------|----------------------|--------------------------|----------------------|
| | | Total as of June 30, 2019 | AAA | AA+ | Other | Not Required to be Rated | Not Rated |
| LAIF | N/A | 40,792,874 | \$ - | \$ - | \$ - | \$ - | \$ 40,792,874 |
| U.S. Treasury Obligations | N/A | 14,641,468 | - | - | - | 14,641,468 | - |
| FNMA | N/A | 10,452,434 | - | 10,452,434 | - | - | - |
| FHLMC | N/A | 3,013,768 | - | 3,013,768 | - | - | - |
| FHLB | N/A | 6,616,480 | - | 6,616,480 | - | - | - |
| MTN | A | 14,142,342 | - | - | 14,142,342 | - | - |
| Collateralized Mortgage Obligation | N/A | 2,763,064 | - | 309,597 | - | - | 2,453,467 |
| Asset-Backed Securities | N/A | 2,598,575 | 586,285 | - | - | - | 2,012,290 |
| Supranational | N/A | 2,382,198 | 1,293,586 | - | - | - | 1,088,612 |
| Money Market Mutual Funds | AAA | 7,109,037 | 7,109,037 | - | - | - | - |
| | | <u>\$ 104,512,240</u> | <u>\$ 8,988,908</u> | <u>\$ 20,392,279</u> | <u>\$ 14,142,342</u> | <u>\$ 14,641,468</u> | <u>\$ 46,347,243</u> |

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

| Investment Type | AAA | AA+ | AA | AA- | A+ | A/A- | Total |
|-----------------|------------|--------------|------------|--------------|--------------|--------------|---------------|
| MTN | \$ 269,893 | \$ 1,146,796 | \$ 947,790 | \$ 1,639,608 | \$ 2,781,322 | \$ 7,356,933 | \$ 14,142,342 |

| Investment Type | Minimum Legal Rating | Fiduciary Funds | | | | |
|---------------------------|----------------------|---------------------------|----------------------|-------------|--------------------------|---------------------|
| | | Total as of June 30, 2019 | AAA | AA+ | Not Required to be Rated | Not Rated |
| LAIF | N/A | \$ 3,257,385 | \$ - | \$ - | \$ - | \$ 3,257,385 |
| Money Market Mutual Funds | AAA | 16,009,366 | 16,009,366 | - | - | - |
| | | <u>\$ 19,266,751</u> | <u>\$ 16,009,366</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,257,385</u> |

N/A - Not Applicable

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. The City had no investments in any one issuer that represent 5% or more of total City's investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The 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, 2019, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California law.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated. A minimum of \$5,000 in increments of \$1,000 up to a maximum of \$65,000 may be withdrawn. Same day transactions must be initiated by 10:00 am. Amounts of \$10,000,000 or more require one day prior notice. A maximum of 15 transactions (combination of deposits and withdrawals) per month are allowed.

Investment in Section 115 Pension Trust

The City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City's pension plan. The Section 115 Pension Trust's specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the City.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

2. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2019:

Primary Government

| | Quoted Prices Level 1 | Observable Inputs Level 2 | Unobservable Inputs Level 3 | Total |
|------------------------------------|-----------------------------|---------------------------------|-----------------------------------|-----------------------|
| U.S. Treasury Obligations | \$ - | \$ 14,641,468 | \$ - | \$ 14,641,468 |
| FNMA | - | 10,452,434 | - | 10,452,434 |
| FHLMC | - | 3,013,768 | - | 3,013,768 |
| FHLB | - | 6,616,480 | - | 6,616,480 |
| MTN | - | 14,142,342 | - | 14,142,342 |
| Collateralized Mortgage Obligation | - | 2,763,064 | - | 2,763,064 |
| Asset Backed Securities | - | 2,598,575 | - | 2,598,575 |
| Supranational | - | 2,382,198 | - | 2,382,198 |
| | | | | |
| Total Leveled Investments | <u>\$ -</u> | <u>\$ 56,610,329</u> | <u>\$ -</u> | 56,610,329 |
| | | | | |
| LAIF* | | | | 40,792,874 |
| Money Market Mutual Funds* | | | | <u>7,109,037</u> |
| | | | | |
| Total Investment Portfolio | | | | <u>\$ 104,512,240</u> |

Fiduciary Funds

| | | |
|----------------------------|--|----------------------|
| LAIF* | | \$ 3,257,385 |
| Money Market Mutual Funds* | | <u>16,009,366</u> |
| | | |
| Total Investment Portfolio | | <u>\$ 19,266,751</u> |

* Not subject to fair value measurements.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2019 are as follows:

| | <u>Receivable</u> | <u>Payable</u> |
|---|---------------------|---------------------|
| General Fund | \$ 100,000 | \$ - |
| Special Revenue Funds: | | |
| Housing and Community Development | - | 600,000 |
| Special Gas Tax and Street Improvements | - | 5,700,000 |
| Capital Projects Fund: | | |
| Capital Improvements | <u>6,200,000</u> | <u>-</u> |
| | <u>\$ 6,300,000</u> | <u>\$ 6,300,000</u> |

The interfund amounts from the General Fund and 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, 2019 are as follows:

Governmental Activities

| | <u>Transfers In</u> | | | | <u>Total</u> |
|--|---------------------|--|---------------------------------|-------------------------------|----------------------|
| | <u>General</u> | <u>Special Gas Tax and Street Improvements</u> | <u>Capital Improvements</u> | <u>Other Governmental</u> | |
| Transfers Out: | | | | | |
| General | \$ - | \$ - | \$ 4,500,000 | \$ 76,939 | \$ 4,576,939 |
| Housing and Community Development | - | - | 515,000 | - | 515,000 |
| Special Gas Tax and Street Improvements | - | - | 3,878,124 | - | 3,878,124 |
| Capital Improvements | | 174,499 | - | - | 174,499 |
| Other Governmental Funds | 32,802 | - | 3,967,935 | - | 4,000,737 |
| Water Enterprise | | - | - | 60,000 | 60,000 |
| Internal Service | | - | 1,031,000 | - | 1,031,000 |
| | <u>\$ 32,802</u> | <u>\$ 174,499</u> | <u>\$ 13,892,059</u> | <u>\$ 136,939</u> | <u>\$ 14,236,299</u> |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Proprietary Funds

| | Transfers In | | |
|----------------------|---------------------|---------------------|-------------------|
| | Water Enterprise | Internal Service | Total |
| Transfers Out: | | | |
| General | \$ 25,000 | \$ - | \$ 25,000 |
| Capital Improvements | | 372,672 | 372,672 |
| Water Enterprise | - | 34,453 | 34,453 |
| | <u>\$ 25,000</u> | <u>\$ 407,125</u> | <u>\$ 432,125</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 | Other Governmental | Total |
|-------------------------------|---------------------|-------------------------------------|--|---|-----------------------|----------------------|
| Taxes | \$ 5,506,940 | \$ - | \$ - | \$ - | \$ 16,415 | \$ 5,523,355 |
| Accounts | 780,820 | - | - | - | - | 780,820 |
| Interest | 536,461 | - | - | - | - | 536,461 |
| Loans | - | 5,061,765 | 4,361,503 | - | - | 9,423,268 |
| Notes | - | 8,413,580 | 1,602,100 | - | - | 10,015,680 |
| Due from other governments | 13,800 | - | 70,903 | 680,558 | 86,499 | 851,760 |
| Net Total Receivables | <u>\$ 6,838,021</u> | <u>\$ 13,475,345</u> | <u>\$ 6,034,506</u> | <u>\$ 680,558</u> | <u>\$ 102,914</u> | <u>\$ 27,131,344</u> |

Proprietary Funds

| | Water Enterprise | Internal Service | Total |
|-----------------------|---------------------|---------------------|---------------------|
| Accounts | \$ 3,105,958 | \$ 161,645 | \$ 3,267,603 |
| Net Total Receivables | <u>\$ 3,105,958</u> | <u>\$ 161,645</u> | <u>\$ 3,267,603</u> |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

4. RECEIVABLES (CONTINUED)

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 | 362,638 |
| HOME Down Payment Assistance Loans, payable in monthly installments, with balance due upon sale of property | 156,595 |
| HOME Lease Purchase Program - due 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>\$ 4,361,503</u> |

Loans Receivable - Westminster Housing Authority

| | |
|---|---------------------|
| Housing Rehab Loans, due upon sale of property | \$ 2,153,361 |
| Housing Single Residence Loans, deferred 35 years or due upon sale of property | 35,000 |
| 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>75,000</u> |
| Total Loans Receivable - Westminster Housing Authority | <u>\$ 5,061,765</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 of 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 |
|--|------------|

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

4. RECEIVABLES (CONTINUED)

Governmental Activities (Continued)

Notes Receivable - Housing and Community Development (Continued)

\$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, 2019, \$606,360 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. \$ 606,360

\$157,200 note receivable from American Family Housing dated July 28, 2016. The purpose of the loan is to assist with the development property located at 13942 Cedar Street in the City of Westminster, California, as an affordable rental housing project to be made available to and occupied by qualified and eligible low income families at an affordable rent. As of June 30, 2019, \$145,740 has been disbursed to the developer. Repayment of the 55 year loan is to be made in annual payments equal to 50% of the project’s “residual receipts.” The note shall accrue interest at the rate of zero percent. 145,740

Total Notes Receivable – Housing and Community Development \$ 1,602,100

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 project’s “residual receipts.” \$ 27,560

\$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 project’s “residual receipts.” 104,808

\$200,000 note receivable from American Family Housing 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. On July 27, 2016, this remaining loan balance was amended as part of a new loan paid with Housing and Community Development funds. Payment has been deferred until July 1, 2032 and will be forgiven at that time provided all provisions have been followed. An allowance for the amount of \$137,778 is recorded on this note, as the City expects to forgive this note. -

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

4. RECEIVABLES (CONTINUED)

Governmental Activities (Continued)

Notes Receivable - Westminster Housing Authority (Continued)

\$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, 2019, \$5,128,874 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 project's "residual receipts." \$ 5,128,874

\$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, 2019, \$752,338 has been disbursed to the developer. Repayment of the 55 year, 0% interest loan is to be made in annual payments equal to 25% of the project's "residual receipts." 752,338

\$2,100,000 note receivable from Affirmed Housing Group, Inc. dated June 30, 2016 with an additional \$300,000 approved on March 13, 2019. 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. Repayment of the 55 year, 3% simple interest loan is to be made in annual payments equal to 50% of the project's "residual receipts." 2,400,000

Total Notes Receivable - Westminster Housing Authority \$ 8,413,580

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, 2018 | Additions/ (Deletions) | Balance June 30, 2019 |
|-------------------------------------|------------------|--------------------------|---------------------------|--------------------------|
| 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 | 296,400 | - | 296,400 |
| 8190 13th Street | 097-090-50 | 1,463,000 | - | 1,463,000 |
| 15550 Beach Boulevard | 107-721-02 | <u>6,400,000</u> | - | <u>6,400,000</u> |
| | | <u>\$ 8,659,610</u> | <u>\$ -</u> | <u>\$ 8,659,610</u> |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

6. CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the year ended June 30, 2019 is as follows:

Governmental Activities

| | Balance at July 1, 2018 | Additions | Deletions | Balance at June 30, 2019 |
|--|----------------------------|-----------------------|-----------------------|-----------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 17,146,581 | \$ - | \$ (9,419,222) | \$ 7,727,359 |
| Construction in progress | 170,405 | 414,354 | (115,742) | 469,017 |
| Total capital assets, not being depreciated | <u>17,316,986</u> | <u>414,354</u> | <u>(9,534,964)</u> | <u>8,196,376</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 118,872,367 | 320,400 | - | 119,192,767 |
| Improvements other than buildings | 27,324,248 | 173,599 | - | 27,497,847 |
| Vehicles, machinery and equipment | 10,950,649 | 63,248 | (475,554) | 10,538,343 |
| Office furniture and equipment | 8,469,194 | 428,635 | - | 8,897,829 |
| Leased property | 1,623,388 | 1,739,873 | (596,000) | 2,767,261 |
| Infrastructure | <u>272,146,799</u> | <u>3,165,714</u> | <u>-</u> | <u>275,312,513</u> |
| Total capital assets, being depreciated | <u>439,386,645</u> | <u>5,891,469</u> | <u>(1,071,554)</u> | <u>444,206,560</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (24,869,544) | (2,390,875) | - | (27,260,419) |
| Improvements other than buildings | (7,438,508) | (1,249,300) | - | (8,687,808) |
| Vehicles, machinery and equipment | (6,406,250) | (732,292) | 447,633 | (6,690,909) |
| Office furniture and equipment | (5,341,761) | (576,503) | - | (5,918,264) |
| Leased property | (1,169,140) | (517,840) | 596,000 | (1,090,980) |
| Infrastructure | <u>(191,515,952)</u> | <u>(7,756,011)</u> | <u>-</u> | <u>(199,271,963)</u> |
| Total accumulated depreciation | <u>(236,741,155)</u> | <u>(13,222,821)</u> | <u>1,043,633</u> | <u>(248,920,343)</u> |
| Total capital assets, being depreciated, net | <u>202,645,490</u> | <u>(7,331,352)</u> | <u>(27,921)</u> | <u>195,286,217</u> |
| Total governmental activities capital assets, net | <u>\$ 219,962,476</u> | <u>\$ (6,916,998)</u> | <u>\$ (9,562,885)</u> | <u>\$ 203,482,593</u> |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

6. CAPITAL ASSETS (CONTINUED)

A summary of changes in the Business-type Activity capital assets for the year ended June 30, 2019 is as follows:

Business-type Activity

| | Balance at July 1, 2018 | Additions | Deletions | Balance at June 30, 2019 |
|---|----------------------------|--------------------|--------------------|-----------------------------|
| Capital assets, not being depreciated: | | | | |
| Land and land rights | \$ 2,484,846 | \$ - | \$ - | \$ 2,484,846 |
| Construction in progress | 84,290 | - | (84,290) | - |
| Total capital assets, not being depreciated | <u>2,569,136</u> | <u>-</u> | <u>(84,290)</u> | <u>2,484,846</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 101,429 | - | - | 101,429 |
| Improvements other than buildings | 11,949,072 | 26,507 | - | 11,975,579 |
| Water distribution lines | 46,312,306 | 1,589,592 | - | 47,901,898 |
| Machinery and equipment | 13,123,766 | 217,815 | - | 13,341,581 |
| Office furniture and equipment | 188,569 | 14,370 | - | 202,939 |
| Total capital assets, being depreciated | <u>71,675,142</u> | <u>1,848,284</u> | <u>-</u> | <u>73,523,426</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | (89,852) | (799) | - | (90,651) |
| Improvements other than buildings | (3,122,096) | (245,965) | - | (3,368,061) |
| Water distribution lines | (30,486,779) | (899,107) | - | (31,385,886) |
| Machinery and equipment | (9,754,315) | (267,817) | - | (10,022,132) |
| Office furniture and equipment | (120,317) | (18,333) | - | (138,650) |
| Total accumulated depreciation | <u>(43,573,359)</u> | <u>(1,432,021)</u> | <u>-</u> | <u>(45,005,380)</u> |
| Total capital assets, being depreciated, net | <u>28,101,783</u> | <u>416,263</u> | <u>-</u> | <u>28,518,046</u> |
| Total business-type activity capital assets, net | <u>\$ 30,670,919</u> | <u>\$ 416,263</u> | <u>\$ (84,290)</u> | <u>\$ 31,002,892</u> |

The City maintains a reserve fund for capital improvement designed to encourage and improve on water conservation. At June 30, 2019, the Enterprise Fund's conservation projects reserve account totaled \$3,782,891.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

6. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

| | |
|--|---------------------------------|
| General government | \$ 84,022 |
| Public safety | 1,548,360 |
| Public works | 8,113,627 |
| Community development | 1,683,879 |
| Community services | 611,665 |
| Internal service funds | <u>1,181,268</u> |
| Total depreciation expense - governmental activities | <u><u>\$ 13,222,821</u></u> |

Business-type Activity

| | |
|------------|----------------------------|
| Water Fund | <u><u>\$ 1,432,021</u></u> |
|------------|----------------------------|

7. LONG-TERM LIABILITIES

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

Governmental Activities

| | Balance July 1, 2018 | Additions | Reductions | Balance June 30, 2019 | Due Within One Year | Due in More Than One Year |
|-----------------------------------|--------------------------|-------------------------|-------------------------|--------------------------|---------------------------|---------------------------------|
| Other debt | | | | | | |
| Certificates of participation | \$ 1,620,000 | \$ - | \$ 615,000 | \$ 1,005,000 | \$ 320,000 | \$ 685,000 |
| Direct borrowings | | | | | | |
| Leases payable | 728,860 | 1,579,469 | 491,625 | 1,816,704 | 535,251 | 1,281,453 |
| Other long-term liabilities | | | | | | |
| Compensated absences | 2,172,184 | 1,502,350 | 1,423,937 | 2,250,597 | 1,935,513 | 315,084 |
| Claims liabilities (Note 11) | <u>8,219,857</u> | <u>3,539,136</u> | <u>1,777,782</u> | <u>9,981,211</u> | <u>2,495,303</u> | <u>7,485,908</u> |
| Total governmental activities | <u>\$ 12,740,901</u> | <u>\$ 6,620,955</u> | <u>\$ 4,308,344</u> | <u>\$ 15,053,512</u> | <u>\$ 5,286,067</u> | <u>\$ 9,767,445</u> |

Business-type Activity

| | Balance July 1, 2018 | Additions | Reductions | Balance June 30, 2019 | Due Within One Year | Due in More Than One Year |
|----------------------------------|--------------------------|-------------------------|-------------------------|--------------------------|---------------------------|---------------------------------|
| Other debt | | | | | | |
| Certificates of participation | \$ 1,815,000 | \$ - | \$ 270,000 | \$ 1,545,000 | \$ 285,000 | \$ 1,260,000 |
| Loans payable | 2,836,493 | - | 1,632,206 | 1,204,287 | 131,359 | 1,072,928 |
| Other long-term liabilities | | | | | | |
| Compensated absences | <u>253,881</u> | <u>141,342</u> | <u>134,021</u> | <u>261,202</u> | <u>224,634</u> | <u>36,568</u> |
| Total business type activity | <u>4,905,374</u> | <u>141,342</u> | <u>2,036,227</u> | <u>3,010,489</u> | <u>640,993</u> | <u>2,369,496</u> |
| City Total | <u>\$ 17,646,275</u> | <u>\$ 6,762,297</u> | <u>\$ 6,344,571</u> | <u>\$ 18,064,001</u> | <u>\$ 5,927,060</u> | <u>\$ 12,136,941</u> |

7. LONG-TERM LIABILITIES (CONTINUED)

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, 2019 \$ 1,005,000

Lease Payable

The City 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, 2019 \$ 1,816,704

Capital assets acquired through the lease consists of equipment with a net value of \$1,676,281, which has an original cost of \$2,767,259 less accumulated depreciation of \$1,090,978.

Compensated Absences and 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.

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity

The Business-type Activity long-term liability transactions at June 30, 2019 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, 2019 \$ 1,545,000

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.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

Certificates of Participation (Continued)

For the fiscal year ended June 30, 2019, the calculation of the Enterprise Fund's compliance with the rate coverage covenant is as follows:

| | |
|--|---------------------|
| Gross revenues: | |
| Charges for services | \$ 16,857,016 |
| Investment income | 187,952 |
| Other | <u>23,380</u> |
| Total gross revenues | <u>17,068,348</u> |
| Operating expenses: | |
| Operating expenses | 15,408,958 |
| Depreciation and amortization | (1,432,021) |
| Vehicle replacement charges | <u>(220,426)</u> |
| Total operating costs | <u>13,756,511</u> |
| Net revenues | <u>\$ 3,311,837</u> |
| Installment payments: | |
| Principal payments | \$ 338,488 |
| Interest payments | <u>117,624</u> |
| Total installment payments | <u>\$ 456,112</u> |
| Net revenues to installment payment coverage ratio | <u>726%</u> |

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

Additionally, the City has agreed to maintain a replacement reserve at a level the City determines to be economically prudent. At June 30, 2019, the Enterprise Fund's capital equipment replacement reserve is as follows:

| | |
|---------------------------------------|---------------------|
| Capital equipment replacement reserve | <u>\$ 3,344,911</u> |
|---------------------------------------|---------------------|

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

Loans Payable

\$889,355 loan payable to Orange County Water District dated August 1, 2000. 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. 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%. \$ 60,460

\$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, 2031. Interest is payable at a fixed rate of 3.52% per annum. 1,143,827

\$1,589,593 installment loan payable to West Orange County Water Board dated December 13, 2017. The agreement was issued to provide for the financing of a water line relocation as part of the I-405 widening project. The project will be completed in early fiscal year 2018-19, and the loan was subsequently paid in full on August 27, 2018. _____ -

Total Loans Payable \$ 1,204,287

Compensated Absences Liability

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

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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, 2019, including interest payments are as follows:

| Year Ending June 30, | Certificates of Participation Governmental Activities | | |
|-------------------------|--|------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 320,000 | \$ 42,750 | \$ 362,750 |
| 2021 | 335,000 | 29,550 | 364,550 |
| 2022 | 350,000 | 15,313 | 365,313 |
| | <u>\$ 1,005,000</u> | <u>\$ 87,613</u> | <u>\$ 1,092,613</u> |

| Year Ending June 30, | Leases Payable Governmental Activities | | |
|-------------------------|---|------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 535,251 | \$ 10,705 | \$ 545,956 |
| 2021 | 427,390 | 8,548 | 435,938 |
| 2022 | 854,063 | 17,081 | 871,144 |
| | <u>\$ 1,816,704</u> | <u>\$ 36,334</u> | <u>\$ 1,853,038</u> |

| Year Ending June 30, | Certificates of Participation Business-type Activity | | |
|-------------------------|---|-------------------|---------------------|
| | Principal | Interest | Total |
| 2020 | \$ 285,000 | \$ 65,356 | \$ 350,356 |
| 2021 | 295,000 | 53,600 | 348,600 |
| 2022 | 310,000 | 41,431 | 351,431 |
| 2023 | 320,000 | 28,256 | 348,256 |
| 2024 | 335,000 | 14,656 | 349,656 |
| | <u>\$ 1,545,000</u> | <u>\$ 203,299</u> | <u>\$ 1,748,299</u> |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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 |
| 2020 | \$ 131,359 | \$ 41,131 | \$ 172,490 |
| 2021 | 73,395 | 36,475 | 109,870 |
| 2022 | 75,978 | 33,846 | 109,824 |
| 2023 | 78,652 | 31,125 | 109,777 |
| 2024 | 81,421 | 28,308 | 109,729 |
| 2025-2029 | 452,167 | 95,683 | 547,850 |
| 2030-2032 | 311,315 | 16,690 | 328,005 |
| | <u>\$ 1,204,287</u> | <u>\$ 283,258</u> | <u>\$ 1,487,545</u> |

| Year Ending June 30, | Grand Totals | | |
|-------------------------|---|-------------------|---------------------|
| | Governmental and Business-type Activities | | |
| | Principal | Interest | Total |
| 2020 | \$ 1,271,610 | \$ 159,942 | \$ 1,431,552 |
| 2021 | 1,130,785 | 128,173 | 1,258,958 |
| 2022 | 1,590,041 | 107,671 | 1,697,712 |
| 2023 | 398,652 | 59,381 | 458,033 |
| 2024 | 416,421 | 42,964 | 459,385 |
| 2025-2029 | 452,167 | 95,683 | 547,850 |
| 2030-2032 | 311,315 | 16,690 | 328,005 |
| | <u>\$ 5,570,991</u> | <u>\$ 610,504</u> | <u>\$ 6,181,495</u> |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

8. PENSION PLANS

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

| | Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|-----------------------|-----------------------|--------------------------------------|-------------------------------------|----------------------|
| CalPERS Miscellaneous | \$ 40,146,926 | \$ 4,480,332 | \$ (2,176,492) | \$ 5,320,924 |
| CalPERS Safety | 71,963,367 | 14,489,346 | (4,538,467) | 8,710,399 |
| PARS | 1,118,825 | 2,380 | - | 103,625 |
| | <u>\$ 113,229,118</u> | <u>\$ 18,972,058</u> | <u>\$ (6,714,959)</u> | <u>\$ 14,134,948</u> |

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

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, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

8. PENSION PLANS (CONTINUED)

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

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

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

| | Miscellaneous | | |
|--|------------------------------|--|--------------------------------|
| | Prior to October 22, 2011 | October 22, 2011 to December 31, 2012 | On or After January 1, 2013 |
| Hire date | | | |
| Benefit formula | 2.5%@55 | 2%@60 | 2%@62 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 50 - 63 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.5% | 1.092% to 2.418% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 7.00% | 5.75% |
| Required employer contribution rates: | | | |
| Normal cost rate | 8.247% | 8.247% | 5.750% |
| Payment of unfunded liability | \$ 2,101,110 | \$ - | \$ - |
| | | | |
| | Safety | | |
| | Prior to October 22, 2011 | October 22, 2011 to December 31, 2012 | On or After January 1, 2013 |
| Hire date | | | |
| Benefit formula | 3%@50 | 2%@50 | 2.7%@57 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50 - 55 | 50 - 55 | 50 - 57 |
| Monthly benefits, as a % of eligible compensation | 3.00% | 2.0% to 2.7% | 2.0% to 2.7% |
| Required employee contribution rates | 9.00% | 9.00% | 12.25% |
| Required employer contribution rates: | | | |
| Normal cost rate | 21.418% | 16.498% | 12.965% |
| Payment of unfunded liability | \$ 3,003,721 | \$ 329 | \$ 1,687 |

8. PENSION PLANS (CONTINUED)

- a. Public Employees’ Retirement System (CalPERS) (Continued)

General Information about the Pension Plans (Continued)

Employees Covered

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

| | <u>Miscellaneous</u> |
|--|----------------------|
| Inactive employees or beneficiaries currently receiving benefits | 254 |
| Inactive employees entitled to but not yet receiving benefits | 123 |
| Active employees | <u>139</u> |
| Total | <u><u>516</u></u> |

Contributions

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

Net Pension Liability

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

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, 2017 actuarial valuations were determined using the following actuarial assumptions:

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

(1) Varies by entry age and service.

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

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

Long-term Expected Rate of Return

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

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

8. PENSION PLANS (CONTINUED)

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

Net Pension Liability (Continued)

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

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

- (a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
- (b) An expected inflation of 2.0% used for this period.
- (c) An expected inflation of 2.92% used for this period.

Discount Rate

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

Subsequent Events

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

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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, 2017 (Measurement Date) | \$ 132,595,191 | \$ 88,740,589 | \$ 43,854,602 |
| Changes in the Year: | | | |
| Service cost | 1,689,596 | - | 1,689,596 |
| Interest on the total pension liability | 9,038,670 | - | 9,038,670 |
| Differences between expected and actual experience | (2,674,420) | - | (2,674,420) |
| Changes in assumptions | (889,018) | - | (889,018) |
| Plan to plan resource movement | - | (214) | 214 |
| Contribution - employer | | 2,929,826 | (2,929,826) |
| Contribution - employee | - | 898,613 | (898,613) |
| Net investment income | - | 7,445,161 | (7,445,161) |
| Administrative expenses | - | (138,282) | 138,282 |
| Other miscellaneous expense | - | (262,600) | 262,600 |
| Benefit payments, including refunds of employee contributions | (6,923,150) | (6,923,150) | - |
| Net Changes | 241,678 | 3,949,354 | (3,707,676) |
| Balance at June 30, 2018 (Measurement Date) | \$ 132,836,869 | \$ 92,689,943 | \$ 40,146,926 |

Proportionate Share of Net Pension Liability

As of June 30, 2019 (measurement date of June 30, 2018), the City reported \$71,963,367 for its proportionate share of the net pension liability for the Safety Plan.

8. PENSION PLANS (CONTINUED)

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

Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability (Continued)

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

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

| | |
|------------------------------|---------------|
| | <u>Safety</u> |
| Proportion - June 30, 2017 | 1.18735% |
| Proportion - June 30, 2018 | 1.22646% |
| Change - Increase (Decrease) | 0.03911% |

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

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

| | | |
|-----------------------|----------------------|----------------|
| | <u>Miscellaneous</u> | <u>Safety</u> |
| 1% Decrease | 6.15% | 6.15% |
| Net Pension Liability | \$ 57,680,050 | \$ 106,656,809 |
| Current Discount Rate | 7.15% | 7.15% |
| Net Pension Liability | \$ 40,146,926 | \$ 71,963,367 |
| 1% Increase | 8.15% | 8.15% |
| Net Pension Liability | \$ 25,662,061 | \$ 43,538,303 |

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, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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, 2019, the City recognized pension expense of \$5,320,925 and \$8,710,399 for the Miscellaneous and Safety Plans, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Miscellaneous | | Safety | |
|--|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Pension contributions subsequent to measurement date | \$ 2,496,018 | \$ - | \$ 5,395,008 | \$ - |
| Differences between expected and actual experience | - | (1,643,081) | 1,546,251 | (5,866) |
| Change in assumptions | 1,487,966 | (533,411) | 7,060,861 | (952,637) |
| Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions | - | - | - | (3,579,964) |
| Net differences between projected and actual earnings on plan investments | 496,348 | - | 487,226 | - |
| Total | \$ 4,480,332 | \$ (2,176,492) | \$ 14,489,346 | \$ (4,538,467) |

\$2,496,018 and \$5,395,008 reported as deferred outflows of resources related to contributions subsequent to the measurement date, for the Miscellaneous and Safety Plans, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ending June 30, | Miscellaneous | Safety |
|----------------------|---------------|--------------|
| 2020 | \$ 1,281,533 | \$ 4,872,061 |
| 2021 | (367,963) | 2,450,387 |
| 2022 | (850,676) | (2,268,121) |
| 2023 | (255,072) | (498,456) |
| 2024 | - | - |
| Thereafter | - | - |

Payable to the Pension Plan

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

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 six eligible retirees or their beneficiaries are paid monthly.

Contributions

The contribution is actuarially 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, 2019, the City's contribution was \$57,769.

Employees Covered

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

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

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

8. PENSION PLANS (CONTINUED)

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

General Information about the Pension Plan (Continued)

Actuarial Assumptions

The total pension liability as of the measurement date of June 30, 2019 was determined using the following actuarial assumptions:

| | |
|--------------------------------------|---|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| 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, 2018 | 4.0 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 |

Discount Rate

GASB 68 generally requires 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 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 29) does 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.

8. PENSION PLANS (CONTINUED)

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

Net Pension Liability (Continued)

Discount Rate (Continued)

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 68 specifies 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 68 will show that the Fiduciary Net Position is always projected to be insufficient to cover benefit payments and administrative expenses.

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, 2019.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

8. PENSION PLANS (CONTINUED)

b. Public Agency Retirement System (PARS) Supplementary Retirement Plan (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. 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 | 5.82% | 0.71% | 0.71% |
| U.S. Core Fixed Income | Barclays Aggregate | 78.58% | 1.83% | 1.73% |
| U.S. Equity Market | Russell 3000 | 11.75% | 4.71% | 3.52% |
| Foreign Developed Equity | MSCI EAFE NR | 3.13% | 6.06% | 4.55% |
| U.S. Real Estate | FTSE NAREIT Equity REIT | 0.72% | 5.05% | 3.42% |
| Assumed Inflation - Mean | | | 2.21% | 2.20% |
| Assumed Inflation - Standard Deviation | | | 1.65% | 1.65% |
| Portfolio Real Mean Return | | | 2.26% | 2.16% |
| Portfolio Nominal Mean Return | | | 4.47% | 4.41% |
| Portfolio Standard Deviation | | | | 0.68% |
| Long-Term Expected Rate of Return | | | | 6.00% |

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 plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current retirees. Therefore, the City chose the Bond Buyer General Obligation 20-Bond Index resulting in the use of a 3.50% rate in calculating the pension liability.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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, 2018 | <u>\$ 1,163,319</u> | <u>\$ 86,763</u> | <u>\$ 1,076,556</u> |
| Changes in the Year: | | | |
| Interest on the total pension liability | 44,010 | - | 44,010 |
| Changes in assumptions | 59,655 | - | 59,655 |
| Contribution - employer | - | 57,769 | (57,769) |
| Net investment income | - | 6,704 | (6,704) |
| Administrative expenses | - | (3,077) | 3,077 |
| Benefit payments, including refunds of employee contributions | <u>(52,698)</u> | <u>(52,698)</u> | <u>-</u> |
| Net Changes | <u>50,967</u> | <u>8,698</u> | <u>42,269</u> |
| Balance at June 30, 2019 | <u>\$ 1,214,286</u> | <u>\$ 95,461</u> | <u>\$ 1,118,825</u> |

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 one percentage point lower or one percentage point higher than the current rate:

| | | |
|-----------------------|----|-----------|
| 1% Decrease | | 2.50% |
| Net Pension Liability | \$ | 1,306,103 |
| Current Discount Rate | | 3.50% |
| Net Pension Liability | \$ | 1,118,825 |
| 1% Increase | | 4.50% |
| Net Pension Liability | \$ | 967,646 |

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

For the year ended June 30, 2019, the City recognized pension expense of \$103,625. At June 30, 2019, 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> |
|---|---|--|
| Net differences between projected and actual earnings on plan investments | \$ 2,380 | \$ - |
| Total | <u>\$ 2,380</u> | <u>\$ -</u> |

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 |
|----------------------------|----------|
| 2020 | \$ 1,321 |
| 2021 | 761 |
| 2022 | 585 |
| 2023 | (287) |
| 2023 | - |
| Thereafter | - |

Payable to the Pension Plan

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

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, 2019, the City's payroll covered by the plan was \$1,898,903. Contributions to the plan totaled \$142,418 with employee contributions in the amount of \$113,936 (6.0% of current covered payroll) and City contributions in the amount of \$28,482 (1.5% of current covered payroll).

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

a. Plan Description

The City has an agent multiple-employer other post-employment benefit plan that provides post-employment benefits including medical, dental, vision and life insurance to eligible employees and their dependents at retirement through the California Public Employees Medical and Hospital Care Act (PEMHCA). In fiscal year 2017-18, the City established a California Retiree Benefit Trust (CERBT) for which CalPERS serves as the trustee.

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 medical benefit through the CalPERS Healthcare Program 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.

| Employee Group | Cap | Hire Date |
|-----------------|--------|-----------|
| POA | \$ 892 | 07/01/04 |
| Mgmt/Admin/Conf | 937 | 08/10/05 |
| WMEA | 937 | 06/22/05 |

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.

| Years of Service | Percentage of Cap |
|------------------|--------------------------------|
| Less than 5 | PEMHCA minimum (\$136 in 2019) |
| 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.

Employees Covered

As of measurement date June 30, 2018, the following current and former employees were covered by the benefit terms under the plan:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 272 |
| Inactive employees or beneficiaries entitled to but not yet receiving benefits | 32 |
| Active employees | 217 |
| Total | <u>521</u> |

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

a. Plan Description (Continued)

Contributions

The contribution requirements of plan members and the City are established and may be amended by City Council. Currently, contributions are not required from plan members. Administrative costs of the OPEB plan are financed through investment earnings. The annual contribution is based on the actuarially determined contributions. For the measurement period June 30, 2018, the City contributed \$2,607,890 to the CERBT, \$2,230,471 for current premiums, and the estimated implied subsidy was \$484,000, resulting in total payments of \$5,322,361. The contributions to the OPEB plan are generally made from the General Fund. The initial contribution to the CERBT was liquidated from the Compensation/Benefits Internal Service Fund.

b. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018. A summary of the principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial Assumptions

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

| | |
|--|--|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Contribution Policy | Ad hoc prefunding contribution of \$250,000 to CERBT during fiscal year 2018/19 |
| Actuarial Assumptions: | |
| Discount Rate | 5.16% |
| Inflation | 2.75% |
| Projected Salary Increase | Aggregate - 3% |
| | Merit - 6/30/16 CalPERS assumptions |
| Expected Long-Term Investment Rate of Return | City contributions are not projected to be sufficient to pay all benefits from plan assets in fiscal year 2044/45. |
| Medical Trend | Non-Medicare - 7.5% for 2020, decreasing to an ultimate rate of 4% in 2076 and later years. Medicare - 6.5% for 2020, decreasing to an ultimate rate of 4% in 2076 and later years. |
| Mortality, Retirement, Disability, Termination | CalPERS 1997-2015 Experience Study |
| Mortality Improvement | Mortality projected fully generational with Scale MP-2018 |

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

b. Net OPEB Liability (Continued)

Discount Rate

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. Based on those assumptions, the OPEB plan's fiduciary net position is projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries up to 2044-2045. Subsequent to this date, the OPEB plan's fiduciary net position is not projected to be available for such payments. This has resulted in a blended discount rate of 5.16%, which takes into account the long-term expected rate of 6.75% and the Bond Buyer 20-Bond GO Index municipal bond rate of 3.87%.

The table below reflects the long-term expected real rate of return by asset class.

| Asset Class | Target Allocation CERBT Strategy 1 | Expected Real Rate of Return |
|--|--|---------------------------------|
| Global Equity | 57.00% | 4.82% |
| Fixed Income | 27.00% | 1.47% |
| TIPS | 5.00% | 1.29% |
| Commodities | 3.00% | 0.84% |
| REITs | 8.00% | 3.76% |
| Total | 100.00% | |
| Assumed Long-Term Rate of Inflation | | 2.75% |
| Expected Long-Term Net Rate of Return, Rounded | | 6.75% |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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

c. Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|--|----------------------------|-----------------------------------|----------------------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability (Asset) |
| Balance at June 30, 2017 (Measurement Date) | \$ 67,111,289 | \$ - | \$ 67,111,289 |
| Changes in the Year: | | | |
| Service cost | 1,423,662 | - | 1,423,662 |
| Interest on the total OPEB liability | 2,404,962 | - | 2,404,962 |
| Differences between actual and expected experience | (3,363,382) | - | (3,363,382) |
| Changes in assumptions | (12,422,687) | - | (12,422,687) |
| Contribution - employer | - | 5,322,361 | (5,322,361) |
| Net investment income | - | 61,007 | (61,007) |
| Administrative expenses | - | (882) | 882 |
| Benefit payments | (5,322,361) | (5,322,361) | - |
| Net Changes | (17,279,806) | 60,125 | (17,339,931) |
| Balance at June 30, 2018 (Measurement Date) | \$ 49,831,483 | \$ 60,125 | \$ 49,771,358 |

Change of Assumptions

The discount rate as of valuation date June 30, 2018 was 5.16% as compared to the discount rate as of the measurement date June 30, 2017, which was 3.58%. The discount rate was updated based on funding policy and crossover test. Demographic assumptions were updated to CalPERS 1997-2015 Experience Study and mortality improvement scale was updated to scale MP-2018.

Change of Benefit Terms

There were no changes of benefit terms.

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

The following presents the Net OPEB liability of the City, as well as what the City's Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.16%) or one percentage point higher (6.16%) than the current discount rate:

| | 1% Decrease (4.16%) | Discount Rate (5.16%) | 1% Increase (6.16%) |
|--------------------|------------------------|--------------------------|------------------------|
| Net OPEB Liability | \$ 56,781,632 | \$ 49,771,358 | \$ 44,029,324 |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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

c. Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in Medical Trend Rates

The following presents the Net OPEB liability of the City, as well as what the City's Net OPEB liability would be if it were calculated using medical trend rates that are one percentage point lower:

| | 1% Decrease (6.5%/5.5%) <u>decreasing to 3.0%</u> | Current Trend (7.5%/6.5%) <u>decreasing to 4.0%</u> | 1% Increase (8.5%/7.5%) <u>decreasing to 5.0%</u> |
|--------------------|---|---|---|
| Net OPEB Liability | \$ 47,031,927 | \$ 49,771,358 | \$ 53,008,411 |

Subsequent Events

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

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$(1,266,237). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| OPEB contributions subsequent to measurement date | \$ 2,963,253 | \$ - |
| Differences between actual and expected experience | - | 2,632,212 |
| Change in assumptions | - | 13,821,923 |
| Differences between projected and actual earnings | 44,115 | - |
| Total | <u>\$ 3,007,368</u> | <u>\$ 16,454,135</u> |

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

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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

d. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

\$2,963,253 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

| Year Ending June 30, | Amount |
|----------------------------|----------------|
| 2020 | \$ (4,979,592) |
| 2021 | (4,979,592) |
| 2022 | (4,402,811) |
| 2023 | (2,048,025) |
| 2024 | - |
| Thereafter | - |

e. Payable to the OPEB Plan

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

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.

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 \$500,000 per occurrence and workers' compensation claims of up to \$500,000 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 utilizes the California State Association of Counties Excess Insurance Authority (CSAC-EIA), a joint powers authority, to provide excess insurance for the general liability and workers' compensation programs. CSAC-EIA was established for the purpose of creating a risk management pool for all California public entities. CSAC-EIA is governed by a Board of Directors consisting of representatives of its member public entities. Portions of general liability and workers compensation claims exceeding the above mentioned amounts are covered by CSAC-EIA up to a maximum \$25,000,000 per claim and in annual aggregate amount for general liability claims. The coverage for workers' compensation extends to statutory limit. 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.

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, 2019, the Risk Management Fund had a net position of \$2,403,016. Also, at June 30, 2019, the Compensation/Benefits Fund had an accumulated fund deficit of \$838,834. The claims liabilities of \$2,115,551 and \$7,865,660 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2019 are based on the requirements of GASB 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 2019 and 2018 were as follows:

| | Risk Management Fund | | Compensation/Benefits Fund | |
|---|-------------------------|---------------------|-------------------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Beginning-year liability | \$ 1,812,336 | \$ 7,579,025 | \$ 6,407,521 | \$ 6,999,424 |
| Current-year claims and changes in estimates | 1,003,215 | 8,344,099 | 2,535,921 | 306,661 |
| Claim payments | (700,000) | (14,110,788) | (1,077,782) | (898,564) |
| Balance at fiscal year-end | <u>\$ 2,115,551</u> | <u>\$ 1,812,336</u> | <u>\$ 7,865,660</u> | <u>\$ 6,407,521</u> |

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The various fund balance classifications established as of June 30, 2019 were as follows:

| | General | Special Revenue Funds | | | Capital Projects | Other Governmental | Total |
|---|----------------------|-------------------------------|-----------------------------------|---|---------------------------|---------------------|-----------------------|
| | | Westminster Housing Authority | Housing and Community Development | Special Gas Tax and Street Improvements | Fund Capital Improvements | | |
| Nonspendable: | | | | | | | |
| Prepaid items | \$ 67,076 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 67,076 |
| Restricted for: | | | | | | | |
| Housing authority | - | 25,730,496 | - | - | - | - | 25,730,496 |
| Housing and community development | - | - | 366,430 | - | - | - | 366,430 |
| Special gas tax and street improvements | - | - | - | 129,701 | - | - | 129,701 |
| Debt service | - | - | - | 116,986 | - | 138,736 | 255,722 |
| Parks | - | - | - | - | - | 638,893 | 638,893 |
| Special police services | - | - | - | - | - | 2,070,484 | 2,070,484 |
| Municipal lighting | - | - | - | - | - | 4,131,694 | 4,131,694 |
| Other grants | - | - | - | - | - | 678,347 | 678,347 |
| Offside drainage district | - | - | - | - | - | 159,089 | 159,089 |
| Total Restricted | - | 25,730,496 | 366,430 | 246,687 | - | 7,817,243 | 34,160,856 |
| Committed: | | | | | | | |
| Emergency contingency | 10,141,831 | - | - | - | - | - | 10,141,831 |
| Assigned: | | | | | | | |
| Capital projects | - | - | - | - | 43,840,919 | - | 43,840,919 |
| Community promotions | - | - | - | - | - | 166,513 | 166,513 |
| RDA dissolution | 2,696,420 | - | - | - | - | - | 2,696,420 |
| Total Assigned | 2,696,420 | - | - | - | 43,840,919 | 166,513 | 46,703,852 |
| Unassigned | 13,026,119 | - | - | - | - | - | 13,026,119 |
| Total Fund Balances | \$ 25,931,446 | \$ 25,730,496 | \$ 366,430 | \$ 246,687 | \$ 43,840,919 | \$ 7,983,756 | \$ 104,099,734 |

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. The fund balance committed in the General Fund for emergency contingency is established at 17% of General Fund operating expenditures. This amount can be used for budgeted revenue shortfalls and may include, but not limited to, (1) significant decrease in property, sales or transactions and use tax or other revenues, (2) reductions in revenue due to actions by the state/federal government, (3) provide temporary resources in the event of an economic downturn while expenditure reductions are implemented or (4) provide resources to meet emergency expenditures in the case of flood, fire, earthquake or other disasters.

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

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. The amounts assigned in the General Fund for RDA dissolution are set aside in the event amounts may have to be repaid to the state.

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.

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Deficit Fund Balances/Net Position

At June 30, 2019, the Compensation/Benefits Internal Service Fund has a deficit net position of \$838,834 primarily due to an increase to the worker's compensation claims liability.

14. COMMITMENTS AND CONTINGENCIES

Claims and Judgments

At June 30, 2019, 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, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

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:

Long-Term Liabilities

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

| | Balance at July 1, 2018 | Additions | Reductions | Balance at June 30, 2019 | Due Within One Year | Due in More Than One Year |
|----------------------------------|-------------------------------|-------------|---------------------|--------------------------------|---------------------------|---------------------------------|
| Tax allocation bonds payable | \$ 114,655,000 | \$ - | \$ 915,000 | \$ 113,740,000 | \$ 2,350,000 | \$ 111,390,000 |
| Unamortized refunding premium | 6,768,130 | - | 418,956 | 6,349,174 | - | 6,349,174 |
| Net Long-Term Debt | <u>\$ 121,423,130</u> | <u>\$ -</u> | <u>\$ 1,333,956</u> | <u>\$ 120,089,174</u> | <u>\$ 2,350,000</u> | <u>\$ 117,739,174</u> |

Long-Term Liabilities

Tax Allocation Bonds

\$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. \$21,600,000

\$77,425,000 Westminster Commercial Redevelopment Project No. 1, 2016 Subordinate Tax Allocation Refunding Bonds dated July 14, 2016. The bonds are payable in annual installments ranging from \$325,000 to \$5,270,000 from November 1, 2017 until maturity on November 1, 2045. Interest is payable bi-annually at an average rate of 3.3%. The 2016 Bonds proceeds were invested in an escrow fund with a trustee to pay interest and principal on the 2009 Subordinate Tax Allocation Bonds until November 1, 2019 to redeem all 2009 Bonds in full on November 1, 2019. As of June 30, 2019, the defeased 2009 Bonds have a remaining outstanding balance of \$73,055,000. The City refunded the 2009 Bonds to reduce its total debt service payments over 29 years by \$33,449,533 and to obtain an economic gain (difference between the present values of the old and new debt) of \$20,015,291. The 2016 Bonds were issued for the purpose of refunding the 2009 Subordinate Tax Allocation Bonds. 76,770,000

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2019

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities (Continued)

Tax Allocation Bonds (Continued)

\$15,370,000 Westminster Commercial Redevelopment Project No. 1, 2018 Tax Allocation Refunding Bonds, dated May 10, 2018. The bonds are payable in annual installments ranging from \$1,400,000 to \$2,060,000 from August 1, 2019 until maturity on August 1, 2027. Interest is payable bi-annually at an average rate of 5.0%. The 2019 Bonds proceeds were invested in an escrow fund with a trustee to pay interest and principal on the 2008 Tax Allocation Refunding Bonds until August 1, 2018 to redeem all 2008 Bonds in full on August 1, 2018. The City refunded the 2008 Bonds to reduce its total debt service payments over 10 years by \$1,815,381 and to obtain an economic gain (difference between the present values of the old and new debt) of \$1,616,865. The 2018 Bonds were issued for the purpose of refunding the 2008 Tax Allocation Refunding Bonds.

\$ 15,370,000

Total Tax Allocation Bonds

\$ 113,740,000

The annual requirements to amortize the tax allocation bonds outstanding as of June 30, 2019, including interest payments are as follows:

| Year Ending June 30, | Tax Allocation Bonds | | |
|-------------------------|-----------------------|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2020 | \$ 2,350,000 | \$ 4,663,607 | \$ 7,013,607 |
| 2021 | 2,455,000 | 4,556,244 | 7,011,244 |
| 2022 | 2,570,000 | 4,434,219 | 7,004,219 |
| 2023 | 2,695,000 | 4,306,319 | 7,001,319 |
| 2024 | 2,830,000 | 4,170,219 | 7,000,219 |
| 2025-2029 | 16,140,000 | 18,528,258 | 34,668,258 |
| 2030-2034 | 19,325,000 | 14,211,351 | 33,536,351 |
| 2035-2039 | 23,885,000 | 9,627,225 | 33,512,225 |
| 2040-2044 | 28,600,000 | 4,879,919 | 33,479,919 |
| 2045-2046 | 12,890,000 | 462,810 | 13,352,810 |
| | <u>\$ 113,740,000</u> | <u>\$ 69,840,169</u> | <u>\$ 183,580,169</u> |

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, 2019, the aggregate principal amount of Bonds outstanding totaled \$4,590,000.

16. SUBSEQUENT EVENTS

Events occurring after June 30, 2019, have been evaluated for possible adjustments to the financial statements or disclosure as of December 3, 2019, 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, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement period | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Plan's proportion of the net pension liability | 0.74680% | 0.71539% | 0.71795% | 0.70316% | 0.65247% |
| Plan's proportionate share of the net pension liability | \$ 71,963,367 | \$ 70,946,856 | \$ 62,124,175 | \$ 48,264,075 | \$ 40,599,811 |
| Plan's covered payroll | \$ 8,628,683 | \$ 8,535,713 | \$ 9,200,544 | \$ 9,177,397 | \$ 9,232,577 |
| Plan's proportionate share of the net pension liability as a percentage of covered payroll | 834.00% | 831.18% | 675.22% | 525.90% | 439.75% |
| Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability | 75.26% | 73.31% | 74.06% | 78.40% | 81.21% |
| Plan's proportionate share of aggregate employer contributions | \$ 7,580,936 | \$ 5,996,313 | \$ 5,609,271 | \$ 5,753,034 | \$ 4,966,989 |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

The discount rate was reduced from 7.65% to 7.15%

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

There were no significant changes in assumptions.

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

**CITY OF WESTMINSTER
SCHEDULE OF CONTRIBUTIONS
CalPERS SAFETY PLAN
Last Ten Fiscal Years***

| Fiscal year ended | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution (actuarially determined) | \$ 5,395,008 | \$ 4,494,635 | \$ 3,950,925 | \$ 3,624,844 | \$ 2,607,628 |
| Contributions in relation to the actuarially determined contributions | <u>(5,395,008)</u> | <u>(4,494,635)</u> | <u>(3,950,925)</u> | <u>(3,624,844)</u> | <u>(2,607,628)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 9,237,437 | \$ 8,628,683 | \$ 8,535,713 | \$ 9,200,544 | \$ 9,177,397 |
| Contributions as a percentage of covered payroll | 58.40% | 52.09% | 46.29% | 39.40% | 28.41% |

Notes to Schedule:

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

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 3% at 50 and 2% at 50 and 2.7% at 57
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

CITY OF WESTMINSTER
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
CalPERS MISCELLANEOUS PLAN
Last Ten Fiscal Years*

| Fiscal year ended | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Measurement period | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |
| Total Pension Liability: | | | | | |
| Service cost | \$ 1,689,596 | \$ 1,703,653 | \$ 1,560,638 | \$ 1,545,832 | \$ 1,596,416 |
| Interest on total pension liability | 9,038,670 | 9,000,252 | 8,752,757 | 8,442,196 | 8,193,716 |
| Differences between expected and actual experience | (2,674,420) | (192,143) | 99,143 | (814,859) | - |
| Changes in assumptions | (889,018) | 7,439,826 | - | (2,073,935) | - |
| Benefit payments, including refunds of employee contributions | (6,923,150) | (6,269,057) | (6,071,087) | (5,998,818) | (5,541,372) |
| Net Change in Total Pension Liability | 241,678 | 11,682,531 | 4,341,451 | 1,100,416 | 4,248,760 |
| Total Pension Liability - Beginning of Year | 132,595,191 | 120,912,660 | 116,571,209 | 115,470,793 | 111,222,033 |
| Total Pension Liability - End of Year (a) | <u>\$ 132,836,869</u> | <u>\$ 132,595,191</u> | <u>\$ 120,912,660</u> | <u>\$ 116,571,209</u> | <u>\$ 115,470,793</u> |
| Plan Fiduciary Net Position: | | | | | |
| Contributions - employer | \$ 2,929,826 | \$ 2,263,443 | \$ 2,432,527 | \$ 1,995,892 | \$ 1,893,680 |
| Contributions - employee | 898,613 | 481,638 | 1,038,082 | 957,863 | 950,841 |
| Net investment income | 7,445,161 | 8,771,655 | 434,960 | 1,928,356 | 13,071,051 |
| Net plan to plan resource movement | (214) | - | - | - | - |
| Benefit payments | (6,923,150) | (6,269,057) | (6,071,087) | (5,998,818) | (5,541,372) |
| Administrative expenses | (138,282) | (123,454) | (52,311) | (96,506) | - |
| Other miscellaneous expense | (262,600) | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | 3,949,354 | 5,124,225 | (2,217,829) | (1,213,213) | 10,374,200 |
| Plan Fiduciary Net Position - Beginning of Year | 88,740,589 | 83,616,364 | 85,834,193 | 87,047,406 | 76,673,206 |
| Plan Fiduciary Net Position - End of Year (b) | <u>\$ 92,689,943</u> | <u>\$ 88,740,589</u> | <u>\$ 83,616,364</u> | <u>\$ 85,834,193</u> | <u>\$ 87,047,406</u> |
| Net Pension Liability - Ending (a)-(b) | <u>\$ 40,146,926</u> | <u>\$ 43,854,602</u> | <u>\$ 37,296,296</u> | <u>\$ 30,737,016</u> | <u>\$ 28,423,387</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 69.78% | 66.93% | 69.15% | 73.63% | 75.38% |
| Covered payroll | \$ 10,046,950 | \$ 10,109,723 | \$ 9,763,265 | \$ 9,615,714 | \$ 9,591,542 |
| Net pension liability as percentage of covered payroll | 399.59% | 433.79% | 382.01% | 319.65% | 296.34% |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no significant changes in assumptions.

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

**CITY OF WESTMINSTER
SCHEDULE OF CONTRIBUTIONS
CalPERS MISCELLANEOUS PLAN
Last Ten Fiscal Years***

| Fiscal year ended | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Contractually required contribution (actuarially determined) | \$ 2,496,018 | \$ 2,929,826 | \$ 2,578,591 | \$ 2,432,527 | \$ 1,995,892 |
| Contributions in relation to the actuarially determined contributions | <u>(2,496,018)</u> | <u>(2,929,826)</u> | <u>(2,578,591)</u> | <u>(2,432,527)</u> | <u>(1,995,892)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 10,695,620 | \$ 10,046,950 | \$ 10,109,723 | \$ 9,763,265 | \$ 9,615,714 |
| Contributions as a percentage of covered payroll | 23.34% | 29.16% | 25.51% | 24.92% | 20.76% |

Notes to Schedule:

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

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) 2.5% at 55 and 2% at 60 and 2% at 62
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

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

CITY OF WESTMINSTER
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
PARS PENSION PLAN
Last Ten Fiscal Years*

| Fiscal year ended | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Pension Liability: | | | | | |
| Interest on total pension liability | \$ 44,010 | \$ 42,556 | \$ 38,210 | \$ 42,261 | \$ 42,514 |
| Effect of economic/demographic gains or losses | - | 6,047 | - | - | - |
| Differences between expected and actual experience | - | - | - | 6,959 | - |
| Changes in assumptions | 59,655 | (47,938) | (139,101) | 229,573 | 78,569 |
| Benefit payments, including refunds of employee contributions | <u>(52,698)</u> | <u>(51,665)</u> | <u>(50,652)</u> | <u>(49,658)</u> | <u>(48,685)</u> |
| Net Change in Total Pension Liability | 50,967 | (51,000) | (151,543) | 229,135 | 72,398 |
| Total Pension Liability - Beginning of Year | <u>1,163,319</u> | <u>1,214,319</u> | <u>1,365,862</u> | <u>1,136,727</u> | <u>1,064,329</u> |
| Total Pension Liability - End of Year (a) | <u>\$ 1,214,286</u> | <u>\$ 1,163,319</u> | <u>\$ 1,214,319</u> | <u>\$ 1,365,862</u> | <u>\$ 1,136,727</u> |
| Plan Fiduciary Net Position: | | | | | |
| Contributions - employer | \$ 57,769 | \$ 56,636 | \$ 55,526 | \$ 54,437 | \$ 53,370 |
| Net investment income | 6,704 | 745 | 3,864 | 1,732 | 274 |
| Administrative expenses | (3,077) | (3,018) | (2,957) | (2,899) | (2,843) |
| Benefit payments | <u>(52,698)</u> | <u>(51,665)</u> | <u>(50,652)</u> | <u>(49,658)</u> | <u>(48,685)</u> |
| Net Change in Plan Fiduciary Net Position | 8,698 | 2,698 | 5,781 | 3,612 | 2,116 |
| Plan Fiduciary Net Position - Beginning of Year | <u>86,763</u> | <u>84,065</u> | <u>78,284</u> | <u>74,672</u> | <u>72,556</u> |
| Plan Fiduciary Net Position - End of Year (b) | <u>\$ 95,461</u> | <u>\$ 86,763</u> | <u>\$ 84,065</u> | <u>\$ 78,284</u> | <u>\$ 74,672</u> |
| Net Pension Liability - Ending (a)-(b) | <u>\$ 1,118,825</u> | <u>\$ 1,076,556</u> | <u>\$ 1,130,254</u> | <u>\$ 1,287,578</u> | <u>\$ 1,062,055</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 7.86% | 7.46% | 6.92% | 5.73% | 6.57% |
| Covered payroll | N/A | N/A | N/A | N/A | N/A |
| Net pension (asset) liability as a percentage of covered payroll | N/A | N/A | N/A | 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 five years are shown.

**CITY OF WESTMINSTER
SCHEDULE OF CONTRIBUTIONS
PARS PENSION PLAN
Last Ten Fiscal Years***

| Fiscal year ended | <u>June 30, 2019</u> | <u>June 30, 2018</u> | <u>June 30, 2017</u> | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Actuarially determined contribution | \$ 218,041 | \$ 218,041 | \$ 154,322 | \$ 154,322 | \$ 129,852 |
| Contributions in relation to the actuarially determined contributions | <u>(57,769)</u> | <u>(56,636)</u> | <u>(55,526)</u> | <u>(54,437)</u> | <u>(53,370)</u> |
| Contribution deficiency (excess) | <u>\$ 160,272</u> | <u>\$ 161,405</u> | <u>\$ 98,796</u> | <u>\$ 99,885</u> | <u>\$ 76,482</u> |
| Covered payroll | N/A | N/A | N/A | N/A | N/A |
| Contributions as a percentage of covered payroll | N/A | N/A | N/A | N/A | N/A |

Notes to Schedule:

| | | | | | |
|----------------|------------|------------|------------|------------|------------|
| Valuation Date | 06/30/2018 | 06/30/2018 | 06/30/2016 | 06/30/2016 | 06/30/2015 |
|----------------|------------|------------|------------|------------|------------|

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Single and agent employers | Entry age |
| Amortization method | Level dollar |
| Remaining amortization period | 4 years at June 30, 2018 |
| 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 five years are shown.

CITY OF WESTMINSTER
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last Ten Fiscal Years*

| Fiscal year end | June 30, 2019 | June 30, 2018 |
|---|---------------|---------------|
| Measurement date | June 30, 2018 | June 30, 2017 |
| Total OPEB Liability: | | |
| Service cost | \$ 1,423,662 | \$ 1,714,239 |
| Interest on total OPEB liability | 2,404,962 | 2,097,429 |
| Actual verses expected experience | (3,363,382) | - |
| Assumption changes | (12,422,687) | (7,217,554) |
| Benefit payments | (2,714,471) | (2,725,171) |
| Net Change in Total OPEB Liability | (14,671,916) | (6,131,057) |
| Total OPEB Liability - Beginning of Year | 67,111,289 | 73,242,346 |
| Total OPEB Liability - End of Year (a) | \$ 52,439,373 | \$ 67,111,289 |
| Plan Fiduciary Net Position: | | |
| Contributions - employer | \$ 5,322,361 | \$ - |
| Net investment income | 61,007 | - |
| Benefit payments | | |
| and the implied subsidy benefit payments | (2,714,471) | - |
| Administrative expenses | (882) | - |
| Net Change in Plan Fiduciary Net Position | 2,668,015 | - |
| Plan Fiduciary Net Position - Beginning of Year | - | - |
| Plan Fiduciary Net Position - End of Year (b) | \$ 2,668,015 | \$ - |
| Net OPEB Liability - Ending (a)-(b) | \$ 49,771,358 | \$ 67,111,289 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 5.09% | 0.00% |
| Covered - employee payroll | 23,311,178 | \$ 22,417,562 |
| Net OPEB liability as percentage of covered - employee payroll | 213.51% | 299.37% |

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The fiscal year ended June 30, 2018 (measurement period June 30, 2017) is the first year of implementation; therefore, there are no previous GASB 75 actuarial reports for comparison.

For the June 30, 2018 measurement date changes in assumptions were

Discount rate was updated based on funding policy and crossover test

Demographic assumptions were updated to CalPERS 1997-2015 Experience Study

Mortality improvement scale was updated to Scale MP-2018

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

CITY OF WESTMINSTER
SCHEDULE OF CONTRIBUTIONS - OPEB
Last Ten Fiscal Years*

| Fiscal year ended | June 30, 2019 | June 30, 2018 |
|---|--------------------|---------------|
| Actuarially determined contribution | \$ 3,689,000 | \$ - |
| Contributions in relation to the actuarially determined contributions | <u>(2,963,253)</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ 725,747</u> | <u>\$ -</u> |
| Covered - employee payroll | \$ 23,444,396 | N/A |
| Contributions as a percentage of covered - employee payroll | 12.64% | N/A |

Notes to Schedule:

| | | |
|----------------|-----------|-----------|
| Valuation Date | 6/30/2018 | 6/30/2017 |
|----------------|-----------|-----------|

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|----------------------------|-------------------------------------|
| Single and agent employers | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Asset valuation method | Market Value |

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

CITY OF WESTMINSTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 36,275,927 | \$ 36,750,927 | \$ 38,971,548 | \$ 2,220,621 |
| Licenses and permits | 880,000 | 880,000 | 792,649 | (87,351) |
| Fines | 925,000 | 925,000 | 669,359 | (255,641) |
| Investment and rental | 1,037,000 | 1,407,000 | 3,318,393 | 1,911,393 |
| Intergovernmental | 17,394,171 | 17,419,525 | 17,836,858 | 417,333 |
| Charges for services | 4,612,682 | 4,312,682 | 4,553,697 | 241,015 |
| Other | 373,154 | 373,154 | 347,256 | (25,898) |
| TOTAL REVENUES | 61,497,934 | 62,068,288 | 66,489,760 | 4,421,472 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 4,749,627 | 4,749,627 | 4,318,001 | 431,626 |
| Public safety | 46,261,597 | 46,078,913 | 45,519,158 | 559,755 |
| Public works | 5,070,806 | 5,210,806 | 4,965,284 | 245,522 |
| Community development | 2,414,904 | 2,545,534 | 2,360,254 | 185,280 |
| Community services | 2,657,955 | 2,657,955 | 2,375,123 | 282,832 |
| Capital outlay | - | 120,000 | 120,009 | (9) |
| TOTAL EXPENDITURES | 61,154,889 | 61,362,835 | 59,657,829 | 1,705,006 |
| EXCESS OF REVENUES OVER EXPENDITURES | 343,045 | 705,453 | 6,831,931 | 6,126,478 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sale of equipment and property | 6,500 | 6,500 | 4,548 | (1,952) |
| Transfers in | - | - | 32,802 | 32,802 |
| Transfers out | (146,000) | (4,646,000) | (4,601,939) | 44,061 |
| TOTAL OTHER FINANCING SOURCES (USES) | (139,500) | (4,639,500) | (4,564,589) | 74,911 |
| NET CHANGE IN FUND BALANCE | 203,545 | (3,934,047) | 2,267,342 | 6,201,389 |
| FUND BALANCE - BEGINNING OF YEAR | 23,664,104 | 23,664,104 | 23,664,104 | - |
| FUND BALANCE - END OF YEAR | \$ 23,867,649 | \$ 19,730,057 | \$ 25,931,446 | \$ 6,201,389 |

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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|---------------|---------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Investment and rental | \$ 20,000 | \$ 140,000 | \$ 194,598 | \$ 54,598 |
| Intergovernmental | - | 57,000 | 57,667 | 667 |
| Other | 1,387 | 1,387 | 1,387 | - |
| TOTAL REVENUES | 21,387 | 198,387 | 253,652 | 55,265 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 668,174 | 1,542,883 | 605,489 | 937,394 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (646,787) | (1,344,496) | (351,837) | 992,659 |
| FUND BALANCE - BEGINNING OF YEAR | 26,082,333 | 26,082,333 | 26,082,333 | - |
| FUND BALANCE - END OF YEAR | \$ 25,435,546 | \$ 24,737,837 | \$ 25,730,496 | \$ 992,659 |

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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 2,000,001 | \$ 2,000,001 | \$ 1,007,823 | \$ (992,178) |
| Other | - | - | 405 | 405 |
| TOTAL REVENUES | <u>2,000,001</u> | <u>2,000,001</u> | <u>1,008,228</u> | <u>(991,773)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | <u>1,487,279</u> | <u>1,551,736</u> | <u>567,437</u> | <u>984,299</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>512,722</u> | <u>448,265</u> | <u>440,791</u> | <u>(7,474)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(480,000)</u> | <u>(515,000)</u> | <u>(515,000)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | 32,722 | (66,735) | (74,209) | (7,474) |
| FUND BALANCE - BEGINNING OF YEAR | <u>440,639</u> | <u>440,639</u> | <u>440,639</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 473,361</u> | <u>\$ 373,904</u> | <u>\$ 366,430</u> | <u>\$ (7,474)</u> |

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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|--------------------|---------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 4,705,699 | \$ 4,705,699 | \$ 4,897,044 | \$ 191,345 |
| Investment and rental | 17,000 | 37,000 | 98,775 | 61,775 |
| Intergovernmental | 5,152,221 | 5,152,221 | 1,109,283 | (4,042,938) |
| Charges for services | 400,000 | 400,000 | 1,620 | (398,380) |
| Other | - | - | 79,697 | 79,697 |
| TOTAL REVENUES | 10,274,920 | 10,294,920 | 6,186,419 | (4,108,501) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 1,898,165 | 1,898,165 | 1,775,638 | 122,527 |
| Debt service: | | | | |
| Principal retirement | 198,336 | 198,336 | 198,336 | - |
| Interest and fiscal charges | 21,720 | 21,720 | 21,720 | - |
| TOTAL EXPENDITURES | 2,118,221 | 2,118,221 | 1,995,694 | 122,527 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 8,156,699 | 8,176,699 | 4,190,725 | (3,985,974) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | 174,499 | 174,499 | - |
| Transfers out | (7,859,568) | (8,313,264) | (3,878,124) | 4,435,140 |
| TOTAL OTHER FINANCING SOURCES (USES) | (7,859,568) | (8,138,765) | (3,703,625) | 4,435,140 |
| NET CHANGE IN FUND BALANCE | 297,131 | 37,934 | 487,100 | 449,166 |
| FUND BALANCE (DEFICIT) - BEGINNING OF YEAR | (240,413) | (240,413) | (240,413) | - |
| FUND BALANCE - END OF YEAR | \$ 56,718 | \$ (202,479) | \$ 246,687 | \$ 449,166 |

See accompanying note to required supplementary information.

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, 2019**

| | Special Revenue Funds | | |
|---|-----------------------|-------------------------------|-----------------------|
| | Parks Dedication | Special Police Services | Municipal Lighting |
| ASSETS | | | |
| Cash and investments | \$ 645,156 | \$ 2,108,133 | \$ 4,121,962 |
| Receivables, net of allowance: | | | |
| Taxes | - | - | 16,415 |
| Due from other governments | - | 35,583 | - |
| Restricted assets: | | | |
| Cash and investments with fiscal agents | - | - | - |
| TOTAL ASSETS | \$ 645,156 | \$ 2,143,716 | \$ 4,138,377 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | |
| LIABILITIES: | | | |
| Accounts payable and other liabilities | \$ 6,263 | \$ 14,855 | \$ 1,519 |
| Deposits | - | 33,377 | - |
| TOTAL LIABILITIES | 6,263 | 48,232 | 1,519 |
| DEFERRED INFLOWS OF RESOURCES: | | | |
| Unavailable revenue | - | 25,000 | 5,164 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 6,263 | 73,232 | 6,683 |
| FUND BALANCES: | | | |
| Restricted for: | | | |
| Parks | 638,893 | - | - |
| Special police services | - | 2,070,484 | - |
| Municipal lighting | - | - | 4,131,694 |
| Other grants | - | - | - |
| Offsite drainage district | - | - | - |
| Debt service | - | - | - |
| Assigned: | | | |
| Community promotions | - | - | - |
| TOTAL FUND BALANCES | 638,893 | 2,070,484 | 4,131,694 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | \$ 645,156 | \$ 2,143,716 | \$ 4,138,377 |

| Special Revenue Funds (Continued) | | | Total |
|-----------------------------------|-------------------|-------------------|---------------------|
| Other | Offsite | Community | Other |
| Grants | Drainage | Promotion | Governmental |
| | District | | Funds |
| \$ 653,312 | \$ 159,089 | \$ 304,319 | \$ 7,991,971 |
| - | - | - | 16,415 |
| 50,916 | - | - | 86,499 |
| - | - | 930 | 930 |
| <u>\$ 704,228</u> | <u>\$ 159,089</u> | <u>\$ 305,249</u> | <u>\$ 8,095,815</u> |
| | | | |
| \$ 25,881 | \$ - | \$ - | \$ 48,518 |
| - | - | - | 33,377 |
| 25,881 | - | - | 81,895 |
| - | - | - | 30,164 |
| 25,881 | - | - | 112,059 |
| - | - | - | 638,893 |
| - | - | - | 2,070,484 |
| - | - | - | 4,131,694 |
| 678,347 | - | - | 678,347 |
| - | 159,089 | - | 159,089 |
| - | - | 138,736 | 138,736 |
| - | - | 166,513 | 166,513 |
| 678,347 | 159,089 | 305,249 | 7,983,756 |
| <u>\$ 704,228</u> | <u>\$ 159,089</u> | <u>\$ 305,249</u> | <u>\$ 8,095,815</u> |

CITY OF WESTMINSTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the year ended June 30, 2019

| | Special Revenue Funds | | |
|---|-----------------------|-------------------------------|-----------------------|
| | Parks Dedication | Special Police Services | Municipal Lighting |
| REVENUES: | | | |
| Taxes | \$ - | \$ - | \$ 2,100,361 |
| Investment and rental | 55,175 | 37,940 | 96,915 |
| Intergovernmental | - | 409,129 | - |
| Charges for services | 81,304 | 3,360 | - |
| Other | - | - | - |
| TOTAL REVENUES | <u>136,479</u> | <u>450,429</u> | <u>2,197,276</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | - | - | - |
| Public safety | - | 822,782 | - |
| Community development | 159,576 | - | 955,019 |
| Community services | - | - | - |
| Debt service: | | | |
| Principal retirement | - | - | - |
| Interest and fiscal charges | - | - | - |
| TOTAL EXPENDITURES | <u>159,576</u> | <u>822,782</u> | <u>955,019</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>(23,097)</u> | <u>(372,353)</u> | <u>1,242,257</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | - | 49,939 | - |
| Transfers out | <u>(2,348,005)</u> | <u>(32,802)</u> | <u>(1,519,198)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(2,348,005)</u> | <u>17,137</u> | <u>(1,519,198)</u> |
| NET CHANGE IN FUND BALANCES | (2,371,102) | (355,216) | (276,941) |
| FUND BALANCES - BEGINNING OF YEAR | <u>3,009,995</u> | <u>2,425,700</u> | <u>4,408,635</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 638,893</u> | <u>\$ 2,070,484</u> | <u>\$ 4,131,694</u> |

| Special Revenue Funds (Continued) | | | Total |
|-----------------------------------|-------------------|-------------------|---------------------|
| Other | Offsite | Community | Other |
| Grants | Drainage | Promotion | Governmental |
| | District | | Funds |
| \$ - | \$ - | \$ - | \$ 2,100,361 |
| 12,434 | 2,932 | 982 | 206,378 |
| 590,034 | - | - | 999,163 |
| - | 1,172 | - | 85,836 |
| 26,053 | - | - | 26,053 |
| <u>628,521</u> | <u>4,104</u> | <u>982</u> | <u>3,417,791</u> |
| 20,832 | - | - | 20,832 |
| - | - | - | 822,782 |
| 210,329 | 206 | 851 | 1,325,981 |
| 337,633 | - | - | 337,633 |
| - | - | 235,211 | 235,211 |
| - | - | 25,758 | 25,758 |
| <u>568,794</u> | <u>206</u> | <u>261,820</u> | <u>2,768,197</u> |
| <u>59,727</u> | <u>3,898</u> | <u>(260,838)</u> | <u>649,594</u> |
| 27,000 | - | 60,000 | 136,939 |
| (100,732) | - | - | (4,000,737) |
| <u>(73,732)</u> | <u>-</u> | <u>60,000</u> | <u>(3,863,798)</u> |
| (14,005) | 3,898 | (200,838) | (3,214,204) |
| <u>692,352</u> | <u>155,191</u> | <u>506,087</u> | <u>11,197,960</u> |
| <u>\$ 678,347</u> | <u>\$ 159,089</u> | <u>\$ 305,249</u> | <u>\$ 7,983,756</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, 2019**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-------------|-------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Investment and rental | \$ 10,000 | \$ 40,000 | \$ 55,175 | \$ 15,175 |
| Charges for services | 100,000 | 100,000 | 81,304 | (18,696) |
| Other | 5,000 | 5,000 | - | (5,000) |
| TOTAL REVENUES | 115,000 | 145,000 | 136,479 | (8,521) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 5,750 | 225,900 | 159,576 | 66,324 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 109,250 | (80,900) | (23,097) | 57,803 |
| OTHER FINANCING USES: | | | | |
| Transfers out | (2,188,005) | (2,348,005) | (2,348,005) | - |
| NET CHANGE IN FUND BALANCE | (2,078,755) | (2,428,905) | (2,371,102) | 57,803 |
| FUND BALANCE - BEGINNING OF YEAR | 3,009,995 | 3,009,995 | 3,009,995 | - |
| FUND BALANCE - END OF YEAR | \$ 931,240 | \$ 581,090 | \$ 638,893 | \$ 57,803 |

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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|--------------|--------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Investment and rental | \$ 10,300 | \$ 10,300 | \$ 37,940 | \$ 27,640 |
| Intergovernmental | 337,504 | 475,782 | 409,129 | (66,653) |
| Charges for services | 2,000 | 2,000 | 3,360 | 1,360 |
| Other | 100,000 | 100,000 | - | (100,000) |
| TOTAL REVENUES | 449,804 | 588,082 | 450,429 | (137,653) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 1,104,537 | 1,389,478 | 822,782 | 566,696 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (654,733) | (801,396) | (372,353) | 429,043 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 94,000 | 94,000 | 49,939 | (44,061) |
| Transfers out | - | - | (32,802) | (32,802) |
| TOTAL OTHER FINANCING SOURCES (USES) | 94,000 | 94,000 | 17,137 | (76,863) |
| NET CHANGE IN FUND BALANCE | (560,733) | (707,396) | (355,216) | 352,180 |
| FUND BALANCE - BEGINNING OF YEAR | 2,425,700 | 2,425,700 | 2,425,700 | - |
| FUND BALANCE - END OF YEAR | \$ 1,864,967 | \$ 1,718,304 | \$ 2,070,484 | \$ 352,180 |

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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 1,652,891 | \$ 1,792,891 | \$ 2,100,361 | \$ 307,470 |
| Investment and rental | 20,000 | 60,000 | 96,915 | 36,915 |
| TOTAL REVENUES | <u>1,672,891</u> | <u>1,852,891</u> | <u>2,197,276</u> | <u>344,385</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | <u>975,645</u> | <u>975,645</u> | <u>955,019</u> | <u>20,626</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 697,246 | 877,246 | 1,242,257 | 365,011 |
| OTHER FINANCING USES: | | | | |
| Transfers out | <u>(1,519,198)</u> | <u>(1,519,198)</u> | <u>(1,519,198)</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | (821,952) | (641,952) | (276,941) | 365,011 |
| FUND BALANCE - BEGINNING OF YEAR | <u>4,408,635</u> | <u>4,408,635</u> | <u>4,408,635</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 3,586,683</u> | <u>\$ 3,766,683</u> | <u>\$ 4,131,694</u> | <u>\$ 365,011</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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Investment and rental | \$ 4,000 | \$ 4,000 | \$ 12,434 | \$ 8,434 |
| Intergovernmental | 711,372 | 711,372 | 590,034 | (121,338) |
| Other | 20,512 | 20,512 | 26,053 | 5,541 |
| TOTAL REVENUES | <u>735,884</u> | <u>735,884</u> | <u>628,521</u> | <u>(107,363)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 42,500 | 42,500 | 20,832 | 21,668 |
| Community development | 249,149 | 249,149 | 210,329 | 38,820 |
| Community services | 346,219 | 346,219 | 337,633 | 8,586 |
| Capital outlay | 39,000 | 39,000 | - | 39,000 |
| TOTAL EXPENDITURES | <u>676,868</u> | <u>676,868</u> | <u>568,794</u> | <u>108,074</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>59,016</u> | <u>59,016</u> | <u>59,727</u> | <u>711</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 27,000 | 27,000 | 27,000 | - |
| Transfers out | (202,800) | (272,800) | (100,732) | 172,068 |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(175,800)</u> | <u>(245,800)</u> | <u>(73,732)</u> | <u>172,068</u> |
| NET CHANGE IN FUND BALANCE | (116,784) | (186,784) | (14,005) | 172,779 |
| FUND BALANCE - BEGINNING OF YEAR | <u>692,352</u> | <u>692,352</u> | <u>692,352</u> | <u>-</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 575,568</u> | <u>\$ 505,568</u> | <u>\$ 678,347</u> | <u>\$ 172,779</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, 2019**

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------|------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Investment and rental | \$ 1,000 | \$ 1,000 | \$ 2,932 | \$ 1,932 |
| Charges for services | 2,000 | 2,000 | 1,172 | (828) |
| TOTAL REVENUES | 3,000 | 3,000 | 4,104 | 1,104 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 150 | 150 | 206 | (56) |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 2,850 | 2,850 | 3,898 | 1,048 |
| FUND BALANCE - BEGINNING OF YEAR | 155,191 | 155,191 | 155,191 | - |
| FUND BALANCE - END OF YEAR | \$ 158,041 | \$ 158,041 | \$ 159,089 | \$ 1,048 |

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, 2019

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|------------|------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Investment and rental | \$ - | \$ - | \$ 982 | \$ 982 |
| TOTAL REVENUES | - | - | 982 | 982 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 2,500 | 2,500 | 851 | 1,649 |
| Debt service: | | | | |
| Principal retirement | 235,211 | 235,211 | 235,211 | - |
| Interest and fiscal charges | 25,758 | 25,758 | 25,758 | - |
| TOTAL EXPENDITURES | 263,469 | 263,469 | 261,820 | 1,649 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (263,469) | (263,469) | (260,838) | 2,631 |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | 60,000 | 60,000 | 60,000 | - |
| NET CHANGE IN FUND BALANCE | (203,469) | (203,469) | (200,838) | 2,631 |
| FUND BALANCE - BEGINNING OF YEAR | 506,087 | 506,087 | 506,087 | - |
| FUND BALANCE - END OF YEAR | \$ 302,618 | \$ 302,618 | \$ 305,249 | \$ 2,631 |

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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, 2019

| | Risk Management | Compensation/ Benefits |
|---|--------------------|---------------------------|
| ASSETS: | | |
| CURRENT ASSETS: | | |
| Cash and investments | \$ 2,303,015 | \$ 2,423,763 |
| Accounts receivable | 100,000 | - |
| Other receivables | - | 55,749 |
| Prepaid items | - | 23,516 |
| Inventories | - | - |
| | <u>2,403,015</u> | <u>2,503,028</u> |
| TOTAL CURRENT ASSETS | | |
| RESTRICTED ASSETS: | | |
| Cash and investments | 2,325,953 | 3,796,735 |
| Cash and investments with fiscal agent | - | 2,853,607 |
| | <u>2,325,953</u> | <u>6,650,342</u> |
| TOTAL RESTRICTED ASSETS | | |
| CAPITAL ASSETS: | | |
| Construction in progress | - | - |
| Buildings | - | - |
| Improvements other than buildings | - | - |
| Vehicles | - | - |
| Machinery and equipment | - | - |
| Office furniture, computers and equipment | - | - |
| Leased property | - | - |
| | <u>-</u> | <u>-</u> |
| TOTAL CAPITAL ASSETS | | |
| Less accumulated depreciation | - | - |
| | <u>-</u> | <u>-</u> |
| NET CAPITAL ASSETS | | |
| TOTAL ASSETS | | |
| | <u>4,728,968</u> | <u>9,153,370</u> |
| DEFERRED OUTFLOWS OF RESOURCES: | | |
| Deferred loss on refunding, net of accumulated amortization | - | - |
| | <u>-</u> | <u>-</u> |

| Motor Pool/ Equipment | Facilities/ Maintenance | Totals |
|--------------------------|----------------------------|-------------------|
| \$ 2,305,503 | \$ 641,400 | \$ 7,673,681 |
| 5,099 | 797 | 105,896 |
| - | - | 55,749 |
| - | - | 23,516 |
| 12,978 | - | 12,978 |
| <u>2,323,580</u> | <u>642,197</u> | <u>7,871,820</u> |
| 787,633 | 160,154 | 7,070,475 |
| - | - | 2,853,607 |
| <u>787,633</u> | <u>160,154</u> | <u>9,924,082</u> |
| 120,090 | - | 120,090 |
| - | 4,575,005 | 4,575,005 |
| 585,555 | 37,300 | 622,855 |
| 2,513,979 | - | 2,513,979 |
| 788,632 | 83,141 | 871,773 |
| 2,565,979 | 289,491 | 2,855,470 |
| 2,767,259 | - | 2,767,259 |
| 9,341,494 | 4,984,937 | 14,326,431 |
| (6,208,318) | (2,214,540) | (8,422,858) |
| <u>3,133,176</u> | <u>2,770,397</u> | <u>5,903,573</u> |
| <u>6,244,389</u> | <u>3,572,748</u> | <u>23,699,475</u> |
| 3,002 | 69,407 | 72,409 |

CITY OF WESTMINSTER
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
June 30, 2019

| | <u>Risk Management</u> | <u>Compensation/ Benefits</u> |
|--|----------------------------|-----------------------------------|
| LIABILITIES: | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and other liabilities | \$ 210,401 | \$ 10,661 |
| Claims payable | 528,888 | 1,966,415 |
| Compensated absences | - | 1,819,659 |
| Leases payable | - | - |
| Certificates of participation | - | - |
| | <u>739,289</u> | <u>3,796,735</u> |
| TOTAL CURRENT LIABILITIES | | |
| LONG-TERM LIABILITIES: | | |
| Claims payable | 1,586,663 | 5,899,245 |
| Compensated absences | - | 296,224 |
| Leases payable | - | - |
| Certificates of participation | - | - |
| | <u>1,586,663</u> | <u>6,195,469</u> |
| TOTAL LONG-TERM LIABILITIES | | |
| TOTAL LIABILITIES | | |
| | <u>2,325,952</u> | <u>9,992,204</u> |
| NET POSITION: | | |
| Net investment in capital assets | - | - |
| Restricted for pension benefits | - | 2,853,607 |
| Unrestricted | 2,403,016 | (3,692,441) |
| | <u>2,403,016</u> | <u>(3,692,441)</u> |
| TOTAL NET POSITION | | |
| | <u>\$ 2,403,016</u> | <u>\$ (838,834)</u> |

| Motor Pool/ Equipment | Facilities/ Maintenance | Totals |
|--------------------------|----------------------------|---------------------|
| \$ 152,449 | \$ 49,818 | \$ 423,329 |
| - | - | 2,495,303 |
| 88,955 | 26,899 | 1,935,513 |
| 535,251 | - | 535,251 |
| 10,978 | 83,437 | 94,415 |
| <u>787,633</u> | <u>160,154</u> | <u>5,483,811</u> |
| - | - | 7,485,908 |
| 14,481 | 4,379 | 315,084 |
| 1,281,453 | - | 1,281,453 |
| 23,500 | 178,607 | 202,107 |
| <u>1,319,434</u> | <u>182,986</u> | <u>9,284,552</u> |
| <u>2,107,067</u> | <u>343,140</u> | <u>14,768,363</u> |
| 1,284,996 | 2,577,760 | 3,862,756 |
| - | - | 2,853,607 |
| 2,855,328 | 721,255 | 2,287,158 |
| <u>\$ 4,140,324</u> | <u>\$ 3,299,015</u> | <u>\$ 9,003,521</u> |

CITY OF WESTMINSTER
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2019

| | Risk Management | Compensation/ Benefits |
|---|---------------------|---------------------------|
| OPERATING REVENUES: | | |
| Charges for services | \$ 2,117,000 | \$ 1,793,229 |
| Other | 10,666 | 234,637 |
| TOTAL OPERATING REVENUES | 2,127,666 | 2,027,866 |
| OPERATING EXPENSES: | | |
| Salaries | - | - |
| Maintenance and operations | 33,458 | 45,517 |
| Insurance premiums and legal fees | 1,098,590 | 230,755 |
| Claims and benefits | 1,003,215 | 2,666,074 |
| Depreciation and amortization | - | - |
| TOTAL OPERATING EXPENSES | 2,135,263 | 2,942,346 |
| OPERATING INCOME (LOSS) | (7,597) | (914,480) |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income | - | 172,334 |
| Interest and fiscal charges | - | - |
| Gain on sale of property and equipment | - | - |
| TOTAL NONOPERATING REVENUES (EXPENSES) | - | 172,334 |
| NET INCOME (LOSS) BEFORE TRANSFERS | (7,597) | (742,146) |
| TRANSFERS: | | |
| Transfers in | - | - |
| Transfers out | - | - |
| TOTAL TRANSFERS | - | - |
| CHANGE IN NET POSITION | (7,597) | (742,146) |
| NET POSITION - BEGINNING OF YEAR | 2,410,613 | (96,688) |
| NET POSITION - END OF YEAR | \$ 2,403,016 | \$ (838,834) |

| Motor Pool/ Equipment | Facilities/ Maintenance | Totals |
|--------------------------|----------------------------|---------------------|
| \$ 3,929,439 | \$ 2,220,300 | \$ 10,059,968 |
| 39,605 | 7,503 | 292,411 |
| <u>3,969,044</u> | <u>2,227,803</u> | <u>10,352,379</u> |
| 1,091,072 | 612,177 | 1,703,249 |
| 1,304,808 | 1,316,320 | 2,700,103 |
| - | - | 1,329,345 |
| - | - | 3,669,289 |
| <u>1,020,006</u> | <u>161,262</u> | <u>1,181,268</u> |
| <u>3,415,886</u> | <u>2,089,759</u> | <u>10,583,254</u> |
| <u>553,158</u> | <u>138,044</u> | <u>(230,875)</u> |
| 111,360 | 35,138 | 318,832 |
| (3,248) | (40,810) | (44,058) |
| <u>5,774</u> | <u>1,739</u> | <u>7,513</u> |
| <u>113,886</u> | <u>(3,933)</u> | <u>282,287</u> |
| <u>667,044</u> | <u>134,111</u> | <u>51,412</u> |
| 296,229 | 110,896 | 407,125 |
| (590,000) | (441,000) | (1,031,000) |
| <u>(293,771)</u> | <u>(330,104)</u> | <u>(623,875)</u> |
| 373,273 | (195,993) | (572,463) |
| <u>3,767,051</u> | <u>3,495,008</u> | <u>9,575,984</u> |
| <u>\$ 4,140,324</u> | <u>\$ 3,299,015</u> | <u>\$ 9,003,521</u> |

CITY OF WESTMINSTER
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2019

| | Risk Management | Compensation/ Benefits |
|--|---------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customer | \$ 2,027,666 | \$ 1,974,343 |
| Payment to suppliers | (1,965,835) | (1,450,639) |
| Payment to employees | - | - |
| | <u>61,831</u> | <u>523,704</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Cash received from other funds | - | - |
| Cash paid to other funds | - | - |
| | <u>-</u> | <u>-</u> |
| NET CASH 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 | - | - |
| | <u>-</u> | <u>-</u> |
| NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income | - | 172,334 |
| | <u>-</u> | <u>172,334</u> |
| NET (INCREASE) DECREASE IN CASH AND CASH EQUIVALENTS | | |
| | 61,831 | 696,038 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | | |
| | <u>4,567,137</u> | <u>8,378,067</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | | |
| | <u>\$ 4,628,968</u> | <u>\$ 9,074,105</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ (7,597) | \$ (914,480) |
| Depreciation and amortization | - | - |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (100,000) | (53,523) |
| (Increase) decrease in prepaid items | - | (23,516) |
| (Increase) decrease in inventories | - | - |
| Increase (decrease) in accounts payable and other liabilities | (133,787) | - |
| Increase (decrease) in claims payable | 303,215 | 1,458,139 |
| Increase (decrease) in compensated absences payable | - | 57,084 |
| | <u>-</u> | <u>57,084</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| | <u>\$ 61,831</u> | <u>\$ 523,704</u> |

| Motor Pool/ Equipment | Facilities/ Maintenance | Totals |
|--------------------------|----------------------------|----------------------|
| \$ 3,969,648 | \$ 2,227,404 | \$ 10,199,061 |
| (1,279,206) | (1,326,567) | (6,022,247) |
| <u>(1,076,480)</u> | <u>(605,440)</u> | <u>(1,681,920)</u> |
| 1,613,962 | 295,397 | 2,494,894 |
| 296,229 | 110,896 | 407,125 |
| <u>(590,000)</u> | <u>(441,000)</u> | <u>(1,031,000)</u> |
| <u>(293,771)</u> | <u>(330,104)</u> | <u>(623,875)</u> |
| (343,741) | (109,158) | (452,899) |
| 33,695 | - | 33,695 |
| (491,625) | - | (491,625) |
| (21,100) | (160,355) | (181,455) |
| <u>(2,240)</u> | <u>(17,026)</u> | <u>(19,266)</u> |
| <u>(825,011)</u> | <u>(286,539)</u> | <u>(1,111,550)</u> |
| 111,360 | 35,138 | 318,832 |
| 606,540 | (286,108) | 1,078,301 |
| <u>2,486,596</u> | <u>1,087,662</u> | <u>16,519,462</u> |
| <u>\$ 3,093,136</u> | <u>\$ 801,554</u> | <u>\$ 17,597,763</u> |
| \$ 553,158 | \$ 138,044 | \$ (230,875) |
| 1,020,006 | 161,262 | 1,181,268 |
| 604 | (399) | (153,318) |
| 1,135 | - | (22,381) |
| - | - | - |
| 24,467 | (10,247) | (119,567) |
| - | - | 1,761,354 |
| <u>14,592</u> | <u>6,737</u> | <u>78,413</u> |
| <u>\$ 1,613,962</u> | <u>\$ 295,397</u> | <u>\$ 2,494,894</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, 2019

| | Balance July 1, 2018 | Additions | Deletions | Balance June 30, 2019 |
|---------------------------------|-------------------------|-----------|-----------|--------------------------|
| ASSETS: | | | | |
| Restricted cash and investments | \$ 8,667 | \$ - | \$ - | \$ 8,667 |
| LIABILITIES: | | | | |
| Due to bondholders | \$ 8,667 | \$ - | \$ - | \$ 8,667 |

STATISTICAL SECTION

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Description of Statistical Section Contents June 30, 2019

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. | 134 - 143 |
| <u>Revenue Capacity</u> these schedules contain information to help the reader assess the City’s most significant local revenue sources. | 144 - 157 |
| <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. | 158 - 164 |
| <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. | 165 - 166 |
| <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. | 167 - 169 |

CITY OF WESTMINSTER
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | |
|--|----------------------------|-----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2017 | 2016 |
| Governmental activities: | | | | |
| Invested in capital assets, net of related debt | \$ 200,733,298 | \$ 217,710,821 | \$ 227,269,999 | \$ 232,222,529 |
| Restricted | 36,240,191 | 37,011,787 | 27,073,245 | 18,560,287 |
| Unrestricted | <u>(82,197,759)</u> | <u>(100,941,993)</u> | <u>(52,891,903)</u> | <u>(45,089,856)</u> |
| Total governmental activities net assets: | <u>\$ 154,775,730</u> | <u>\$ 153,780,615</u> | <u>\$ 201,451,341</u> | <u>\$ 205,692,960</u> |
| Business-type activity: | | | | |
| Invested in capital assets, net of related debt | \$ 28,383,603 | \$ 26,175,414 | \$ 28,530,266 | \$ 29,107,174 |
| Restricted | 117,132 | 114,589 | 113,146 | 112,665 |
| Unrestricted | <u>2,719,644</u> | <u>3,436,021</u> | <u>6,047,304</u> | <u>6,152,733</u> |
| Total business-type activity net assets: | <u>\$ 31,220,379</u> | <u>\$ 29,726,024</u> | <u>\$ 34,690,716</u> | <u>\$ 35,372,572</u> |
| Primary government: | | | | |
| Invested in capital assets, net of related debt | \$ 229,116,901 | \$ 243,886,235 | \$ 255,800,265 | \$ 261,329,703 |
| Restricted | 36,357,323 | 37,126,376 | 27,186,391 | 18,672,952 |
| Unrestricted | <u>(79,478,115)</u> | <u>(97,505,972)</u> | <u>(46,844,599)</u> | <u>(38,937,123)</u> |
| Total primary government net assets: | <u>\$ 185,996,109</u> | <u>\$ 183,506,639</u> | <u>\$ 236,142,057</u> | <u>\$ 241,065,532</u> |

Source: City Finance Department

| Fiscal Year Ended June 30, | | | | | |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| \$ 205,398,439 | \$ 212,179,772 | \$ 233,128,695 | \$ 224,286,618 | \$ 130,622,799 | \$ 115,917,966 |
| 18,906,200 | 20,922,791 | 18,418,248 | 14,770,657 | 81,222,098 | 88,669,819 |
| <u>(38,262,036)</u> | <u>47,925,059</u> | <u>59,794,122</u> | <u>63,601,972</u> | <u>58,305,385</u> | <u>57,608,308</u> |
| <u>\$ 186,042,603</u> | <u>\$ 281,027,622</u> | <u>\$ 311,341,065</u> | <u>\$ 302,659,247</u> | <u>\$ 270,150,282</u> | <u>\$ 262,196,093</u> |
| | | | | | |
| \$ 28,666,666 | \$ 28,061,606 | \$ 27,137,496 | \$ 27,240,106 | \$ 27,813,299 | \$ 28,200,770 |
| 112,548 | 113,103 | 113,158 | 113,158 | 113,160 | 113,911 |
| <u>7,379,655</u> | <u>7,704,313</u> | <u>7,390,477</u> | <u>8,209,794</u> | <u>5,392,113</u> | <u>3,408,574</u> |
| <u>\$ 36,158,869</u> | <u>\$ 35,879,022</u> | <u>\$ 34,641,131</u> | <u>\$ 35,563,058</u> | <u>\$ 33,318,572</u> | <u>\$ 31,723,255</u> |
| | | | | | |
| \$ 234,065,105 | \$ 240,241,378 | \$ 260,266,191 | \$ 251,526,724 | \$ 158,436,098 | \$ 144,118,736 |
| 19,018,748 | 21,035,894 | 18,531,406 | 14,883,815 | 81,335,258 | 88,783,730 |
| <u>(30,882,381)</u> | <u>55,629,372</u> | <u>67,184,599</u> | <u>71,811,766</u> | <u>63,697,498</u> | <u>61,016,882</u> |
| <u>\$ 222,201,472</u> | <u>\$ 316,906,644</u> | <u>\$ 345,982,196</u> | <u>\$ 338,222,305</u> | <u>\$ 303,468,854</u> | <u>\$ 293,919,348</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, | | | |
|--|----------------------------|---------------------|---------------------|---------------------|
| | 2019 | 2018 | 2017 | 2016 |
| Expenses: | | | | |
| Governmental activities: | | | | |
| General government | \$ 4,827,179 | \$ 5,401,118 | \$ 4,350,036 | \$ 3,595,489 |
| Public safety | 49,134,686 | 46,362,520 | 43,809,880 | 44,860,014 |
| Public works | 13,854,705 | 13,934,252 | 11,583,654 | 11,596,949 |
| Community development | 4,845,123 | 5,847,143 | 7,625,758 | 8,276,191 |
| Community services | 3,497,900 | 3,604,104 | 2,893,874 | 3,021,121 |
| Interest on long-term debt | 90,161 | 114,028 | 142,149 | 164,648 |
| Total governmental activities expenses | <u>76,249,754</u> | <u>75,263,165</u> | <u>70,405,351</u> | <u>71,514,412</u> |
| Business-type activity: | | | | |
| Water enterprise | <u>15,504,540</u> | <u>16,377,091</u> | <u>14,045,523</u> | <u>13,600,864</u> |
| Total business-type activity expenses | <u>15,504,540</u> | <u>16,377,091</u> | <u>14,045,523</u> | <u>13,600,864</u> |
| Total primary government expenses | <u>91,754,294</u> | <u>91,640,256</u> | <u>84,450,874</u> | <u>85,115,276</u> |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 1,149,664 | 1,690,706 | 1,231,459 | 1,494,713 |
| Public safety | 3,875,102 | 3,661,542 | 3,487,204 | 2,816,217 |
| Public works | 411,959 | 587,671 | 951,852 | 1,267,530 |
| Community development | 2,109,265 | 2,641,720 | 3,546,329 | 3,219,518 |
| Community services | 206,660 | 202,353 | 223,802 | 280,281 |
| Operating grants and contributions | 7,809,684 | 6,950,890 | 9,141,531 | 6,984,437 |
| Capital grants and contributions | 110,317 | 61,823 | 72,760 | 7,548,627 |
| Total governmental activities program revenues | <u>15,672,651</u> | <u>15,796,705</u> | <u>18,654,937</u> | <u>23,611,323</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water enterprise | <u>16,880,396</u> | <u>16,198,871</u> | <u>13,319,917</u> | <u>12,731,731</u> |
| Total business-type activity program revenues | <u>16,880,396</u> | <u>16,198,871</u> | <u>13,319,917</u> | <u>12,731,731</u> |
| Total primary government program revenues | <u>32,553,047</u> | <u>31,995,576</u> | <u>31,974,854</u> | <u>36,343,054</u> |
| Net revenues (expenses): | | | | |
| Governmental activities | (60,577,103) | (59,466,460) | (51,750,414) | (47,903,089) |
| Business-type activity | <u>1,375,856</u> | <u>(178,220)</u> | <u>(725,606)</u> | <u>(869,133)</u> |
| Total net revenues (expenses) | <u>(59,201,247)</u> | <u>(59,644,680)</u> | <u>(52,476,020)</u> | <u>(48,772,222)</u> |

Source: City Finance Department

| Fiscal Year Ended June 30, | | | | | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| \$ 3,280,458 | \$ 3,312,809 | \$ 3,145,098 | \$ 1,904,232 | \$ 11,836,459 | \$ 21,335,005 |
| 40,616,802 | 44,091,261 | 38,072,257 | 39,706,407 | 37,050,903 | 36,313,972 |
| 11,358,510 | 12,016,265 | 11,889,094 | 12,138,788 | 10,839,138 | 10,041,239 |
| 8,417,841 | 7,843,505 | 5,393,309 | 11,110,694 | 14,699,366 | 12,043,058 |
| 2,854,580 | 2,863,068 | 2,722,324 | 2,874,153 | 2,977,448 | 2,979,397 |
| 185,852 | 201,770 | 218,241 | 4,624,156 | 6,135,877 | 6,027,294 |
| <u>66,714,043</u> | <u>70,328,678</u> | <u>61,440,323</u> | <u>72,358,430</u> | <u>83,539,191</u> | <u>88,739,965</u> |
| <u>13,625,444</u> | <u>12,879,866</u> | <u>12,204,823</u> | <u>12,072,927</u> | <u>12,264,194</u> | <u>11,910,470</u> |
| <u>13,625,444</u> | <u>12,879,866</u> | <u>12,204,823</u> | <u>12,072,927</u> | <u>12,264,194</u> | <u>11,910,470</u> |
| <u>80,339,487</u> | <u>83,208,544</u> | <u>73,645,146</u> | <u>84,431,357</u> | <u>95,803,385</u> | <u>100,650,435</u> |
| 1,708,850 | 1,723,410 | 1,332,542 | 1,393,011 | 947,291 | 871,954 |
| 2,901,892 | 3,152,528 | 2,392,084 | 2,399,733 | 2,963,243 | 3,178,152 |
| 1,535,590 | 1,505,347 | 1,529,292 | 1,911,770 | 1,301,079 | 1,104,193 |
| 2,583,435 | 2,253,350 | 2,192,448 | 1,367,032 | 1,638,817 | 1,707,098 |
| 351,225 | 358,651 | 328,483 | 378,061 | 388,247 | 394,655 |
| 8,827,408 | 8,656,867 | 7,357,298 | 9,931,063 | 11,945,008 | 7,167,620 |
| 16,638,708 | 3,435,672 | 13,785,183 | 8,122,092 | 1,171,634 | 1,277,811 |
| <u>34,547,108</u> | <u>21,085,825</u> | <u>28,917,330</u> | <u>25,502,762</u> | <u>20,355,319</u> | <u>15,701,483</u> |
| <u>14,202,098</u> | <u>14,742,082</u> | <u>14,805,527</u> | <u>14,842,016</u> | <u>14,374,002</u> | <u>12,704,027</u> |
| <u>14,202,098</u> | <u>14,742,082</u> | <u>14,805,527</u> | <u>14,842,016</u> | <u>14,374,002</u> | <u>12,704,027</u> |
| <u>48,749,206</u> | <u>35,827,907</u> | <u>43,722,857</u> | <u>40,344,778</u> | <u>34,729,321</u> | <u>28,405,510</u> |
| (32,166,935) | (49,242,853) | (32,522,993) | (46,855,668) | (63,183,872) | (73,038,482) |
| 576,654 | 1,862,216 | 2,600,704 | 2,769,089 | 2,109,808 | 793,557 |
| <u>(31,590,281)</u> | <u>(47,380,637)</u> | <u>(29,922,289)</u> | <u>(44,086,579)</u> | <u>(61,074,064)</u> | <u>(72,244,925)</u> |

CITY OF WESTMINSTER
CHANGES IN NET POSITION - GENERAL REVENUES
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | |
|--|----------------------------|-----------------------|-----------------------|----------------------|
| | 2019 | 2018 | 2017 | 2016 |
| General revenues and other changes in net assets: | | | | |
| Governmental revenues: | | | | |
| Unrestricted taxes: | | | | |
| Transactions and use taxes | \$ 13,538,135 | \$ 12,138,125 | \$ 3,064,761 | \$ - |
| Property taxes, levied for general purposes | 19,374,827 | 17,358,075 | 15,727,357 | 15,186,466 |
| Utility users taxes | 4,411,518 | 4,557,811 | 4,496,482 | 4,595,948 |
| Motor vehicle taxes | - | - | - | - |
| Other taxes | 3,562,629 | 3,627,884 | 3,489,715 | 3,558,019 |
| Unrestricted investment earnings | 3,103,684 | (41,593) | (108,819) | 965,817 |
| Intergovernmental revenue - sales taxes | 17,511,972 | 16,663,263 | 17,663,949 | 16,044,115 |
| Transfers | 69,453 | 35,000 | 35,000 | 35,000 |
| Extraordinary item | - | - | 1,677,350 | 27,168,081 |
| Total governmental activities | <u>61,572,218</u> | <u>54,338,565</u> | <u>46,045,795</u> | <u>67,553,446</u> |
| Business-type activity: | | | | |
| Unrestricted investment earnings | 187,952 | 128,409 | 78,750 | 117,837 |
| Miscellaneous | - | - | - | - |
| Transfers | (69,453) | (35,000) | (35,000) | (35,000) |
| Total business-type activity | <u>118,499</u> | <u>93,409</u> | <u>43,750</u> | <u>82,837</u> |
| Total primary government | <u>61,690,717</u> | <u>54,431,974</u> | <u>46,089,545</u> | <u>67,636,283</u> |
| Changes in net assets | | | | |
| Governmental activities | 995,115 | (5,127,895) | (5,704,619) | 19,650,357 |
| Business-type activity | 1,494,355 | (84,811) | (681,856) | (786,296) |
| Total primary government | <u>\$ 2,489,470</u> | <u>\$ (5,212,706)</u> | <u>\$ (6,386,475)</u> | <u>\$ 18,864,061</u> |

Source: City Finance Department

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

CITY OF WESTMINSTER
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year Ended June 30, | | | |
|------------------------------------|----------------------------|----------------------|----------------------|----------------------|
| | 2019 | 2018 | 2017 | 2016 |
| General fund: | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - |
| Total general fund | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| All other governmental funds: | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | |
| Special revenue funds | - | - | - | - |
| Debt service fund | - | - | - | - |
| Capital projects funds | - | - | - | - |
| Total all other governmental funds | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| General fund: | | | | |
| Nonspendable | \$ 67,076 | \$ 60,471 | \$ 33,695 | \$ 27,125 |
| Committed | 10,141,831 | 9,561,065 | 9,197,836 | - |
| Assigned | 2,696,420 | 2,696,420 | 2,696,420 | - |
| Unassigned | 13,026,119 | 11,346,148 | 8,904,597 | 22,473,917 |
| Total general fund | <u>\$ 25,931,446</u> | <u>\$ 23,664,104</u> | <u>\$ 20,832,548</u> | <u>\$ 22,501,042</u> |
| All other governmental funds: | | | | |
| Nonspendable | \$ - | \$ 12,675 | \$ - | \$ - |
| Restricted | 34,160,856 | 37,683,195 | 36,772,473 | 33,487,248 |
| Assigned | 44,007,432 | 22,077,035 | 15,774,481 | 18,513,114 |
| Unassigned | - | (460,469) | (186,360) | (1,894,658) |
| Total all other governmental funds | <u>\$ 78,168,288</u> | <u>\$ 59,312,436</u> | <u>\$ 52,360,594</u> | <u>\$ 50,105,704</u> |

Note: GASB 54 was implemented in 2011, prior year's have no comparable data.

Source: City Finance Department

| Fiscal Year Ended June 30, | | | | | |
|----------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,006 |
| - | - | - | - | - | 27,419,072 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 27,427,078</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 40,314,773 |
| - | - | - | - | - | (4,615,396) |
| - | - | - | - | - | 4,090,059 |
| - | - | - | - | - | 117,835,083 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 157,624,519</u> |
| \$ 47,687 | \$ 52,290 | \$ 33,750 | \$ 39,055 | \$ 9,944 | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>22,069,159</u> | <u>24,105,648</u> | <u>25,881,185</u> | <u>26,842,509</u> | <u>27,320,296</u> | <u>-</u> |
| <u>\$ 22,116,846</u> | <u>\$ 24,157,938</u> | <u>\$ 25,914,935</u> | <u>\$ 26,881,564</u> | <u>\$ 27,330,240</u> | <u>\$ -</u> |
| \$ - | \$ 25,919,581 | \$ 27,491,378 | \$ 27,633,116 | \$ 27,768,885 | \$ - |
| 32,727,621 | 9,454,051 | 7,015,881 | 5,761,682 | 109,183,565 | - |
| 20,118,196 | 22,643,343 | 21,114,572 | 19,901,437 | 22,253,296 | - |
| (261,909) | (753,634) | - | (1,391,240) | (6,145,831) | - |
| <u>\$ 52,583,908</u> | <u>\$ 57,263,341</u> | <u>\$ 55,621,831</u> | <u>\$ 51,904,995</u> | <u>\$ 153,059,915</u> | <u>\$ -</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, | | | |
|--|----------------------------|---------------------|---------------------|-----------------------|
| | 2019 | 2018 | 2017 | 2016 |
| Revenues: | | | | |
| Taxes | \$ 45,968,953 | \$ 41,667,325 | \$ 30,849,080 | \$ 27,374,545 |
| Licenses and permits | 792,649 | 859,108 | 847,246 | 924,622 |
| Fines | 669,359 | 771,613 | 888,134 | 981,486 |
| Investment and rental | 4,059,519 | 1,255,074 | 849,487 | 1,895,092 |
| Intergovernmental | 21,010,794 | 19,920,479 | 21,766,716 | 19,286,430 |
| Charges for services | 4,641,153 | 5,464,976 | 6,798,588 | 7,223,368 |
| Other | 454,798 | 617,706 | 1,071,736 | 648,332 |
| Total revenues | 77,597,225 | 70,556,281 | 63,070,987 | 58,333,875 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 4,338,833 | 4,453,928 | 4,193,584 | 2,854,956 |
| Public safety | 46,341,940 | 43,249,561 | 40,378,014 | 39,667,745 |
| Public works | 4,965,284 | 4,753,540 | 4,163,081 | 4,120,634 |
| Community development | 7,527,068 | 7,314,064 | 6,464,433 | 7,152,897 |
| Community services | 2,712,756 | 2,651,021 | 2,456,758 | 2,548,588 |
| Capital outlay | 5,280,934 | 4,509,240 | 7,443,447 | 9,043,703 |
| Debt service: | | | | |
| Principal retirement | 433,547 | 419,446 | 401,823 | 384,200 |
| Interest and fiscal charges | 47,478 | 65,257 | 84,348 | 99,875 |
| Bond issuance cost | - | - | - | - |
| Total expenditures | 71,647,840 | 67,416,057 | 65,585,488 | 65,872,598 |
| Excess (deficiency) of revenues over (under) expenditures | 5,949,385 | 3,140,224 | (2,514,501) | (7,538,723) |
| Other financing sources (uses): | | | | |
| Sale of equipment and property | 14,480,481 | 6,007,963 | 6,233 | 8,073 |
| Issuance of notes and bonds | - | - | - | - |
| Transfers in | 14,236,299 | 14,058,427 | 8,875,548 | 6,281,711 |
| Transfers out | (13,542,971) | (13,424,216) | (8,921,234) | (6,181,505) |
| Total other financing sources (uses) | 15,173,809 | 6,642,174 | (39,453) | 108,279 |
| Net change in fund balances, before extraordinary item | 21,123,194 | 9,782,398 | (2,553,954) | (7,430,444) |
| Extraordinary item | - | - | 1,677,350 | 5,336,436 |
| Net change in fund balances | \$ 21,123,194 | \$ 9,782,398 | \$ (876,604) | \$ (2,094,008) |
| Debt service as a percentage of noncapital expenditures | 0.7% | 0.7% | 0.8% | 0.8% |

Source: City Finance Department

| Fiscal Year Ended June 30, | | | | | |
|----------------------------|---------------------|---------------------|-------------------------|-----------------------|------------------------|
| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| \$ 25,593,873 | \$ 24,223,416 | \$ 27,359,600 | \$ 35,569,671 | \$ 60,339,619 | \$ 57,632,018 |
| 841,683 | 590,133 | 562,390 | 534,216 | 530,628 | 620,236 |
| 1,054,360 | 1,056,336 | 842,025 | 880,510 | 1,110,773 | 933,524 |
| 1,461,106 | 1,530,365 | 642,884 | 2,310,873 | 2,490,896 | 4,484,131 |
| 21,163,169 | 20,579,512 | 18,818,714 | 20,999,775 | 20,743,088 | 17,735,715 |
| 7,053,125 | 7,374,392 | 6,465,147 | 6,695,115 | 7,329,150 | 8,159,633 |
| 499,627 | 814,517 | 537,382 | 1,759,189 | 822,043 | 699,080 |
| <u>57,666,943</u> | <u>56,168,671</u> | <u>55,228,142</u> | <u>68,749,349</u> | <u>93,366,197</u> | <u>90,264,337</u> |
| 2,837,553 | 2,645,794 | 2,731,616 | 2,038,157 | 12,752,912 | 22,574,407 |
| 38,154,641 | 36,080,703 | 35,564,705 | 36,150,994 | 35,095,326 | 35,994,815 |
| 4,059,709 | 3,988,725 | 4,143,916 | 4,193,485 | 3,461,921 | 3,526,715 |
| 7,352,977 | 6,246,260 | 4,890,935 | 9,904,011 | 11,816,018 | 11,791,113 |
| 2,350,030 | 2,198,832 | 2,091,606 | 2,149,528 | 2,315,418 | 2,370,867 |
| 4,565,323 | 5,875,873 | 5,977,328 | 20,989,342 | 66,502,982 | 35,440,808 |
| 370,100 | 356,001 | 345,427 | 1,829,853 | 1,766,260 | 1,548,636 |
| 114,819 | 125,661 | 136,065 | 3,638,255 | 5,718,439 | 6,359,141 |
| - | - | - | - | 772,601 | - |
| <u>59,805,152</u> | <u>57,517,849</u> | <u>55,881,598</u> | <u>80,893,625</u> | <u>140,201,877</u> | <u>119,606,502</u> |
| (2,138,209) | (1,349,178) | (653,456) | (12,144,276) | (46,835,680) | (29,342,165) |
| 10,414 | 7,202 | 10,275 | 14,813 | 1,846,367 | 5,602 |
| - | - | - | - | 40,265,000 | - |
| 11,444,395 | 11,883,373 | 12,236,170 | 28,706,358 | 49,301,182 | 34,907,052 |
| <u>(16,037,125)</u> | <u>(11,453,494)</u> | <u>(8,842,784)</u> | <u>(26,190,975)</u> | <u>(48,926,310)</u> | <u>(34,309,807)</u> |
| <u>(4,582,316)</u> | <u>437,081</u> | <u>3,403,661</u> | <u>2,530,196</u> | <u>42,486,239</u> | <u>602,847</u> |
| (6,720,525) | (912,097) | 2,750,205 | (9,614,080) | (4,349,441) | (28,739,318) |
| - | 796,610 | - | (91,989,516) | - | - |
| <u>\$ (6,720,525)</u> | <u>\$ (115,487)</u> | <u>\$ 2,750,205</u> | <u>\$ (101,603,596)</u> | <u>\$ (4,349,441)</u> | <u>\$ (28,739,318)</u> |
| 0.9% | 0.9% | 1.0% | 8.9% | 10.4% | 9.2% |

CITY OF WESTMINSTER
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(rate per \$100 of taxable value)

| | Fiscal Year Ended June 30, | | | | | | | | | |
|------------------------|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| City Direct Rate: | | | | | | | | | | |
| City basic rate | 0.09443 | 0.09443 | 0.09443 | 0.09443 | 0.09443 | 0.09443 | 0.09443 | 0.09443 | 0.09443 | 0.17142 |
| Redevelopment agency | 0.00397 | 0.00066 | 0.00066 | 0.00066 | 0.00066 | 0.00066 | 0.48930 | 0.48394 | 0.47443 | 0.39240 |
| Total City Direct Rate | 0.09840 | 0.09509 | 0.09509 | 0.09509 | 0.09509 | 0.09509 | 0.58373 | 0.57837 | 0.56886 | 0.56382 |
| Overlapping Rates: | | | | | | | | | | |
| Special Districts | 0.04380 | 0.04400 | 0.04380 | 0.04380 | 0.04400 | 0.04400 | 0.04400 | 0.04380 | 0.04400 | 0.04300 |
| County of Orange | 0.15487 | 0.15277 | 0.15487 | 0.15487 | 0.15277 | 0.15277 | 0.15277 | 0.15490 | 0.15277 | 0.15277 |
| School Districts | 0.70700 | 0.70980 | 0.70690 | 0.70690 | 0.70980 | 0.70980 | 0.70980 | 0.70690 | 0.70980 | 0.70980 |
| Total Direct Rate | 1.00010 | 1.00100 | 1.00000 | 1.00000 | 1.00100 | 1.00100 | 1.00100 | 1.00003 | 1.00100 | 1.07699 |

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.

Source: Orange County Assessor 2017/2018 Annual Tax Increment Tables
HdL, Coren & Cone

**CITY OF WESTMINSTER
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago**

| Taxpayer | 2019 | | 2010 | |
|---------------------------------------|------------------------|--|------------------------|--|
| | Taxable Assessed Value | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Percent of Total City Taxable Assessed Value |
| Westminster Mall LLC | \$ 135,727,567 | 1.44% | \$ - | 0.00% |
| Jean Elizabeth Jensen Trust | 91,034,251 | 0.96% | - | 0.00% |
| WRI West Gate South LP | 74,539,260 | 0.79% | - | 0.00% |
| Land Partners | 68,079,153 | 0.72% | - | 0.00% |
| PK I Pavilions Place LP | 64,516,903 | 0.68% | 37,057,805 | 0.55% |
| WRW Properties LLC | 63,987,241 | 0.68% | - | 0.00% |
| An Tang Dao Trust | 49,100,076 | 0.52% | - | 0.00% |
| Jasmine Place Associates LLC | 47,078,285 | 0.50% | - | 0.00% |
| Turbulent Enterprises LP | 43,740,900 | 0.46% | - | 0.00% |
| Villa Pacific Townhomes Investment LP | 37,025,220 | 0.39% | - | 0.00% |
| Retail Property Trust | - | 0.00% | 97,628,151 | 1.46% |
| WRI Golden State South | - | 0.00% | 38,316,418 | 0.57% |
| Dayton-Hudson Corporation | - | 0.00% | 31,313,934 | 0.47% |
| Asian Garden Limited | - | 0.00% | 30,888,343 | 0.46% |
| CPII Park Lane LLC | - | 0.00% | 28,098,198 | 0.42% |
| WRI Golden State LLC | - | 0.00% | 27,555,790 | 0.41% |
| Avalon Center at Garden Grove | - | 0.00% | 26,167,792 | 0.39% |
| Mary Warne-Parks Trust-Bolsa-Bushard | - | 0.00% | 25,927,281 | 0.39% |
| Delma Corporation | - | 0.00% | 20,522,391 | 0.31% |
| | <u>\$ 674,828,856</u> | <u>7.14%</u> | <u>\$ 363,476,103</u> | <u>5.43%</u> |

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

Source: HdL, Coren & Cone

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CITY OF WESTMINSTER
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of Levy | | Total Collections to Date | |
|----------------------------------|--|---|--------------------|---------------------------|--------------------|
| | | Amount | Percent of Levy | Amount | Percent of Levy |
| 2019 | \$ 2,509,275 | \$ 2,477,398 | 98.73% | \$ 2,477,398 | 98.73% |
| 2018 | 2,510,143 | 2,481,863 | 98.87% | 2,481,863 | 98.87% |
| 2017 | 2,508,326 | 2,461,818 | 98.15% | 2,461,818 | 98.15% |
| 2016 | 2,505,497 | 2,452,411 | 97.88% | 2,452,411 | 97.88% |
| 2015 | 2,484,435 | 2,423,695 | 97.56% | 2,423,695 | 97.56% |
| 2014 | 2,486,017 | 2,459,754 | 98.94% | 2,459,754 | 98.94% |
| 2013 | 2,478,261 | 2,446,175 | 98.71% | 2,446,175 | 98.71% |
| 2012 | 2,482,399 | 2,444,304 | 98.47% | 2,444,304 | 98.47% |
| 2011 | 2,474,791 | 2,441,784 | 98.67% | 2,441,784 | 98.67% |
| 2010 | 2,474,260 | 2,448,073 | 98.94% | 2,448,073 | 98.94% |

Note:

The amounts presented include City secured and supplemented property taxes.

Source: 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 | |
| 2019 | \$ 3,067,173,924 | \$ 101,438,368 | \$ 82,540,972 | \$ 3,086,071,320 |
| 2018 | 3,064,980,617 | 101,438,368 | 82,540,972 | 3,083,878,013 |
| 2017 | 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 |
| 2015 | 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 |
| 2013 | 3,064,980,617 | 101,438,368 | 82,540,972 | 3,083,878,013 |
| 2012 | 3,064,980,617 | 101,438,368 | 82,540,972 | 3,083,878,013 |
| 2011 | 3,069,535,195 | 101,438,368 | 82,540,972 | 3,088,432,591 |
| 2010 | 3,067,626,290 | 101,438,368 | 82,540,972 | 3,086,523,686 |

Notes:

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 Rate no longer includes revenues generated from former redevelopment tax areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012-13. For purposes of this report, residual revenue is assumed to be distributed to the City in the same proportions as general fund revenue.

Source: HdL Coren & Cone, Orange County Assessor 2018/17 Combined Tax Rolls
Orange County Auditor Controller

| Redevelopment Agency | | | | |
|----------------------|----------------|---------------------|------------------------------|-----------------------------|
| Secured | Unsecured | Less: Exemptions | Taxable Assessed Value | Total Direct Tax Rate |
| \$ 9,320,751,451 | \$ 292,761,051 | \$ 160,250,379 | \$ 9,453,262,123 | 9.84000% * |
| 8,863,834,129 | 207,351,283 | 155,854,634 | 8,915,330,778 | 0.09509% * |
| 8,367,114,668 | 174,986,973 | 142,653,259 | 8,399,448,382 | 0.09509% * |
| 8,132,917,882 | 265,498,056 | 136,841,764 | 8,261,574,174 | 0.09509% * |
| 7,524,637,360 | 232,501,482 | 135,957,596 | 7,621,181,246 | 0.09509% * |
| 7,126,139,657 | 179,837,353 | 133,206,501 | 7,172,770,509 | 0.09509% * |
| 6,918,154,624 | 217,478,421 | 120,375,213 | 7,015,257,832 | 0.58373% |
| 6,810,028,867 | 260,385,471 | 135,330,222 | 6,935,084,116 | 0.57837% |
| 6,671,290,676 | 234,915,169 | 127,617,865 | 6,778,587,980 | 0.56886% |
| 6,475,021,589 | 223,131,714 | 85,047,489 | 6,613,105,814 | 0.56382% |

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CITY OF WESTMINSTER
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Fiscal Year Ended June 30, | Sales | Transactions and Use* | Property | Utility Users | Business License | Franchise | Transient Occupancy | Total |
|----------------------------|---------------|-----------------------|---------------|---------------|------------------|--------------|---------------------|---------------|
| 2019 | \$ 17,511,972 | \$ 13,538,135 | \$ 19,374,827 | \$ 4,411,518 | \$ 1,427,830 | \$ 1,310,370 | \$ 824,429 | \$ 58,399,081 |
| 2018 | 16,663,263 | 12,138,125 | 17,358,075 | 4,557,811 | 1,359,594 | 1,407,680 | 860,610 | 54,345,158 |
| 2017 | 17,663,949 | 3,064,761 | 15,727,357 | 4,496,482 | 1,381,319 | 1,241,700 | 866,696 | 44,442,264 |
| 2016 | 16,044,115 | - | 15,186,466 | 4,595,948 | 1,388,612 | 1,367,801 | 801,606 | 39,384,548 |
| 2015 | 15,749,960 | - | 13,867,837 | 4,917,994 | 1,216,170 | 1,410,626 | 713,760 | 37,876,347 |
| 2014 | 15,523,825 | - | 13,038,715 | 5,063,905 | 1,240,779 | 1,356,397 | 608,608 | 36,832,229 |
| 2013 | 13,931,661 | - | 16,304,916 | 4,928,588 | 1,205,111 | 1,312,251 | 593,150 | 38,275,677 |
| 2012 | 12,994,495 | - | 25,159,373 | 5,020,744 | 1,212,032 | 1,297,359 | 510,712 | 46,194,715 |
| 2011 | 13,164,455 | - | 47,004,633 | 5,082,094 | 1,214,413 | 1,273,931 | 496,321 | 68,235,847 |
| 2010 | 12,212,474 | - | 47,264,839 | 5,010,797 | 1,167,267 | 1,206,421 | 451,640 | 67,313,438 |

*Beginning in April 2017, a tax measure allowed for the collection of a 1% transaction tax.

Source: City of Westminster

CITY OF WESTMINSTER
TAXABLE SALES BY CATEGORY
Last Ten Calendar Years
(in thousands of dollars)

| | Calendar Years | | | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2018 | 2017 | 2016 | 2015 |
| Apparel Stores | \$ 64,563 | \$ 63,690 | \$ 69,140 | \$ 73,464 |
| General Merchandise | 208,736 | 218,329 | 228,548 | 209,505 |
| Food Stores | 44,957 | 43,091 | 42,871 | 53,081 |
| Eating and Drinking Places | 189,264 | 181,705 | 169,097 | 156,426 |
| Building Materials | 128,165 | 115,488 | 95,709 | 89,206 |
| Auto Dealers and Supplies | 448,419 | 447,846 | 453,527 | 414,952 |
| Service Stations | 115,352 | 103,602 | 96,476 | 117,269 |
| Other Retail Stores | 224,419 | 219,999 | 225,719 | 199,631 |
| All Other Outlets | 292,473 | 283,308 | 299,604 | 281,864 |
| | <u>\$ 1,716,348</u> | <u>\$ 1,677,058</u> | <u>\$ 1,680,691</u> | <u>\$ 1,595,398</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 Years | | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------|
| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | |
| \$ 76,392 | \$ 76,962 | \$ 68,687 | \$ 68,208 | \$ 66,348 | \$ 67,837 | |
| 214,955 | 225,171 | 228,174 | 237,195 | 238,551 | 240,647 | |
| 53,540 | 52,739 | 51,389 | 50,988 | 48,122 | 48,507 | |
| 149,203 | 139,919 | 126,781 | 116,638 | 112,311 | 111,107 | |
| 75,359 | 70,754 | 65,478 | 82,061 | 88,210 | 95,453 | |
| 339,238 | 356,999 | 294,170 | 227,061 | 213,918 | 240,762 | |
| 144,835 | 149,039 | 153,277 | 143,165 | 122,507 | 113,161 | |
| 196,295 | 197,312 | 198,453 | 198,004 | 189,422 | 194,923 | |
| 260,003 | 232,985 | 196,519 | 182,074 | 177,957 | 179,518 | |
| <u>\$ 1,509,820</u> | <u>\$ 1,501,880</u> | <u>\$ 1,382,928</u> | <u>\$ 1,305,394</u> | <u>\$ 1,257,346</u> | <u>\$ 1,291,915</u> | |
| 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% | 1.00% |

**CITY OF WESTMINSTER
 PRINCIPAL SALES TAX REMITTERS BY CATEGORY
 Current Year and Nine Years Ago**

| <u>Category</u> | Calendar Year 2018 | | | Calendar Year 2009 | | |
|----------------------------|----------------------|-------------|--|----------------------|-------------|--|
| | <u>Taxable Sales</u> | <u>Rank</u> | <u>Percent of Total City Taxable Sales</u> | <u>Taxable Sales</u> | <u>Rank</u> | <u>Percent of Total City Taxable Sales</u> |
| Auto Dealers and Supplies | \$ 448,419 | 1 | 26.13% | \$ 240,762 | 1 | 18.64% |
| All Other Outlets | 292,473 | 2 | 17.04% | 179,518 | 4 | 13.90% |
| Other Retail Stores | 224,419 | 3 | 13.08% | 194,923 | 3 | 15.09% |
| General Merchandise | 208,736 | 4 | 12.16% | 240,647 | 2 | 18.63% |
| Eating and Drinking Places | 189,264 | 5 | 11.03% | 111,107 | 6 | 8.60% |
| Building Materials | 128,165 | 6 | 7.47% | 95,453 | 7 | 7.39% |
| Service Stations | 115,352 | 7 | 6.72% | 113,161 | 5 | 8.76% |
| Apparel Stores | 64,563 | 8 | 3.76% | 67,837 | 8 | 5.25% |
| Food Stores | 44,957 | 9 | 2.62% | 48,507 | 9 | 3.75% |

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

**CITY OF WESTMINSTER
WATER CUSTOMERS
Current Year and Nine Years Ago**

| Water Customer | 2019 | | 2010 | |
|------------------------------------|----------------------|---------------------------------|----------------------|---------------------------------|
| | Water Charges | Percent of Total Water Revenues | Water Charges | Percent of Total Water Revenues |
| City of Westminster | \$ 371,358 | 2.26% | \$ 169,712 | 1.34% |
| Arnel Management | 264,986 | 1.61% | 139,905 | 1.11% |
| Westminster School District | 195,892 | 1.19% | 106,990 | 0.85% |
| Los Alisos | 167,927 | 1.02% | - | 0.00% |
| Garden Grove Unified | 157,401 | 0.96% | 74,016 | 0.58% |
| Huntington Beach Union High School | 110,211 | 0.67% | 110,030 | 0.87% |
| Westminster Village HOA | 103,832 | 0.63% | 56,799 | 0.45% |
| Mission del Amo Mobile Home Park | 89,785 | 0.55% | 70,595 | 0.56% |
| LLC Site #4842, Westminster Mall | 88,174 | 0.54% | - | 0.00% |
| Dover II Ltd | 79,744 | 0.48% | - | 0.00% |
| Prado Verde Estates | 78,153 | 0.47% | - | 0.00% |
| Windmill Landmark LLC | 68,007 | 0.41% | - | 0.00% |
| Rancho del Sol | 67,763 | 0.41% | - | 0.00% |
| Tres Vidas Apartments | 65,298 | 0.40% | 46,737 | 0.37% |
| Mobile Community Mgt Co | 63,240 | 0.38% | - | 0.00% |
| Pembrook Management Inc. | - | 0.00% | 55,433 | 0.44% |
| Park Lane Town Home | - | 0.00% | 44,982 | 0.36% |
| Total | <u>\$ 1,971,771</u> | | <u>\$ 875,199</u> | |
| Total Metered Water Sales | <u>\$ 16,463,400</u> | | <u>\$ 12,653,468</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> |
|---|----------------------------------|---------------------------------------|
| 2019 | 8.91 | 3.07 |
| 2018 | 8.39 | 2.92 |
| 2017 | 7.30 | 2.54 |
| 2016 | 7.30 | 2.36 |
| 2015 | 7.30 | 2.30 |
| 2014 | 7.30 | 2.30 |
| 2013 | 6.52 | 2.30 |
| 2012 | 6.52 | 2.30 |
| 2011 | 6.52 | 2.25 |
| 2010 | 5.78 | 1.97 |

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.

Source: City of Westminster

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 | Government | |
| 2019 | \$ 12,067,332 | \$ 117,948 | \$ 2,974,898 | \$ 103,100 | \$ 15,263,278 |
| 2018 | 11,271,646 | 120,976 | 2,690,775 | 103,406 | 14,186,803 |
| 2017 | 10,276,682 | 109,734 | 2,275,296 | 100,155 | 12,761,867 |
| 2016 | 9,953,572 | 97,688 | 2,135,545 | 104,795 | 12,291,600 |
| 2015 | 11,312,453 | 108,947 | 2,501,890 | 101,055 | 14,024,345 |
| 2014 | 11,918,276 | 121,814 | 2,657,925 | 106,287 | 14,804,302 |
| 2013 | 12,038,551 | 111,678 | 2,564,280 | 98,127 | 14,812,636 |
| 2012 | 11,620,170 | 119,472 | 2,561,499 | 104,206 | 14,405,347 |
| 2011 | 11,304,445 | 120,700 | 2,311,541 | 96,485 | 13,833,171 |
| 2010 | 10,159,526 | 122,059 | 2,027,216 | 111,499 | 12,420,300 |

Total direct rate per 1,000 gallons

Source: City of Westminster

CITY OF WESTMINSTER
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Governmental Activities | | | | Total Governmental Activities |
|----------------------------------|----------------------------|-------------------|-------------------------------------|------------------|-------------------------------------|
| | Tax Allocation Bonds | Leases Payable | Certificates of Participation | Notes Payable | |
| 2019 | \$ - | \$ 1,816,704 | \$ 1,005,000 | \$ - | \$ 2,821,704 |
| 2018 | - | 728,860 | 1,620,000 | - | 2,348,860 |
| 2017 | - | 616,527 | 2,215,000 | - | 2,831,527 |
| 2016 | - | 711,330 | 2,785,000 | - | 3,496,330 |
| 2015 | - | 479,507 | 3,330,000 | - | 3,809,507 |
| 2014 | - | 552,088 | 3,855,000 | - | 4,407,088 |
| 2013 | - | - | 4,360,000 | - | 4,360,000 |
| 2012 | - | - | 4,850,000 | - | 4,850,000 |
| 2011 | 141,340,000 | - | 5,054,255 | 300,000 | 146,694,255 |
| 2010 | 102,235,000 | - | 5,889,463 | 300,000 | 108,424,463 |

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

Source: City Finance Department

| Business-type Activity | | | | | |
|-------------------------------------|------------------|------------------------------------|--------------------------------|-------------------------------------|-----------------------|
| Certificates of Participation | Loans Payable | Total Business-type Activity | Total Primary Government | Percentage of Personal Income | Debt per Capita |
| \$ 1,545,000 | \$ 1,204,287 | \$ 2,749,287 | \$ 5,570,991 | 0.24% | \$ 60 |
| 1,815,000 | 1,632,206 | 3,447,206 | 5,796,066 | 0.26% | 61 |
| 2,075,000 | 1,453,790 | 3,528,790 | 6,360,317 | 0.30% | 68 |
| 2,325,000 | 1,572,231 | 3,897,231 | 7,393,561 | 0.36% | 79 |
| 2,565,000 | 1,686,655 | 4,251,655 | 8,061,162 | 0.42% | 88 |
| 2,800,000 | 1,797,198 | 4,597,198 | 9,004,286 | 0.50% | 98 |
| 3,030,000 | 1,903,992 | 4,933,992 | 9,293,992 | 0.55% | 102 |
| 3,250,000 | 2,007,163 | 5,257,163 | 10,107,163 | 0.61% | 111 |
| 3,377,067 | 2,106,835 | 5,483,902 | 152,178,157 | 9.80% | 1,692 |
| 3,806,075 | 2,203,126 | 6,009,201 | 114,433,664 | 7.76% | 1,214 |

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 | | |
| 2019 | \$ - | \$ - | \$ - | 0.00% | \$ - |
| 2018 | - | - | - | 0.00% | - |
| 2017 | - | - | - | 0.00% | - |
| 2016 | - | - | - | 0.00% | - |
| 2015 | - | - | - | 0.00% | - |
| 2014 | - | - | - | 0.00% | - |
| 2013 | - | - | - | 0.00% | - |
| 2012 | - | - | - | 0.00% | - |
| 2011 | - | - | - | 0.00% | - |
| 2010 | - | - | - | 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).

Source: City Finance Department

**CITY OF WESTMINSTER
DIRECT AND OVERLAPPING DEBT
June 30, 2019**

| | | | |
|---|------------------------------|-------------------------|---------------------------------|
| 2018-19 Assessed Valuation: | | <u>\$ 9,391,193,921</u> | |
| | Percentage Applicable (1) | Total Debt 6/30/2019 | City's Share of Debt 6/30/19 |
| <u>Overlapping Tax and Assessment Debt:</u> | | | |
| Metropolitan Water District | 0.321% | \$ 48,050,000 | \$ 154,241 |
| Coast Community College District | 6.661% | 754,064,504 | 50,228,237 |
| Garden Grove Unified School District | 9.303% | 396,190,160 | 36,461,380 |
| Huntington Beach Union High School District | 12.576% | 180,274,998 | 22,671,384 |
| Ocean View School District | 5.240% | 41,465,000 | 2,172,766 |
| Westminster School District | 62.585% | 103,052,252 | 64,495,252 |
| Total Overlapping Tax and Assessment Debt | | <u>\$ 1,523,096,914</u> | <u>\$ 176,183,260</u> |
| <u>Direct and Overlapping General Fund Debt:</u> | | | |
| Orange County General Fund Obligations | 1.586% | \$ 388,720,000 | \$ 6,165,099 |
| Orange County Pension Obligations | 1.586% | 407,629,239 | 6,465,000 |
| Orange County Board of Education Certificates of Participation | 1.586% | 13,490,000 | 213,951 |
| Coast Community College District Certificates of Participation | 6.660% | 2,950,000 | 196,500 |
| Huntington Beach Union High School District Certificates of Participation | 12.576% | 63,101,090 | 7,935,593 |
| Ocean View School District Certificates of Participation | 5.240% | 21,110,000 | 1,106,164 |
| Westminster School District Certificates of Participation | 62.585% | 37,255,275 | 23,316,214 |
| City of Westminster Certificates of Participation | 100.000% | 1,005,000 | 1,005,000 |
| City of Westminster Leases Payable | 100.000% | 1,816,704 | 1,816,704 |
| Total Gross Direct and Overlapping General Fund Debt | | <u>\$ 937,077,308</u> | 48,220,225 |
| Less: MWDOC Water Facilities Corporation (100% self-supporting) | | | - |
| Total Net Direct and Overlapping General Fund Debt | | | <u>\$ 48,220,225</u> |
| <u>Overlapping Tax Increment Debt: (Successor Agency):</u> | 100.000% | <u>\$ 113,740,000</u> | <u>\$ 113,740,000</u> |
| Total Direct Debt | | | \$ 2,821,704 |
| Total Gross Overlapping Debt | | | \$ 335,321,781 |
| Total Net Overlapping Debt | | | \$ 335,321,781 |
| Gross Combined Total Debt | | | \$ 338,143,485 (2) |
| Net Combined Total Debt | | | \$ 338,143,485 |

(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 2018-19 Assessed Valuation:

| | |
|---|--------------|
| Total Overlapping Tax and Assessment Debt | 1.88% |
| Total Direct Debt (\$2,821,704) | 0.03% |
| Gross Combined Total Debt | 3.60% |
| Net Combined Total Debt | 3.60% |

Ratios to Redevelopment Successor Agency Incremental Valuation (\$6,222,581,629):

| | |
|--------------------------------------|-------|
| Total Overlapping Tax Increment Debt | 1.83% |
|--------------------------------------|-------|

Source: California Municipal Statistics

CITY OF WESTMINSTER
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

| | Fiscal Year Ended June 30, | | | |
|--|----------------------------|-----------------------|-----------------------|-----------------------|
| | 2019 | 2018 | 2017 | 2016 |
| Assessed valuation | \$ 9,391,193,921 | \$ 8,907,507,276 | \$ 8,410,334,862 | \$ 8,279,643,537 |
| Conversion percentage | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | \$ 2,347,798,480 | \$ 2,226,876,819 | \$ 2,102,583,716 | \$ 2,069,910,884 |
| Debt limit percentage | 15% | 15% | 15% | 15% |
| Debt limit | 352,169,772 | 334,031,523 | 315,387,557 | 310,486,633 |
| Total net debt applicable to limitation: General obligation bonds | - | - | - | - |
| Legal debt margin | <u>\$ 352,169,772</u> | <u>\$ 334,031,523</u> | <u>\$ 315,387,557</u> | <u>\$ 310,486,633</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.

Source: Orange County Assessor's Office
City Finance Department

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

CITY OF WESTMINSTER
PLEGDED-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 | |
| 2019 | \$ 17,068,347 | \$ 13,756,511 | \$ 3,311,836 | \$ 338,488 | \$ 117,624 | 7.26 |
| 2018 | 16,327,280 | 14,517,831 | 1,809,449 | 326,159 | 130,394 | 3.96 |
| 2017 | 13,398,669 | 12,462,923 | 935,746 | 313,910 | 142,683 | 2.05 |
| 2016 | 12,849,568 | 11,596,914 | 1,252,654 | 301,737 | 154,495 | 2.75 |
| 2015 | 14,310,451 | 11,794,202 | 2,516,249 | 294,637 | 166,031 | 5.46 |
| 2014 | 14,778,409 | 11,214,695 | 3,563,714 | 287,609 | 175,282 | 7.70 |
| 2013 | 14,892,006 | 10,626,700 | 4,265,306 | 275,651 | 183,875 | 9.28 |
| 2012 | 14,914,482 | 10,533,453 | 4,381,029 | 518,758 | 199,751 | 6.10 |
| 2011 | 14,446,563 | 10,623,725 | 3,822,838 | 506,930 | 215,261 | 5.29 |
| 2010 | 12,730,344 | 10,334,102 | 2,396,242 | 490,165 | 230,258 | 3.33 |

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

Source: City Finance Department

CITY OF WESTMINSTER
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

| <u>Fiscal Year Ended June 30,</u> | <u>Population (1)</u> | <u>Personal Income (billions) (2)*</u> | <u>Per Capita Personal Income (2)*</u> | <u>Unemployment Rate (3)</u> |
|---|-----------------------|--|--|----------------------------------|
| 2019 | 92,610 | 233.6 | 66,674 | 3.20% |
| 2018 | 94,476 | 220.4 | 65,031 | 3.70% |
| 2017 | 93,533 | 214.7 | 62,063 | 5.50% |
| 2016 | 94,073 | 205.0 | 61,663 | 6.10% |
| 2015 | 92,106 | 191.7 | 60,013 | 6.20% |
| 2014 | 91,652 | 180.4 | 57,573 | 7.50% |
| 2013 | 91,169 | 169.8 | 56,519 | 9.20% |
| 2012 | 90,677 | 166.6 | 55,540 | 11.20% |
| 2011 | 89,937 | 155.3 | 53,270 | 12.70% |
| 2010 | 94,294 | 147.4 | 52,414 | 13.20% |

Sources:

- (1) State Department of Finance
- *(2) Department of Transportation - Orange County Economic Forecast 2017-2050. (previous year's updated)
- (3) U.S. Dept of Labor, Bureau of Labor & Statistics (estimates last updated 6/30/18)

**CITY OF WESTMINSTER
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

| Employer | 2019 | | 2010 | |
|---|---------------------|-----------------------------|---------------------|-----------------------------|
| | Number of Employees | Percent of Total Employment | Number of Employees | Percent of Total Employment |
| Westminster School District* | 1,190 | 2.85% | 881 | 4.10% |
| Kindred Hospital-Westminster**** | 443 | 1.06% | - | 0.00% |
| Target** | 331 | 0.79% | 230 | 1.07% |
| City of Westminster*** | 280 | 0.67% | 397 | 1.85% |
| Walmart | 274 | 0.66% | 350 | 1.63% |
| Macy's | 300 | 0.72% | 300 | 1.40% |
| Westminster High School | 225 | 0.54% | - | 0.00% |
| Honda World*** | 180 | 0.43% | - | 0.00% |
| Home Depot | 167 | 0.40% | 200 | 0.93% |
| JC Penney Co | 165 | 0.40% | - | 0.00% |
| Southern California Edison | - | - | 250 | 1.16% |
| Best Buy | - | - | 200 | 0.93% |
| Huntington Beach Union High School District | - | - | 200 | 0.93% |
| Magnolia Home Theater | - | - | 200 | 0.93% |
| Piercey Automotive Group | - | - | 200 | 0.93% |

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

Source: Avenu Insights & Analytics and EDD Labor Force Data
Results based on direct correspondence with City's local businesses.

* Includes Permanent Employees who are Full-time Classified, Certificated and Admin

** Includes 2 locations

*** Includes full and part time employees

**** No response from Hospital, previous number applied

CITY OF WESTMINSTER
FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION
Last Ten Fiscal Years

| Function | Fiscal Year Ended June 30, | | | | | | | | | |
|-----------------------|----------------------------|------|------|------|------|------|------|------|------|------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| General government | 42 | 33 | 30 | 39 | 38 | 32 | 22 | 33 | 39 | 47 |
| Public safety | 148 | 143 | 130 | 142 | 135 | 145 | 141 | 158 | 162 | 167 |
| Public works | 32 | 28 | 28 | 30 | 26 | 29 | 28 | 28 | 30 | 29 |
| Community development | 34 | 29 | 23 | 24 | 22 | 19 | 22 | 39 | 42 | 43 |
| Community service | 67 | 57 | 56 | 59 | 53 | 54 | 49 | 60 | 63 | 68 |
| Water | 26 | 28 | 25 | 27 | 24 | 24 | 25 | 27 | 28 | 28 |
| Total | 349 | 318 | 292 | 321 | 298 | 303 | 287 | 345 | 364 | 382 |

Source: City Finance Department

**CITY OF WESTMINSTER
OPERATING INDICATORS
BY FUNCTION
Last Ten Fiscal Years**

| Function | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Police: | | | | | | | | | | |
| Arrests | 2,340 | 2,262 | 2,359 | 2,540 | 2,646 | 2,528 | 2,960 | 2,513 | 2,547 | 2,553 |
| Traffic violations | 3,551 | 3,636 | 1,067 | 1,831 | 2,991 | 6,424 | 5,566 | 8,407 | 11,106 | 11,432 |
| Parking violations | 13,221 | 12,952 | 20,314 | 21,308 | 22,965 | 19,979 | 12,525 | 15,193 | 16,322 | 15,504 |
| Fire: | | | | | | | | | | |
| Number of calls answered | 7,086 | 7,669 | 7,421 | 7,441 | 6,880 | 6,201 | 6,446 | 6,006 | 5,880 | 5,781 |
| Inspections conducted | 1,520 | 1,383 | 1,459 | 1,694 | 1,013 | 1,028 | 513 | 1,555 | 1,945 | 1,347 |
| Public works: | | | | | | | | | | |
| Street resurfacing (miles) | 6.50 | 9.40 | 4.00 | 4.00 | 3.10 | 5.00 | 5.50 | 15.00 | 16.78 | 18.00 |
| Parks and recreation: | | | | | | | | | | |
| Number of recreation classes | 846 | 1,239 | 1,134 | 1,288 | 1,347 | 1,218 | 1,081 | 1,143 | 1,391 | 532 |
| Number of facility rentals | 136 | 113 | 106 | 88 | 80 | 59 | 72 | 97 | 87 | 80 |
| Water: | | | | | | | | | | |
| New connections | 54 | 71 | 76 | 80 | 43 | 28 | 33 | 30 | *3,317 | *3,725 |
| Average daily consumption (in hundred cubic feet) | 11,938 | 12,676 | 11,841 | 11,480 | 13,678 | 14,374 | 14,054 | 13,724 | 13,219 | 13,477 |

*Includes replacement meters

Source: City of Westminster

**CITY OF WESTMINSTER
CAPITAL ASSET STATISTICS
BY FUNCTION
Last Ten Fiscal Years**

| Function | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| 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) | 187 | 187 | 187 | 180 | 180 | 180 | 180 | 180 | 180 | 180 |
| Streetlights | 4,733 | 4,733 | 4,733 | 4,733 | 4,733 | 4,733 | 4,733 | 4,747 | 4,662 | 4,697 |
| Traffic signals | 71 | 71 | 71 | 71 | 68 | 68 | 68 | 68 | 68 | 66 |
| Parks and recreation: | | | | | | | | | | |
| Parks | 23 | 23 | 23 | 24 | 24 | 24 | 24 | 25 | 25 | 25 |
| Community centers | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Water | | | | | | | | | | |
| Water mains (miles) | 240 | 240 | 240 | 235 | 230 | 230 | 230 | 230 | 230 | 230 |
| Maximum daily capacity (in acre per feet per day) | 83 | 83 | 83 | 82 | 90 | 90 | 73 | 73 | 73 | 76 |

Source: City of Westminster