

City of Westminster

Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2020



CITY OF WESTMINSTER, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2020

Prepared by the Finance Department

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INTRODUCTORY SECTION

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City of Westminster

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www.westminster-ca.gov



February 2, 2021

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, 2020. 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 CliftonLarsonAllen, 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, 2020, 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 CliftonLarsonAllen, LLP granted the City an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2020 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

CHI CHARLIE NGUYEN
Vice Mayor

TAI DO
Council Member

CARLOS MANZO
Council Member,
District 2

KIMBERLY HO
Council Member,
District 3

SHERY JOHNSON
Interim 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 a Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of the Mayor and four Council Members. On December 11, 2019, the City of Westminster adopted Ordinance No. 2562 changing the City’s at-large system of electing City Council members to a By-District election system and established boundary lines of the four districts. While the Mayor continues to be elected at-large for a four-year term, the four City Council members are elected by districts for four-year staggered terms. 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 2019-21 Budget was passed on May 22, 2019, and the Revised 2020-21 Budget was passed on June 24, 2020.

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. 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.

In response to the anticipated sharp decline in revenues and increased costs caused by the pandemic, the City implemented several cost containment measures in June 2020. These measures included:

- Vacant positions were reviewed and a number of them were specifically frozen and will continued to be reviewed and analyzed prior to unfreezing.
- Part time wages were reduced.
- Contractual obligations for reviewed and reduced.
- Funding for an unallocated capital project was returned back to the General Fund.

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 less than the prior year by \$1.4 or 7.7%. This was due to both the pandemic and Governor Gavin Newsom deferring payments for 12 months. The City actually did better than anticipated due to Target, Home Depot and Costco locations which have fared well during the pandemic. The majority of this year's sales tax revenues are from auto dealers and supplies at 26%, followed by all other outlets at 20%, general merchandise at 12%, other retail stores at 12%, and restaurants at 11%.

The City's Transient Occupancy Tax, an 8% tax applied to hotel stays within the City totaled \$0.7 million. 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 held 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. Unfortunately, in March 2020, the pandemic brought uncertainty which resulted in additional cuts of \$1.6 million, and a new starting budget deficit of \$1.9. The transaction and use tax has allowed for a

positive change in fund balance to the General Fund in fiscal years 2017-18, 2018-19 and 2019-20. 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. This year's decrease from prior year of \$0.8 million or 5.7% was also brought on by the pandemic and deferrals from the State as noted above.

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 (80%), 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 2020-21 is budgeted at a negative net change in fund balance of \$1.9 million. This budget does not include any funding for capital projects. Beyond fiscal year 2020-21, the City will have one and a half fiscal years remaining with proceeds from the transactions and use tax. Looking forward, especially in light of the pandemic, and its potential devastation of retail businesses, those fiscal years will more than likely require the use of reserves and cuts. 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 \$171 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. 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. As of June 30, 2020 the combined balances in these two accounts total \$6.7 million.

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, 2019. This was the twenty-fifth 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, 2019. 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,



Erin Backs
Interim 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

Sherry Johnson

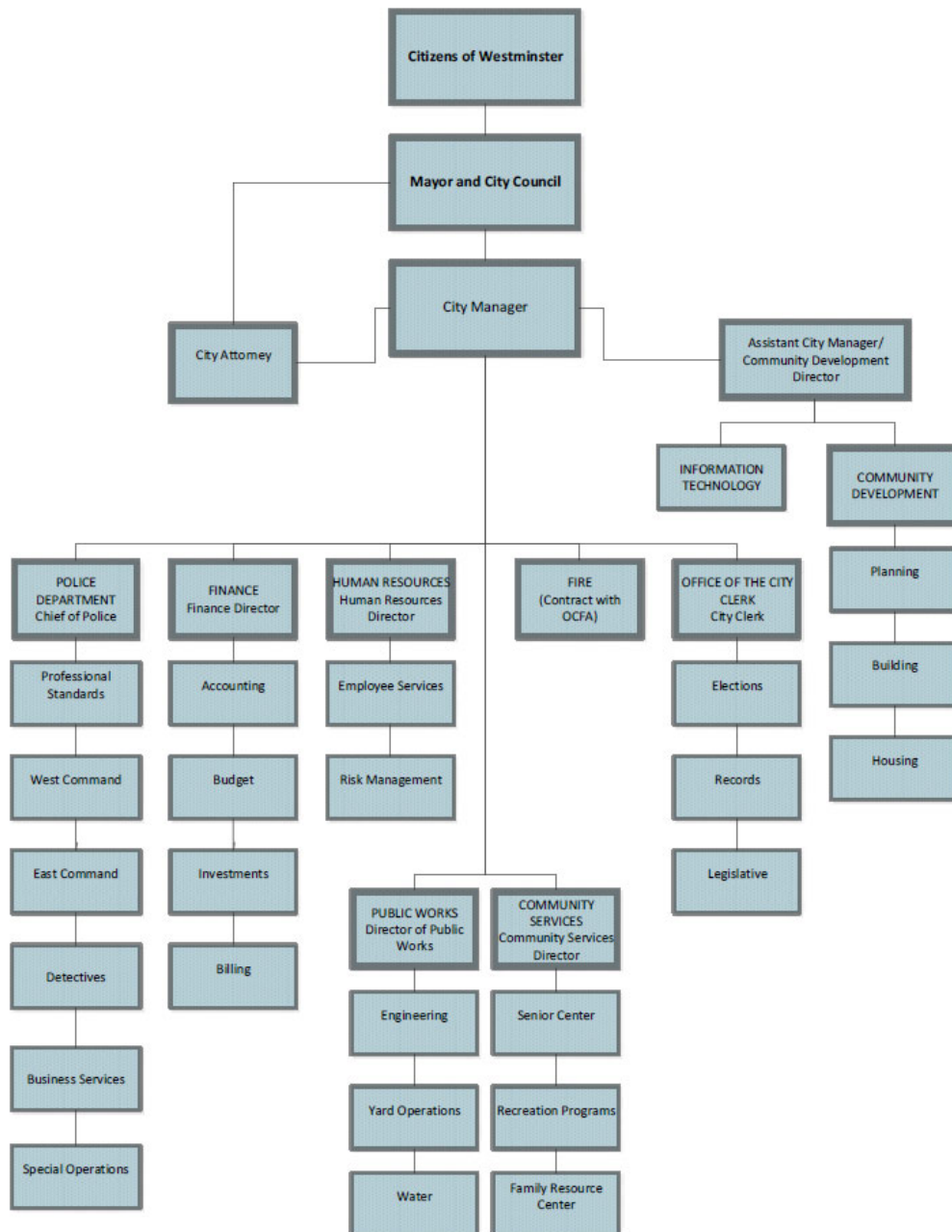
Interim City Manager

Erin Backs
Christine Cordon
Diana Dobbert
Richard D. Jones
Mark Lauderback
Ron Roberts
Alexa Smittle
Cathy Thompson
Marwan Youssef

Interim Finance Director/City Treasurer
City Clerk/Communications Director
Community Services Director
City Attorney
Police Chief
O.C. Fire Authority Division Chief
Community Development Director
Interim Human Resources Director
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, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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CITY OF WESTMINSTER

Comprehensive Annual Financial Report

June 30, 2020

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, 2020, 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, 2020, 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, schedule of changes in the net pension liability and related ratios and schedule of contributions - miscellaneous plan, the PARS pension plan - schedule of changes in the net pension liability and related ratios and schedule of contributions, the other post-employment benefit plan - schedule of changes in the net OPEB liability and related ratios and schedule of contributions, and the budgetary comparison schedules for the general fund and major special revenue funds, 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 our 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

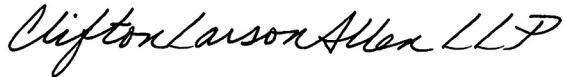
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, 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 solely 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 the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Irvine, California
February 2, 2021

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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, 2020, along with comparisons to the fiscal year ended June 30, 2019. 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 \$184.4 million, a decrease of \$1.6 million or 0.85%. The net position of business-type activity increased by \$1.9 million or 6.23%, while the net position of governmental activities decreased by \$3.5 million or 2.28%.

The net position of \$184.4 million consisted of: \$220.2 million of net investment in capital assets; \$41.5 million of resources that are subject to external restrictions on how they may be used; \$5.9 million that may be used to meet the City's obligations for its business-type activity; and a \$83.2 million deficit related to its governmental activities.

Total revenues were \$99.4 million and total expenses were \$101.0 million. Revenues increased by \$5.1 million, while expenses increased by \$9.2 million.

The City's governmental funds reported a combined ending fund balance of \$108.0 million, an increase of \$3.9 million. Of this amount, \$59.0 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, 2020, was \$10.6 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, 2020, was \$2.7 million, while the Unassigned fund balance was \$16.7 million, or 26.70% of total General Fund expenditures. This compares to an Unassigned fund balance of \$13.0 million as of June 30, 2019, which was 21.83% 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 \$184.4 million as of June 30, 2020. This is a decrease of \$1.6 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 increased by \$2.5 million.

Condensed Statement of Net Position Primary Government				
	June 30, 2020	June 30, 2019	Increase/ (Decrease) From 2019	Percent Increase/ (Decrease)
Assets:				
Current and other assets	155,193,125	145,920,604	\$ 9,272,521	6.35%
Capital assets, net of accumulated depreciation	<u>226,345,894</u>	<u>234,485,485</u>	<u>(8,139,591)</u>	-3.47%
Total assets	<u>381,539,019</u>	<u>380,406,089</u>	<u>1,132,930</u>	0.30%
Deferred Outflows of Resources:	<u>22,576,070</u>	<u>22,181,831</u>	<u>394,239</u>	1.78%
Liabilities:				
Current and other liabilities	14,177,308	12,358,240	1,819,068	14.72%
Long-term liabilities	187,915,949	181,064,477	6,851,472	3.78%
Total liabilities	<u>202,093,257</u>	<u>193,422,717</u>	<u>8,670,540</u>	4.48%
Deferred Inflows of Resources:	<u>17,613,749</u>	<u>23,169,094</u>	<u>(5,555,345)</u>	-23.98%
Net position:				
Net investment in capital assets	220,150,509	229,116,901	(8,966,392)	-3.91%
Restricted	41,489,439	36,357,323	5,132,116	14.12%
Unrestricted	<u>(77,231,865)</u>	<u>(79,478,115)</u>	<u>2,246,250</u>	-2.83%
Total net position	<u>184,408,083</u>	<u>185,996,109</u>	<u>\$ (1,588,026)</u>	-0.85%

At the end of the fiscal year 2020, 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 (\$41.5 million or 22.50% of total net position) represents resources that are subject to external restrictions on how they may be used. This is a \$5.1 million, or 14.12% increase from prior year. The majority of this increase is due to designating additional special revenue accounts as restricted, such as Park Dedication at \$2.9 million.

The largest portion (119.38%) of the City's net position reflects its investment of \$220.2 million in capital assets (net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall decrease of \$9.0 million, or 3.91% 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 \$77.2 million as of June 30, 2020. 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. \$267 thousand and \$250 thousand were contributed to the pension, and OPEB trust funds respectively in fiscal year 2019-20. 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, 2020	June 30, 2019	Increase/ (Decrease) From 2019	Percent Increase/ (Decrease)
Assets:				
Current and other assets	137,133,501	130,429,453	\$ 6,704,048	5.14%
Capital assets, net of accumulated depreciation	<u>196,781,842</u>	<u>203,482,593</u>	<u>(6,700,751)</u>	-3.29%
Total assets	<u>333,915,343</u>	<u>333,912,046</u>	<u>3,297</u>	0.00%
Deferred Outflows of Resources:	<u>21,721,317</u>	<u>21,339,147</u>	<u>382,170</u>	1.79%
Liabilities:				
Current and other liabilities	11,710,323	9,876,091	1,834,232	18.57%
Long-term liabilities	<u>176,350,596</u>	<u>169,319,292</u>	<u>7,031,304</u>	4.15%
Total liabilities	<u>188,060,919</u>	<u>179,195,383</u>	<u>8,865,536</u>	4.95%
Deferred Inflows of Resources:	<u>16,332,073</u>	<u>21,280,080</u>	<u>(4,948,007)</u>	-23.25%
Net position:				
Net investment in capital assets	192,927,504	200,733,298	(7,805,794)	-3.89%
Restricted	41,489,439	36,240,191	5,249,248	14.48%
Unrestricted	<u>(83,173,275)</u>	<u>(82,197,759)</u>	<u>(975,516)</u>	-1.19%
Total net position	<u>\$151,243,668</u>	<u>\$154,775,730</u>	<u>\$(3,532,062)</u>	-2.28%

Governmental activities show an overall decrease in the total net position of \$3.5 million or 2.28%. Key changes in the Statement of Net Position are as follows:

Current and other assets increased by \$6.7 million or 5.14%. This was mostly due to an increase of \$5.3 million in Receivables-net of allowances and \$1.1 million in Cash and investments (both current and restricted). The City's Westminster Housing Authority loaned Meta Housing Corporation \$5.5 million as part of a 65-unit affordable housing project known as Westminster Crossing. Cash and investments includes a "mark-to-market" value of the city's investments of \$2.3 million. This is an increase of \$1.8 million when compared to June 30, 2019.

Current and other liabilities increased by \$1.8 million or 18.57%. The majority of this increase is in Accounts payable and other liabilities which increased by \$1.2 million. The City had two large construction projects in place (Rancho Road and McFadden Avenue) as well as the implementation of a new accounting software at June 30, 2020. These liabilities were paid in fiscal year 2020-2021. Unearned revenue increased by \$0.4 million. This is related to CARES Act funding to be spent in fiscal year 2020-2021.

Deferred Inflows of Resources decreased by \$4.9 million or 23.25%. The balance is related to the City's pension and OPEB plans. \$6.2 million of the balance is related to pension and \$11.5 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. 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 – Restricted increased by \$5.2 million or 14.48%. This is due in part to an increase in fund balance in the Municipal Lighting and Special Gas Tax and Street Improvements Special Revenue accounts. These two funds had a combined increase of \$1.8 million when compared to June 30, 2019, and are categorized in Public works. In addition, additional Special Revenue accounts which were previously designated as Unrestricted have been recategorized as Restricted, the largest of which is Parks Dedication at \$2.9 million.

Condensed Statement of Net Position				
Business-type Activity				
	June 30,	June 30,	Increase/ (Decrease)	Percent
	2020	2019	From 2019	Increase/ (Decrease)
Assets:				
Current and other assets	\$ 18,059,624	\$ 15,491,151	\$ 2,568,473	16.58%
Capital assets, net of accumulated depreciation	29,564,052	31,002,892	(1,438,840)	-4.64%
Total assets	<u>47,623,676</u>	<u>46,494,043</u>	<u>1,129,633</u>	2.43%
Deferred Outflows of Resources:	<u>854,753</u>	<u>842,684</u>	<u>12,069</u>	1.43%
Liabilities:				
Current and other liabilities	2,466,985	2,482,149	(15,164)	-0.61%
Long-term liabilities	11,565,353	11,745,185	(179,832)	-1.53%
Total liabilities	<u>14,032,338</u>	<u>14,227,334</u>	<u>(194,996)</u>	-1.37%
Deferred Inflows of Resources:	<u>1,281,676</u>	<u>1,889,014</u>	<u>(607,338)</u>	-32.15%
Net position:				
Net investment in capital assets	27,223,005	28,383,603	(1,160,598)	-4.09%
Restricted	-	117,132	(117,132)	-100.00%
Unrestricted	5,941,410	2,719,644	3,221,766	118.46%
Total net position	<u>\$ 33,164,415</u>	<u>\$ 31,220,379</u>	<u>\$ 1,944,036</u>	6.23%

Business-type activity shows an overall increase of \$1.9 million or 6.23%. Key changes in the net position of business-type activity were as follows:

Current and other assets increased by \$2.6 million or 16.58%. This increase is in Cash and other investments which increased by \$2.6 million due to an increase in net position of \$2.0 million.

Deferred outflows of resources decreased by \$0.6 million or 32.15%. As noted with the governmental activities, the majority of these changes are attributable to the pension and OPEB liabilities. \$0.1 million of the balance is related to pension and \$1.2 million is related to OPEB. More detailed information can be found in Notes 8 and 9 in the notes to the basic financial statements.

Net position – Unrestricted increased by \$3.2 million or 118.46%. This is due to overall decreasing debt and a positive change in net position. The decrease of \$0.1 million in Restricted is due to recategorizing the fiscal year 2019-20 amount of \$112,123 with the Net investment in capital assets. The Net investment of capital assets reduced by \$1.2 million or 4.09% mostly due to decreasing debt and depreciation of assets.

Analysis of Activities

The statement of activities shows how the government’s net position changed during the fiscal year 2019-20. 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 2019	Percent Increase/ (Decrease)
	June 30, 2020	June 30, 2019		
Revenues:				
Program revenues:				
Charges for services	\$ 30,487,116	\$ 24,633,046	\$ 5,854,070	23.77%
Operating grants and contributions	9,411,769	7,809,684	1,602,085	20.51%
Capital grants and contributions	371,229	110,317	260,912	236.51%
General revenues:				
Unrestricted taxes	39,250,439	40,887,109	(1,636,670)	-4.00%
Unrestricted investment earnings	3,699,222	3,291,636	407,586	12.38%
Intergovernmental revenue - sales taxes	16,158,371	17,511,972	(1,353,601)	-7.73%
Total Revenues	99,378,146	94,243,764	5,134,382	5.45%
Expenses:				
General government	6,788,590	4,827,179	1,961,411	40.63%
Public safety	51,215,645	49,134,686	2,080,959	4.24%
Public works	13,747,708	13,854,705	(106,997)	-0.77%
Community development	10,081,232	4,845,122	5,236,110	108.07%
Community services	3,245,549	3,497,900	(252,351)	-7.21%
Interest on long term debt	66,480	90,162	(23,682)	-26.27%
Water enterprise	15,820,968	15,504,540	316,428	2.04%
Total Expenses	100,966,172	91,754,294	9,211,878	10.04%
Change in Net Position	(1,588,026)	2,489,470	(4,077,496)	-163.79%
Net Position - Beginning of Year	185,996,109	183,506,639	2,489,470	1.36%
Net Position - End of Year	\$ 184,408,083	\$ 185,996,109	\$ (1,588,026)	-0.85%

**Condensed Statement of Activities
Governmental Activities**

	For the year ended		Increase/ (Decrease) From 2019	Percent Increase/ (Decrease)
	June 30, 2020	June 30, 2019		
Revenues:				
Program revenues:				
Charges for services	\$ 12,917,257	\$ 7,752,650	\$ 5,164,607	66.62%
Operating grants and contributions	9,411,769	7,809,684	1,602,085	20.51%
Capital grants and contributions	371,229	110,317	260,912	236.51%
General revenues:				
Unrestricted taxes	39,250,439	40,887,109	(1,636,670)	-4.00%
Unrestricted investment earnings	3,469,077	3,103,684	365,393	11.77%
Intergovernmental revenue - sales taxes	16,158,371	17,511,972	(1,353,601)	-7.73%
Total Revenues	81,578,142	77,175,416	4,402,726	5.70%
Expenses:				
General government	6,788,590	4,827,179	1,961,411	40.63%
Public safety	51,215,645	49,134,686	2,080,959	4.24%
Public works	13,747,708	13,854,705	(106,997)	-0.77%
Community development	10,081,232	4,845,123	5,236,109	108.07%
Community services	3,245,549	3,497,900	(252,351)	-7.21%
Interest on long term debt	66,480	90,161	(23,681)	-26.27%
Total Expenses	85,145,204	76,249,754	8,895,450	11.67%
Excess (Deficit) of Revenues over Expenses	(3,567,062)	925,662	(4,492,724)	-485.35%
Transfers	35,000	69,453	(34,453)	-49.61%
Change in Net Position	(3,532,062)	995,115	(4,527,177)	-454.94%
Net Position - Beginning of Year	154,775,730	153,780,615	995,115	0.65%
Net Position - End of Year	\$ 151,243,668	\$ 154,775,730	\$ (3,532,062)	-2.28%

Governmental activities decreased the City's net position by \$3.5 million. Revenues increased by \$4.4 million or 5.70%. The majority of the increase is in program revenues related to charges for services, which increased by \$5.2 million or 66.62%. This is mainly due to implementing the results of a Cost of Services Study that increased many charges that had not been updated for several years. This provided approximately \$1.2 million in increases to the General Fund, and \$3.2 million to the Special Revenue Funds. Of the \$3.2 million in increased revenue to the Special Revenue Funds, \$2.8 million was generated by the Parks Fund, parks dedication fees, which are one-time monies. The Bolsa Row Project contributed \$2.0 million of the \$2.8 million.

Operating grants and contributions increased by \$1.6 million or 20.51%. This revenue source will vary from year to year. Fiscal year 2019-20 includes CARES Act monies from the Orange County of \$0.8 million.

Overall Program expenses increased by \$8.9 million or 11.67%. Three categories contributed to the increase from fiscal year 2018-19. Community development expenses increased by \$5.2 million or 108.07%. In fiscal year 2018-19 this category recognized a \$5.0 million one-time gain due to the sale of land. Absent that in the current fiscal year, the increase is \$0.2 million or 4.87%. Public safety expenses increased by \$2.1 million or 4.24%. Pension expenses related to the unfunded liability increased by \$2.5 million over fiscal year 2018-19. General government expenses increased by \$2.0 million or 40.63%. Included in these costs are \$1.2 million in Covid-19 related expenses.

Condensed Statement of Activities				
Business-type Activity				
	For the year ended		Increase/ (Decrease) From 2019	Percent Increase/ (Decrease)
	June 30, 2020	June 30, 2019		
Revenues:				
Program revenues:				
Charges for services	\$ 17,569,859	\$ 16,880,396	\$ 689,463	4.08%
General revenues:				
Unrestricted investment earnings	230,145	187,952	42,193	22.45%
Total Revenues	<u>17,800,004</u>	<u>17,068,348</u>	<u>731,656</u>	4.29%
Expenses:				
Water enterprise	15,820,968	15,504,540	316,428	2.04%
Total Expenses	<u>15,820,968</u>	<u>15,504,540</u>	<u>316,428</u>	2.04%
Excess of Revenues over Expenses	1,979,036	1,563,808	415,228	26.55%
Transfers	(35,000)	(69,453)	34,453	-49.61%
Change in Net Position	1,944,036	1,494,355	449,681	30.09%
Net Position - Beginning of Year	31,220,379	29,726,024	1,494,355	5.03%
Net Position - End of Year	<u>\$ 33,164,415</u>	<u>\$ 31,220,379</u>	<u>\$ 1,944,036</u>	6.23%

Business-type activity increased the City's net position by \$1.9 million or 6.23% in the fiscal year 2019-20. Charges for services increased by \$0.7 million or 4.08%. The City increased water rates in March 2020 to cover overall increasing production and infrastructure costs. Water expenses increased by \$0.3 million or 2.04%.

In the fiscal year 2019-20, program revenues funded 111.05% of total expenses, as compared to 108.87% in the fiscal year 2018-19. General revenues were able to add to the surplus of Excess of Revenues over Expenses resulting in a positive Change in Net Position of \$1.9 million in fiscal year 2019-20 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 \$3.9 million to governmental fund balances in the fiscal year 2019-20 and a net increase of \$2.6 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, 2020, the City's governmental funds reported combined ending fund balances of \$108.0 million, an increase of \$3.9 million in comparison with the prior year. Of the \$108.0 million, \$182,248 or 0.17% is classified as non-spendable fund balance; \$38.2 million or 35.39%, is classified as restricted fund balance; \$10.6 million or 9.81%, is classified as committed; \$42.4 million or 39.21%, is classified as assigned fund balance; and \$16.7 million or 15.41% 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, 2020, the total fund balance was \$30.1 million. The non-spendable portion of this balance is \$182,248; \$10.6 million is committed for emergency/contingency reserve; \$2.7 million is assigned for the WRA dissolution reserve; the remaining \$16.7 million unassigned fund balance is available for spending at the City's discretion. The unassigned total fund balance represents 26.7% of total General Fund expenditures.

The major factors in fund balance changes are as follows:

Governmental Funds

- The **General Fund** experienced a \$4.2 million increase in fund balance in the fiscal year 2019-20, compared to a \$2.3 million increase in the fiscal year 2018-19. Revenues were \$66.6 million, an increase of \$0.1 million compared to the fiscal year 2018-19, while expenditures were \$62.4 million, an increase of \$2.7 million from the fiscal year 2018-19. The increase in revenues and expenditures were addressed on page 12 of this report as part of the Analysis of Activities section.
- The **Westminster Housing Authority Fund** balance declined by \$0.4 million in the fiscal year 2019-20. In the fiscal year 2018-19, the fund declined by \$0.4 million. The fund's \$25.4 million fund balance is restricted for low and moderate income housing purposes.
- The **Housing and Community Development Fund** had its fund balance increase by \$0.3 million. This is a grant program which is reimbursed periodically throughout the year. The current year's transfers out was to the Capital Projects Fund for a street improvement and the Neighborhood Pride Program.
- The **Special Gas Tax and Street Improvements Fund** recognized a \$1.0 million increase in fund balance during the fiscal year 2019-20. Grant-funded projects comprise a significant portion of this fund and many of the projects are reimbursable only upon completion. The fund received \$6.5 million in revenue in the fiscal year 2019-20, compared to expenditures of \$1.9 million. Resources were transferred out in the amount of \$3.6 million. As of June 30, 2020, this fund had a fund balance of \$1.2 million.

- The **Capital Improvements Capital Projects Fund** balance decreased by \$4.2 million. There were \$5.4 million in transfers into the fund from various other funds to complete newly approved projects. A total of \$9.5 million was spent on capital outlay during the year. In addition, \$0.4 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. As of June 30, 2020, this portion of the Capital Improvements Capital Projects fund balance of \$39.6 million was \$16.2 million.

- **Other Governmental Funds**, which are the City's non-major funds, recognized a combined increase of \$3.1 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 \$2.0 million to its net position during the fiscal year 2019-20. This is the second year of gains to this fund. Increases to water rates in the last few years based on water studies have helped to improve the financial stability of this fund.
- The **Internal Service Funds** had its net position increase by \$0.6 million. These funds had a combined operating income of \$0.8 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 \$3.4 million as of June 30, 2020, the remaining internal service funds had a combined balance of \$6.5 million in unrestricted net position. The Compensation/Benefits Fund also has a portion of its net position restricted for pension benefits at \$3.2 million for an overall negative net position of \$184,956. 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 2019-20 General Fund's original (adopted) budget revenue amount was \$63.0 million and the final budget was \$64.9 million, a net increase of \$1.9 million. The majority of this increase was to account for the Cost of Services Study that was passed after the initial passage of the fiscal years 2019-21 budget. This resulted in a budget adjustment of \$1.1 million. In addition, a \$0.8 million adjustment was made to approve the receipt of CARES Act funding from Orange County. The fiscal year 2019-20 General Fund's original (adopted) budget for expenditures was \$63.0 million and the final budget was \$65.1 million, a net increase of \$2.2 million. The majority of this was \$1.2 million for Covid-19. An additional \$0.5 million was approved for the City's recall and districting election expenses.

The General Fund reflected a net total positive budget variance of \$4.4 million when comparing actual amounts to the final amended budget for the current fiscal year. Actual revenues shows a positive variance of \$1.7 million or 2.65% of the final budget.

Actual expenditures of \$62.4 million generated budgetary savings of \$2.7 million, or 4.2% of the final budget. \$1.9 million of the savings was from salary savings as a result of vacancies, while the remaining \$0.8 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, 2020, and June 30, 2019, are summarized below:

Capital Assets (net of accumulated depreciation)			
	June 30, 2020		
	Governmental Activities	Business-type Activity	Total
Land	\$ 7,727,359	\$ 2,484,846	\$ 10,212,205
Construction in progress	906,356	-	906,356
Buildings	89,725,821	9,976	89,735,797
Improvements other than buildings	17,636,864	8,348,739	25,985,603
Water distribution lines	-	15,610,480	15,610,480
Vehicles, machinery and equipment	3,687,438	3,056,973	6,744,411
Office furniture and equipment	2,778,952	53,038	2,831,990
Leased property	1,048,279	-	1,048,279
Infrastructure	73,270,773	-	73,270,773
Total capital assets, net	<u>\$ 196,781,842</u>	<u>\$ 29,564,052</u>	<u>\$ 226,345,894</u>
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	<u>\$ 203,482,593</u>	<u>\$ 31,002,892</u>	<u>\$ 234,485,485</u>

Capital assets as of June 30, 2020, totaled \$226.3 million (net of accumulated depreciation). The total decrease in capital assets for the fiscal year 2019-20 was \$8.1 million, composed of a \$6.7 million or 3.3% decrease for governmental activities and a \$1.4 million or 4.6% decrease for business-type activity. Noteworthy changes to capital assets during the fiscal year 2019-20 included the following:

- The City added \$5.2 million in Infrastructure. The majority of these projects were paid for with various grant contributions.
- The City completed \$0.2 million in both Vehicles, machinery and equipment and Office furniture and equipment related to park improvements and another \$0.6 million in Construction in Progress also related to park improvements.

- The City reduced \$0.3 million in Leased property. The fleet department began reducing vehicles in an effort to save budget dollars.
- Annual depreciation expense was \$15.1 million - \$13.6 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, 2020, and June 30, 2019, are summarized below:

	Outstanding Debt		
	June 30, 2020		
	Governmental Activities	Business-type Activity	Total
Certificates of participation	\$ 685,000	\$ 1,260,000	\$ 1,945,000
Leases payable	1,431,839	-	1,431,839
Loans payable	-	1,072,928	1,072,928
Total outstanding debt	<u>\$ 2,116,839</u>	<u>\$ 2,332,928</u>	<u>\$ 4,449,767</u>
	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>

At the end of the fiscal year 2019-20, the City had total long-term debt (excluding compensated absences and claims, pension and OPEB liabilities) outstanding of \$4.4 million. The total decrease in debt for the fiscal year 2020 was \$1.1 million, composed of a decrease of \$0.7 million or 24.98% for governmental activities and a decrease of \$0.4 million or 15.14% for business-type activity. These decreases were related to on-going debt service payments. Additional information can be found in Note 7 in the notes to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The General Fund ended the fiscal year 2019-20 with total revenues exceeding total expenditures by \$4.2 million. The majority of this remained in fund balance due to the uncertainty the pandemic will have on our city and the local economy. The current two-year budget for fiscal years 2019-21 was passed with a balanced budget for fiscal year 2019-20 and a \$1.2 million deficit for fiscal year 2020-21. The City continues to manage a structural deficit, and no monies were transferred from the General Fund to the Capital Projects Fund for streets for the first time since the passage of the 1% transaction and use tax during the latter part of the fiscal year 2016-17. Since the passage of this biennial budget, Council passed a Cost of Services Study, which reduced the deficit by \$1.0. However, the pandemic resulted in another adjustment of reduced revenue at \$4.7 million, and a transfer in from the Capital Projects Fund of \$2.4 million from a previously unallocated project. As a result of these two adjustments the revised fiscal year 2020-21 was updated to a \$1.9 million deficit.

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)	2.55	3.80
General Fund costs per capita	\$675	\$893

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 2020-21 includes a General Fund deficit of \$1,883,442. The budget authorizes \$64.5 million in General Fund expenditures and \$25 thousand in transfers out to other funds vs. \$60.2 million in estimated revenue and \$2.4 million in transfers in from other funds. Expenditures are budgeted at a \$2.1 million or 3.4% increase over the fiscal year 2019-20 actuals, while revenues are budgeted at a \$6.4 million or 9.6% decrease from the fiscal year 2019-20 actuals. The General Fund ended the fiscal year 2019-20 with \$16.7 million in unassigned fund balance or approximately 26.70% of actual General Fund expenditures. Based on the adopted budget, the General Fund is projected to end the fiscal year 2020-21 with \$28.3 million in reserves, representing 43.8% 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments	\$ 78,332,595	\$ 9,755,080	\$ 88,087,675
Receivables, net of allowances	32,566,389	3,309,647	35,876,036
Prepaid items	326,681	500	327,181
Internal balances	(970,038)	970,038	-
Inventory	13,917	202,825	216,742
Restricted assets:			
Cash and investments	11,297,003	3,709,411	15,006,414
Cash and investments with fiscal agents	6,907,343	112,123	7,019,466
Land held for resale	8,659,611	-	8,659,611
Capital assets			
Not being depreciated:			
Land	7,727,359	2,484,846	10,212,205
Construction in progress	906,356	-	906,356
Being depreciated, net of accumulated depreciation:			
Buildings	89,725,821	9,976	89,735,797
Improvements other than buildings	17,636,864	8,348,739	25,985,603
Water distribution lines	-	15,610,480	15,610,480
Vehicles, machinery and equipment	3,687,438	3,056,973	6,744,411
Office furniture and equipment	2,778,952	53,038	2,831,990
Leased property	1,048,279	-	1,048,279
Infrastructure	73,270,773	-	73,270,773
TOTAL ASSETS	333,915,343	47,623,676	381,539,019
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding, net of accumulated amortization	47,617	104,004	151,621
Deferred amounts on pension plans	18,700,481	409,712	19,110,193
Deferred amounts on OPEB plan	2,973,219	341,037	3,314,256
TOTAL DEFERRED OUTFLOWS OF RESOURCES	21,721,317	854,753	22,576,070
LIABILITIES:			
Accounts payable and other liabilities	4,461,348	2,452,985	6,914,333
Due to other governments	5,183,831	-	5,183,831
Unearned revenue	408,100	-	408,100
Deposits	1,657,044	14,000	1,671,044
Long-term liabilities:			
Due within one year	5,397,890	580,506	5,978,396
Due in more than one year	8,768,177	1,999,063	10,767,240
Due in more than one year - pension liability	116,862,928	3,787,263	120,650,191
Due in more than one year - OPEB liability	45,321,601	5,198,521	50,520,122
TOTAL LIABILITIES	188,060,919	14,032,338	202,093,257
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on pension plans	6,048,155	102,080	6,150,235
Deferred amounts on OPEB plans	10,283,918	1,179,596	11,463,514
TOTAL DEFERRED INFLOWS OF RESOURCES	16,332,073	1,281,676	17,613,749
NET POSITION:			
Net investment in capital assets	192,927,504	27,223,005	220,150,509
Restricted for:			
Community development	29,804,759	-	29,804,759
Public safety	2,154,873	-	2,154,873
Public works	6,029,074	-	6,029,074
Debt service	256,990	-	256,990
Pension benefits	3,243,743	-	3,243,743
Unrestricted	(83,173,275)	5,941,410	(77,231,865)
TOTAL NET POSITION	\$ 151,243,668	\$ 33,164,415	\$ 184,408,083

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 6,788,590	\$ 1,266,362	\$ 975,875	\$ 332,951
Public safety	51,215,645	4,076,533	773,388	-
Public works	13,747,708	820,428	-	-
Community development	10,081,232	6,602,076	7,240,638	38,278
Community services	3,245,549	151,858	421,868	-
Interest on long term debt	66,480	-	-	-
Total governmental activities	<u>85,145,204</u>	<u>12,917,257</u>	<u>9,411,769</u>	<u>371,229</u>
Business-type activity:				
Water enterprise	<u>15,820,968</u>	<u>17,569,859</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 100,966,172</u>	<u>\$ 30,487,116</u>	<u>\$ 9,411,769</u>	<u>\$ 371,229</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
\$ (4,213,402)	\$ -	\$ (4,213,402)
(46,365,724)	-	(46,365,724)
(12,927,280)	-	(12,927,280)
3,799,760	-	3,799,760
(2,671,823)	-	(2,671,823)
(66,480)	-	(66,480)
(62,444,949)	-	(62,444,949)
-	1,748,891	1,748,891
(62,444,949)	1,748,891	(60,696,058)
12,764,803	-	12,764,803
18,970,784	-	18,970,784
4,329,225	-	4,329,225
1,306,371	-	1,306,371
1,180,939	-	1,180,939
698,317	-	698,317
3,469,077	230,145	3,699,222
16,158,371	-	16,158,371
35,000	(35,000)	-
58,912,887	195,145	59,108,032
(3,532,062)	1,944,036	(1,588,026)
154,775,730	31,220,379	185,996,109
<u>\$ 151,243,668</u>	<u>\$ 33,164,415</u>	<u>\$ 184,408,083</u>

CITY OF WESTMINSTER
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
ASSETS			
Cash and investments	\$ 27,327,792	\$ -	\$ 150,925
Receivables, net of allowances	6,374,107	18,652,392	6,486,105
Prepaid items	182,248	-	-
Due from other funds	500,000	-	-
Land held for resale	-	2,259,611	-
Restricted assets:			
Cash and investments	-	4,469,329	-
Cash and investments with fiscal agents	-	-	-
TOTAL ASSETS	\$ 34,384,147	\$ 25,381,332	\$ 6,637,030
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	\$ 2,185,366	\$ 25,195	\$ 23,891
Deposits	1,623,667	-	-
Unearned revenue	408,100	-	-
Due to other funds	-	-	800,000
Due to other governments	10,792	-	5,173,039
TOTAL LIABILITIES	4,227,925	25,195	5,996,930
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	19,465	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,247,390	25,195	5,996,930
FUND BALANCES:			
Nonspendable	182,248	-	-
Restricted	-	25,356,137	640,100
Committed	10,603,349	-	-
Assigned	2,696,420	-	-
Unassigned	16,654,740	-	-
TOTAL FUND BALANCES	30,136,757	25,356,137	640,100
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 34,384,147	\$ 25,381,332	\$ 6,637,030

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		
\$ 5,575,166	\$ 25,769,378	\$ 11,094,797	\$ 69,918,058
944,719	2,462	95,349	32,555,134
-	-	-	182,248
-	5,530,000	-	6,030,000
-	6,400,000	-	8,659,611
-	-	-	4,469,329
-	3,663,581	19	3,663,600
<u>\$ 6,519,885</u>	<u>\$ 41,365,421</u>	<u>\$ 11,190,165</u>	<u>\$ 125,477,980</u>
\$ 74,292	\$ 1,785,116	\$ 36,554	\$ 4,130,414
-	-	33,377	1,657,044
-	-	-	408,100
5,230,000	-	-	6,030,000
-	-	-	5,183,831
<u>5,304,292</u>	<u>1,785,116</u>	<u>69,931</u>	<u>17,409,389</u>
-	-	4,464	23,929
<u>5,304,292</u>	<u>1,785,116</u>	<u>74,395</u>	<u>17,433,318</u>
-	-	-	182,248
1,215,593	-	11,029,402	38,241,232
-	-	-	10,603,349
-	39,580,305	86,368	42,363,093
-	-	-	16,654,740
<u>1,215,593</u>	<u>39,580,305</u>	<u>11,115,770</u>	<u>108,044,662</u>
<u>\$ 6,519,885</u>	<u>\$ 41,365,421</u>	<u>\$ 11,190,165</u>	<u>\$ 125,477,980</u>

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CITY OF WESTMINSTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2020

Fund balances - total governmental funds \$ 108,044,662

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 (this excludes capital assets and accumulated depreciation of \$14,178,397 and \$(9,233,448), respectively, that are included in the internal service fund):

Capital assets	\$ 444,589,449	
Accumulated depreciation	<u>(252,752,556)</u>	191,836,893

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, excluding \$970,038 allocated to the business-type activity is:

8,665,630

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, 2020 are:

Certificates of participation payable	(482,893)	
Accrued interest	<u>(1,651)</u>	(484,544)

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	18,700,481	
Deferred outflows of resources on OPEB	2,973,219	
Deferred inflows of resources on pension	(6,048,155)	
Deferred inflows of resources on OPEB	(10,283,918)	
Net pension liability	(116,862,928)	
Net OPEB liability	<u>(45,321,601)</u>	(156,842,902)

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.

23,929

Net position of governmental activities

\$ 151,243,668

CITY OF WESTMINSTER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the year ended June 30, 2020

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
REVENUES:			
Taxes	\$ 37,271,606	\$ -	\$ -
Licenses and permits	1,231,688	-	-
Fines	631,030	-	-
Investment and rental	3,766,953	114,669	1,756
Intergovernmental	17,397,463	49,647	1,322,788
Charges for services	5,765,885	-	-
Other	522,574	1,387	-
TOTAL REVENUES	<u>66,587,199</u>	<u>165,703</u>	<u>1,324,544</u>
EXPENDITURES:			
Current:			
General government	6,294,179	-	-
Public safety	45,936,523	-	-
Public works	5,217,680	-	-
Community development	2,678,430	540,062	665,356
Community services	2,216,418	-	-
Capital outlay	29,412	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>62,372,642</u>	<u>540,062</u>	<u>665,356</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,214,557</u>	<u>(374,359)</u>	<u>659,188</u>
OTHER FINANCING SOURCES (USES):			
Sale of equipment and property	708	-	-
Transfers in	15,046	-	14,482
Transfers out	(25,000)	-	(400,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,246)</u>	<u>-</u>	<u>(385,518)</u>
NET CHANGE IN FUND BALANCES	4,205,311	(374,359)	273,670
FUND BALANCES - BEGINNING OF YEAR	<u>25,931,446</u>	<u>25,730,496</u>	<u>366,430</u>
FUND BALANCES - END OF YEAR	<u>\$ 30,136,757</u>	<u>\$ 25,356,137</u>	<u>\$ 640,100</u>

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		
\$ 4,615,458	\$ -	\$ 1,978,833	\$ 43,865,897
-	-	-	1,231,688
-	-	-	631,030
123,957	245,033	246,674	4,499,042
1,323,771	-	1,138,450	21,232,119
387,800	-	2,908,629	9,062,314
76,878	-	310,477	911,316
<u>6,527,864</u>	<u>245,033</u>	<u>6,583,063</u>	<u>81,433,406</u>
-	-	12,387	6,306,566
-	-	700,044	46,636,567
-	-	-	5,217,680
1,798,627	1,375,551	1,428,948	8,486,974
-	-	330,987	2,547,405
-	8,161,079	39,000	8,229,491
103,199	-	122,386	225,585
13,787	-	16,350	30,137
<u>1,915,613</u>	<u>9,536,630</u>	<u>2,650,102</u>	<u>77,680,405</u>
<u>4,612,251</u>	<u>(9,291,597)</u>	<u>3,932,961</u>	<u>3,753,001</u>
-	-	-	708
20	5,381,317	60,000	5,470,865
(3,643,365)	(350,334)	(860,947)	(5,279,646)
<u>(3,643,345)</u>	<u>5,030,983</u>	<u>(800,947)</u>	<u>191,927</u>
968,906	(4,260,614)	3,132,014	3,944,928
<u>246,687</u>	<u>43,840,919</u>	<u>7,983,756</u>	<u>104,099,734</u>
<u>\$ 1,215,593</u>	<u>\$ 39,580,305</u>	<u>\$ 11,115,770</u>	<u>\$ 108,044,662</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, 2020**

Net change in fund balances - total governmental funds \$ 3,944,928

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	\$ 6,602,562	
Depreciation expense	(12,307,251)	
Disposition of capital assets	<u>(37,438)</u>	(5,742,127)

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		225,585
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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		738
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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.

		(6,644,460)
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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.

		4,080,680
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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 (excluding \$45,041 allocated to the business-type activity):

		677,188
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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>(74,594)</u>
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Change in net position of governmental activities		<u><u>\$ (3,532,062)</u></u>
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CITY OF WESTMINSTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 9,755,080	\$ 8,414,537
Receivables, net of allowances	3,309,647	11,255
Prepaid items	500	144,433
Inventories	202,825	13,917
Restricted assets:		
Cash and investments	3,709,411	6,827,674
Cash and investments with fiscal agents	112,123	3,243,743
TOTAL CURRENT ASSETS	17,089,586	18,655,559
CAPITAL ASSETS:		
Land	2,484,846	-
Construction in progress	-	91,555
Buildings	101,429	4,575,005
Water distribution lines	47,901,898	-
Improvements other than buildings	11,975,579	622,855
Vehicles	-	2,685,847
Machinery and equipment	13,341,581	871,773
Office furniture, computers and equipment	202,939	2,862,612
Leased property	-	2,468,750
TOTAL CAPITAL ASSETS	76,008,272	14,178,397
Less accumulated depreciation	(46,444,220)	(9,233,448)
NET CAPITAL ASSETS	29,564,052	4,944,949
TOTAL ASSETS	46,653,638	23,600,508
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	104,004	47,617
Deferred amounts on pension plans	409,712	-
Deferred amounts on OPEB plan	341,037	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	854,753	47,617

(Continued)

CITY OF WESTMINSTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
June 30, 2020

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 2,452,985	\$ 329,283
Deposits	14,000	-
Claims payable	-	2,383,139
Compensated absences	212,111	2,164,338
Leases payable	-	515,413
Certificates of participation	295,000	98,841
Loans payable	73,395	-
TOTAL CURRENT LIABILITIES	3,047,491	5,491,014
LONG-TERM LIABILITIES:		
Claims payable	-	7,149,417
Compensated absences	34,530	352,334
Leases payable	-	916,426
Certificates of participation	965,000	103,266
Loans payable	999,533	-
Pension liability	3,787,263	-
OPEB liability	5,198,521	-
TOTAL LONG-TERM LIABILITIES	10,984,847	8,521,443
TOTAL LIABILITIES	14,032,338	14,012,457
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts on pension plans	102,080	-
Deferred amounts on OPEB plan	1,179,596	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,281,676	-
NET POSITION:		
Net investment in capital assets	27,223,005	3,358,620
Restricted:		
Pension benefits	-	3,243,743
Unrestricted	4,971,372	3,033,305
TOTAL NET POSITION	32,194,377	\$ 9,635,668
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	970,038	
Net position of business-type activity	\$ 33,164,415	

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, 2020

	Business-type Activity <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Funds</u>
OPERATING REVENUES:		
Charges for services	\$ 17,533,757	\$ 9,078,963
Other	36,102	324,367
TOTAL OPERATING REVENUES	<u>17,569,859</u>	<u>9,403,330</u>
OPERATING EXPENSES:		
Salaries	3,178,426	2,008,298
Maintenance and operations	3,800,517	2,933,765
Purchased water	3,229,588	-
Pump and basin assessment	3,995,455	-
Insurance premiums and legal fees	3,523	1,610,283
Claims and benefits	-	967,619
Depreciation and amortization	1,438,840	1,339,961
TOTAL OPERATING EXPENSES	<u>15,646,349</u>	<u>8,859,926</u>
OPERATING INCOME	<u>1,923,510</u>	<u>543,404</u>
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental	-	212,051
Investment income	230,145	287,814
Interest and fiscal charges	(129,578)	(37,081)
Loss on sale of property and equipment	-	(217,822)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>100,567</u>	<u>244,962</u>
INCOME BEFORE TRANSFERS	<u>2,024,077</u>	<u>788,366</u>
TRANSFERS:		
Transfers in	25,000	335,832
Transfers out	(60,000)	(492,051)
TOTAL TRANSFERS	<u>(35,000)</u>	<u>(156,219)</u>
CHANGE IN NET POSITION	1,989,077	632,147
NET POSITION - BEGINNING OF YEAR	<u>30,205,300</u>	<u>9,003,521</u>
NET POSITION - END OF YEAR	<u>\$ 32,194,377</u>	<u>\$ 9,635,668</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	\$ (45,041)	
Change in net position - Enterprise Fund	<u>1,989,077</u>	
Change in net position of business-type activity	<u>\$ 1,944,036</u>	

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2020

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 17,366,170	\$ -
Receipts for interfund services	-	9,533,720
Payment to suppliers	(10,967,661)	(5,921,535)
Payment to employees	(3,587,298)	(1,996,912)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,811,211	1,615,273
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	25,000	-
Cash paid to other funds	(60,000)	(492,051)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(35,000)	(492,051)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from other funds	-	335,832
Proceeds from capital grant	-	212,051
Acquisition of capital assets	-	(612,620)
Proceeds from sale of assets	-	13,461
Proceeds from capital lease	-	311,464
Principal payments on capital leases	-	(696,329)
Principal payments on long-term debt	(416,359)	(94,415)
Interest and fiscal charges	(103,586)	(12,289)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(519,945)	(542,845)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	230,145	287,814
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,486,411	868,191
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	11,090,203	17,597,763
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,576,614	\$ 18,465,954
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:		
Current assets:		
Cash and investments	\$ 9,755,080	\$ 8,414,537
Restricted assets:		
Cash and investments	3,709,411	6,827,674
Cash and investments with fiscal agents	112,123	3,243,743
TOTAL CASH AND CASH EQUIVALENTS	\$ 13,576,614	\$ 18,485,954

See accompanying notes to basic financial statements.

(Continued)

CITY OF WESTMINSTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For the year ended June 30, 2020

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 1,923,510	\$ 543,404
Depreciation and amortization	1,438,840	1,339,961
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(203,689)	150,390
(Increase) decrease in prepaid items	500	(120,917)
(Increase) decrease in inventories	76,086	(939)
(Increase) decrease in deferred outflows on pensions	(6,482)	-
(Increase) decrease in deferred outflows on OPEB	(31,579)	-
Increase (decrease) in accounts payable	(12,164)	(94,046)
Increase (decrease) in deposits	(3,000)	-
Increase (decrease) in claims payable	-	(448,655)
Increase (decrease) in deferred inflows on pensions	(93,804)	-
Increase (decrease) in deferred inflows on OPEB	(513,534)	-
Increase (decrease) in OPEB	77,048	-
Increase (decrease) in pension liability	174,040	-
Increase (decrease) in compensated absences payable	(14,561)	266,075
	<u>\$ 2,811,211</u>	<u>\$ 1,635,273</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
NONCASH FINANCING, CAPITAL OR INVESTING ACTIVITIES:		
Capital assets acquired through lease	<u>\$ -</u>	<u>\$ 311,464</u>

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	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	\$ 3,539,575	\$ -
Interest receivable	8,599	-
Prepaid items	632,132	-
Restricted assets:		
Cash and investments with fiscal agents	16,180,000	-
TOTAL CURRENT ASSETS	<u>20,360,306</u>	<u>-</u>
TOTAL ASSETS	<u>20,360,306</u>	<u>\$ -</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	<u>10,031,931</u>	
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	5,486	\$ -
Certificates of participation, current portion	2,455,000	-
Due to other governments	29,734	-
Interest payable	926,202	-
TOTAL CURRENT LIABILITIES	<u>3,416,422</u>	<u>-</u>
LONG-TERM LIABILITIES:		
Certificates of participation	114,865,218	-
TOTAL LONG-TERM LIABILITIES	<u>114,865,218</u>	<u>-</u>
TOTAL LIABILITIES	<u>118,281,640</u>	<u>\$ -</u>
NET POSITION:		
Net position for private purpose	<u>(87,889,403)</u>	
TOTAL NET POSITION	<u>\$ (87,889,403)</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, 2020

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes and assessments	\$ 7,215,034
Investment and rental	<u>240,209</u>
TOTAL ADDITIONS	<u>7,455,243</u>
DEDUCTIONS:	
General government	90,973
Community development	86,694
Interest and fiscal expense	<u>4,650,660</u>
TOTAL DEDUCTIONS	<u>4,828,327</u>
CHANGE IN NET POSITION	2,626,916
NET POSITION AT BEGINNING OF YEAR	<u>(90,516,319)</u>
NET POSITION AT END OF YEAR	<u><u>\$ (87,889,403)</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, which has created a financial burden/benefit relationship. Accordingly, the balances and transactions of these component units are reported within the funds of the City. 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 Westminster Housing Authority Special Revenue Fund. 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 the business-type activity, which relies 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance 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 fund balance. 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 accrual basis of accounting 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

GASB Current-Year Standards

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This statement provides temporary relief to governments and other stakeholders in light of the coronavirus (COVID-19) pandemic and postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Paragraph 4 of this statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution other post-employment benefit (OPEB) plan or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. Paragraph 5 of this statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

The requirements of these paragraphs did not impact the City.

Pending Accounting Standards

GASB has issued the following statements, which may impact the City’s financial reporting requirements in the future. The City is currently evaluating the potential impact of these statements:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, and early application is encouraged.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, and early application is encouraged.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses practice issues that have been identified during the implementation and application of certain GASB statements. This statement addresses a variety of topics, including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments.

The requirements of this statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to post-employment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan, depending on whether the plan meets the definition of a pension plan, and clarifies that Statement 84, as amended, should be applied to all arrangements organized under Internal Revenue Code Section 457 to determine whether those arrangements should be reported as fiduciary activities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

Pending Accounting Standards (Continued)

This statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The requirements of this statement are effective for fiscal years beginning after June 15, 2021. Earlier application of these requirements is encouraged and permitted.

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.

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 Proprietary Funds. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports 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) 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 outflows 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 outflows from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions and retiree health care benefits through the plans.
- Deferred outflows related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows related to pensions and OPEB resulting from the net differences in projected and actual earnings on investments of the pension plan and OPEB plan fiduciary net position. These amounts are amortized over five years.

In addition to liabilities, the Statement of Net Position and the Governmental Funds Balance Sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows from *unavailable revenues*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, which is grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows related to pensions and OPEB for differences between expected and actual experience and changes in assumptions. 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 and retiree health care benefits through the plans.
- Deferred inflows 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.
- Deferred inflows related to pensions resulting from the net differences in projected and actual earnings on investments of the pension plan fiduciary net position. These amounts are amortized over five years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position Flow Assumptions

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

Long-Term Obligations

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

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue and Capital Projects Funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. As of June 30, 2020, all encumbrances at year-end were closed. Unexpended appropriations are re-encumbered in the following year after reconsideration, without additional budget appropriation.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash and cash equivalents. All cash of the City's Enterprise and Internal Service Funds are held in a City-wide pool of cash and investments. As amounts are available to these Funds on demand, all cash for the above funds is 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activity are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by fund balance generally classified as nonspendable, but may be required to be reported as restricted, committed, or assigned if the resources received from liquidating these assets is restricted, committed, or assigned for a specific purpose.

Prepaid Items

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

Inventories

Inventories are valued at cost, which approximates market, on a first-in, first-out basis under the consumption method. 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 primarily from the General Fund. Other proprietary funds with payroll costs account for their own respective compensated absences.

Claims and Judgments

When it is probable that a claim liability has been incurred at year-end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any coverage from insurance or its participation in the excess insurance authority. Small dollar claims and judgments are recorded as expenses when paid.

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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. Actual results could differ from those estimates and assumptions.

2. CASH AND INVESTMENTS

Cash and Investments

Cash and investments at June 30, 2020 consisted of the following:

	Government-Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 88,087,675	\$ 3,539,575	\$ 91,627,250
Total unrestricted assets	<u>88,087,675</u>	<u>3,539,575</u>	<u>91,627,250</u>
Restricted assets:			
Cash and investments	15,006,414	-	15,006,414
Cash and investments with fiscal agents	<u>7,019,466</u>	<u>16,180,000</u>	<u>23,199,466</u>
Total restricted assets	<u>22,025,880</u>	<u>16,180,000</u>	<u>38,205,880</u>
Total cash and investments	<u>\$ 110,113,555</u>	<u>\$ 19,719,575</u>	<u>\$ 129,833,130</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

2. CASH AND INVESTMENTS (CONTINUED)

Cash and Investments (Continued)

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

<u>Primary government:</u>	
Petty cash	\$ 5,000
Deposits	3,082,867
Investments	<u>107,025,688</u>
	<u>\$ 110,113,555</u>
 <u>Fiduciary funds:</u>	
Deposits	\$ 421,640
Investments	<u>19,297,935</u>
	<u>\$ 19,719,575</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 "Cash and investments", "Restricted assets: Cash and investments", or "Restricted assets: Cash and investments with fiscal agents." 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, 2020

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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
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, 2020

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	Total as of June 30, 2020	Primary Government				Not Required to be Rated	Not Rated
			AAA	AA+	Other			
LAIF	N/A	40,247,642	\$ -	\$ -	\$ -	\$ -	\$ 40,247,642	
U.S. Treasury Obligations	N/A	13,037,867	-	-	-	13,037,867	-	
FNMA	N/A	10,532,692	-	10,532,692	-	-	-	
FHLMC	N/A	4,241,640	-	4,241,640	-	-	-	
FHLB	N/A	6,744,918	-	6,744,918	-	-	-	
Municipal Bonds	A	730,806	-	-	730,806	-	-	
MTN	A	15,525,656	-	-	15,525,656	-	-	
Collateralized Mortgage Obligations	AA	3,425,284	-	306,755	-	-	3,118,529	
Asset-Backed Securities	N/A	3,959,647	2,144,356	-	-	-	1,815,291	
Supranational	AA	1,504,288	394,232	-	-	-	1,110,056	
Money Market Mutual Funds	AAA	55,782	55,782	-	-	-	-	
Restricted:								
Pension Trust - PARS Pooled Trust	N/A	3,243,743	-	-	-	-	3,243,743	
Held by Bond Trustee:								
Money Market Mutual Funds	AAA	3,775,723	3,775,723	-	-	-	-	
		<u>\$ 107,025,688</u>	<u>\$ 6,370,093</u>	<u>\$ 21,826,005</u>	<u>\$ 16,256,462</u>	<u>\$ 13,037,867</u>	<u>\$ 49,535,261</u>	

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

Investment Type	AAA	AA+	AA	AA-	A+	A/A-	Total
Municipal Bonds	\$ -	\$ -	\$ -	\$ 730,806	\$ -	\$ -	\$ 730,806
MTN	271,099	539,105	1,623,675	765,861	2,187,651	10,138,265	15,525,656
	<u>\$ 271,099</u>	<u>\$ 539,105</u>	<u>\$ 1,623,675</u>	<u>\$ 1,496,667</u>	<u>\$ 2,187,651</u>	<u>\$ 10,138,265</u>	<u>\$ 16,256,462</u>

Investment Type	Minimum Legal Rating	Total as of June 30, 2020	Fiduciary Funds			
			AAA	AA+	Not Required to be Rated	Not Rated
LAIF	N/A	\$ 3,117,935	\$ -	\$ -	\$ -	\$ 3,117,935
Restricted:						
Held by Bond Trustee:						
Money Market Mutual Funds	AAA	16,180,000	16,180,000	-	-	-
		<u>\$ 19,297,935</u>	<u>\$ 16,180,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,117,935</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. With the exception of LAIF and U.S. Treasury Obligations, the City had no investments in any one issuer that represent 5% or more of total City’s investments other than those noted below:

<u>Primary Government</u>		
<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FNMA	United States Government Sponsored Agency Securities	\$ 10,532,692
FHLB	United States Government Sponsored Agency Securities	6,744,918

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, 2020, 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.

2. CASH AND INVESTMENTS (CONTINUED)

Investment in Section 115 Pension Trust

Restricted assets are financial resources generated for a specific purpose, such as pension benefits. These assets are for the benefit of a specific purpose and, as such, are legally or contractually restricted by an external third-party agreement. 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 as follows:

Risk Tolerance	Moderate
Risk Management	The portfolio is constructed to control through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process help to drive return potential while reducing portfolio risk.
Investment Objective	To provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.
Strategic Ranges	0% - 20% Cash 40% - 60% Fixed Income 40% - 60% Equity

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.

U.S. Treasury Obligations, FNMA, FHLMC, FHLB, Municipal Bonds, MTN, Collateralized Mortgage Obligations, Asset Backed Securities, and Supranational securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

2. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

The City has the following recurring fair value measurements as of June 30, 2020:

<u>Primary Government</u>	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Obligations	\$ -	\$ 13,037,867	\$ -	\$ 13,037,867
FNMA	-	10,532,692	-	10,532,692
FHLMC	-	4,241,640	-	4,241,640
FHLB	-	6,744,918	-	6,744,918
Municipal Bonds	-	730,806	-	730,806
MTN	-	15,525,656	-	15,525,656
Collateralized Mortgage Obligations	-	3,425,284	-	3,425,284
Asset Backed Securities	-	3,959,647	-	3,959,647
Supranational	-	1,504,288	-	1,504,288
Total Leveled Investments	<u>\$ -</u>	<u>\$ 59,702,798</u>	<u>\$ -</u>	59,702,798
LAIF*				40,247,642
Money Market Mutual Funds*				55,782
Restricted:				
Pension Trust - PARS Pooled Trust*				3,243,743
Held by Bond Trustee:				
Money Market Mutual Funds*				<u>3,775,723</u>
Total Investment Portfolio				<u>\$ 107,025,688</u>
<u>Fiduciary Funds</u>				
LAIF*				\$ 3,117,935
Restricted:				
Held by Bond Trustee:				
Money Market Mutual Funds*				<u>16,180,000</u>
Total Investment Portfolio				<u>\$ 19,297,935</u>

* Not subject to fair value measurements.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2020 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 500,000	\$ -
Special Revenue Funds:		
Housing and Community Development	-	800,000
Special Gas Tax and Street Improvements	-	5,230,000
Capital Projects Fund:		
Capital Improvements	<u>5,530,000</u>	<u>-</u>
	<u>\$ 6,030,000</u>	<u>\$ 6,030,000</u>

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

The compositions of the City’s interfund transfer balances as of June 30, 2020 are as follows:

	<u>Transfers In</u>					<u>Total</u>
	<u>General</u>	<u>Housing and Community Development Special Revenue Fund</u>	<u>Special Gas Tax and Street Improvements Special Revenue Fund</u>	<u>Capital Improvements Capital Projects Fund</u>	<u>Other Governmental</u>	
Transfers Out:						
Housing and Community Development Special Revenue Fund	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ 400,000
Special Gas Tax and Street Improvements Special Revenue Fund	-	-	-	3,643,365	-	3,643,365
Capital Improvements Capital Projects Fund		14,482	20	-	-	14,502
Other Governmental Funds	15,046	-	-	845,901	-	860,947
Water Enterprise	-	-	-	-	60,000	60,000
Internal Service	-	-	-	492,051	-	492,051
	<u>\$ 15,046</u>	<u>\$ 14,482</u>	<u>\$ 20</u>	<u>\$ 5,381,317</u>	<u>\$ 60,000</u>	<u>\$ 5,470,865</u>

	<u>Transfers In</u>		
	<u>Water Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Transfers Out:			
General	\$ 25,000	\$ -	\$ 25,000
Capital Improvements	-	335,832	335,832
	<u>\$ 25,000</u>	<u>\$ 335,832</u>	<u>\$ 360,832</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.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

4. RECEIVABLES

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

Governmental Funds

	General	Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Capital Improvements	Other Governmental	Total
Taxes	\$ 5,511,612	\$ -	\$ -	\$ -	\$ -	\$ 19,369	\$ 5,530,981
Accounts	380,545	-	-	-	2,462	-	383,007
Interest	412,457	-	-	-	-	-	412,457
Loans	-	4,843,505	4,302,853	-	-	-	9,146,358
Notes	-	13,808,887	1,720,186	-	-	-	15,529,073
Due from other governments	69,493	-	463,066	944,719	-	75,980	1,553,258
Net Total Receivables	<u>\$ 6,374,107</u>	<u>\$ 18,652,392</u>	<u>\$ 6,486,105</u>	<u>\$ 944,719</u>	<u>\$ 2,462</u>	<u>\$ 95,349</u>	<u>\$ 32,555,134</u>

Proprietary Funds

	Water Enterprise	Internal Service	Total
Accounts	\$ 3,309,647	\$ 11,255	\$ 3,320,902
Net Total Receivables	<u>\$ 3,309,647</u>	<u>\$ 11,255</u>	<u>\$ 3,320,902</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

4. RECEIVABLES (CONTINUED)

Governmental Activities

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

<i>Loans Receivable - Housing and Community Development:</i>	
Community Development Block Grant - Housing Rehab Loans, due upon sale of property	\$ 419,212
HOME Rehab Loans, due upon sale of property	79,444
HOME Single Residence Loans, due upon sale of property	311,913
HOME Down Payment Assistance Loans, payable in monthly installments, with balance due upon sale of property	139,109
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>
<i>Total Loans Receivable - Housing and Community Development</i>	<u>\$ 4,302,853</u>
 <i>Loans Receivable - Westminster Housing Authority</i>	
Housing Rehab Loans, due upon sale of property	\$ 1,935,101
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>
<i>Total Loans Receivable - Westminster Housing Authority</i>	<u>\$ 4,843,505</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

\$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, 2020, \$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

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

4. RECEIVABLES (CONTINUED)

Governmental Activities (Continued)

Notes Receivable - Housing and Community Development (Continued)

\$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, 2020, \$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

\$118,895 note receivable from American Family Housing dated August 22, 2018. The purpose of the loan is to assist with the development property located at 7372 Wyoming 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, 2020, \$118,086 has been disbursed to the developer. Repayment of the 55-year loan is to be made in annual forgiveness payments equal to \$7,932. The note shall accrue interest at the rate of zero percent.

118,086

Total Notes Receivable – Housing and Community Development \$ 1,720,186

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.”

\$ 27,675

\$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.

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\$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, 2020, \$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

CITY OF WESTMINSTER, CALIFORNIA
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June 30, 2020

4. RECEIVABLES (CONTINUED)

Governmental Activities (Continued)

Notes Receivable - Westminster Housing Authority (Continued)

\$757,338 note receivable from American Family Housing, dated July 8, 2015. The purpose of the loan is to assist with the developer in the purchase and development of property located at 13811 Locust Street in the City of Westminster, California, as a long-term transitional housing project that may be modified to permanent rental housing for persons and families of very low and low income at affordable rent. As of June 30, 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

\$5,500,000 note receivable from Meta Housing Corporation, dated April 25, 2018, The purpose of the loan is to assist with the developer in the purchase and development of property located at 7122 Westminster Boulevard in the City of Westminster, California as affordable housing 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 projects "residual receipts". 5,500,000

Total Notes Receivable - Westminster Housing Authority \$ 13,808,887

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, 2019	Additions/ (Deletions)	Balance June 30, 2020
14282 Locust Street	096-162-03	\$ 203,811	\$ -	\$ 203,811
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	6,400,000	-	6,400,000
		<u>\$ 8,659,611</u>	<u>\$ -</u>	<u>\$ 8,659,611</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

6. CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the year ended June 30, 2020 is as follows:

Governmental Activities

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 7,727,359	\$ -	\$ -	\$ 7,727,359
Construction in progress	469,017	666,674	(229,335)	906,356
Total capital assets, not being depreciated	<u>8,196,376</u>	<u>666,674</u>	<u>(229,335)</u>	<u>8,633,715</u>
Capital assets, being depreciated:				
Buildings	119,192,767	228,871	(89,619)	119,332,019
Improvements other than buildings	27,497,847	85,152	-	27,582,999
Vehicles, machinery and equipment	10,538,343	585,641	(150,680)	10,973,304
Office furniture and equipment	8,897,829	397,197	-	9,295,026
Leased property	2,767,261	311,464	(609,973)	2,468,752
Infrastructure	<u>275,312,513</u>	<u>5,169,518</u>	<u>-</u>	<u>280,482,031</u>
Total capital assets, being depreciated	<u>444,206,560</u>	<u>6,777,843</u>	<u>(850,272)</u>	<u>450,134,131</u>
Less accumulated depreciation for:				
Buildings	(27,260,419)	(2,397,960)	52,181	(29,606,198)
Improvements other than buildings	(8,687,808)	(1,258,327)	-	(9,946,135)
Vehicles, machinery and equipment	(6,690,909)	(721,968)	127,011	(7,285,866)
Office furniture and equipment	(5,918,264)	(597,810)	-	(6,516,074)
Leased property	(1,090,980)	(731,852)	402,359	(1,420,473)
Infrastructure	<u>(199,271,963)</u>	<u>(7,939,295)</u>	<u>-</u>	<u>(207,211,258)</u>
Total accumulated depreciation	<u>(248,920,343)</u>	<u>(13,647,212)</u>	<u>581,551</u>	<u>(261,986,004)</u>
Total capital assets, being depreciated, net	<u>195,286,217</u>	<u>(6,869,369)</u>	<u>(268,721)</u>	<u>188,148,127</u>
Total governmental activities capital assets, net	<u>\$ 203,482,593</u>	<u>\$ (6,202,695)</u>	<u>\$ (498,056)</u>	<u>\$ 196,781,842</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

6. CAPITAL ASSETS (CONTINUED)

A summary of changes in the Business-type Activity capital assets for the year ended June 30, 2020 is as follows:

Business-type Activity

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
Capital assets, not being depreciated:				
Land and land rights	\$ 2,484,846	\$ -	\$ -	\$ 2,484,846
Total capital assets, not being depreciated	<u>2,484,846</u>	<u>-</u>	<u>-</u>	<u>2,484,846</u>
Capital assets, being depreciated:				
Buildings	101,429	-	-	101,429
Improvements other than buildings	11,975,579	-	-	11,975,579
Water distribution lines	47,901,898	-	-	47,901,898
Machinery and equipment	13,341,581	-	-	13,341,581
Office furniture and equipment	202,939	-	-	202,939
Total capital assets, being depreciated	<u>73,523,426</u>	<u>-</u>	<u>-</u>	<u>73,523,426</u>
Less accumulated depreciation for:				
Buildings	(90,651)	(802)	-	(91,453)
Improvements other than buildings	(3,368,061)	(258,779)	-	(3,626,840)
Water distribution lines	(31,385,886)	(905,532)	-	(32,291,418)
Machinery and equipment	(10,022,132)	(262,476)	-	(10,284,608)
Office furniture and equipment	(138,650)	(11,251)	-	(149,901)
Total accumulated depreciation	<u>(45,005,380)</u>	<u>(1,438,840)</u>	<u>-</u>	<u>(46,444,220)</u>
Total capital assets, being depreciated, net	<u>28,518,046</u>	<u>(1,438,840)</u>	<u>-</u>	<u>27,079,206</u>
Total business-type activity capital assets, net	<u>\$ 31,002,892</u>	<u>\$ (1,438,840)</u>	<u>\$ -</u>	<u>\$ 29,564,052</u>

The City maintains a reserve fund for capital improvement designed to encourage and improve on water conservation. At June 30, 2020, the Enterprise Fund's conservation projects reserve account totaled \$3,703,911.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

6. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General government	\$ 96,229
Public safety	1,564,822
Public works	8,296,516
Community development	1,687,196
Community services	662,488
Internal service funds	<u>1,339,961</u>
Total depreciation expense - governmental activities	<u><u>\$ 13,647,212</u></u>

Business-type Activity

Water Fund	<u><u>\$ 1,438,840</u></u>
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7. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended June 30, 2020:

Governmental Activities

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year	Due in More Than One Year
<i>Other debt:</i>						
Certificates of participation	\$ 1,005,000	\$ -	\$ 320,000	\$ 685,000	\$ 335,000	\$ 350,000
Leases payable	1,816,704	311,464	696,329	1,431,839	515,413	916,426
<i>Other long-term liabilities:</i>						
Compensated absences	2,250,597	1,599,315	1,333,240	2,516,672	2,164,338	352,334
Claims liabilities (Note 11)	9,981,211	530,175	978,830	9,532,556	2,383,139	7,149,417
Total governmental activities	<u>\$ 15,053,512</u>	<u>\$ 2,440,954</u>	<u>\$ 3,328,399</u>	<u>\$ 14,166,067</u>	<u>\$ 5,397,890</u>	<u>\$ 8,768,177</u>

Business-type Activity

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Within One Year	More Than One Year
<i>Other debt:</i>						
Certificates of participation	\$ 1,545,000	\$ -	\$ 285,000	\$ 1,260,000	\$ 295,000	\$ 965,000
Loans payable	1,204,287	-	131,359	1,072,928	73,395	999,533
<i>Other long-term liabilities:</i>						
Compensated absences	261,202	114,573	129,134	246,641	212,111	34,530
Total business type activity	<u>3,010,489</u>	<u>114,573</u>	<u>545,493</u>	<u>2,579,569</u>	<u>580,506</u>	<u>1,999,063</u>
City Total	<u><u>\$ 18,064,001</u></u>	<u><u>\$ 2,555,527</u></u>	<u><u>\$ 3,873,892</u></u>	<u><u>\$ 16,745,636</u></u>	<u><u>\$ 5,978,396</u></u>	<u><u>\$ 10,767,240</u></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 paid the 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. The Certificates of Participation are liquidated through the Special Gas Tax & Street Improvements and Community Promotion Special Revenue Funds and Motor Pool/Equipment and Facilities/Maintenance Internal Service Funds.

Principal outstanding at June 30, 2020 \$ 685,000

Lease Payable

The City entered into capital leases for the purpose of leasing City cars. The lease terms are 36 months with an option to purchase. Principal and interest payments are payable annually at an average rate of 2%. Leases payable are liquidated through the Motor Pool/Equipment Internal Service Fund.

Principal outstanding at June 30, 2020 \$ 1,431,839

Capital assets acquired through the lease consists of equipment with a net value of \$1,048,279, which has an original cost of \$2,468,752 less accumulated depreciation of \$1,420,473.

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, 2020 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. The Certificates of Participation are liquidated through the Water Enterprise Fund.

Principal outstanding at June 30, 2020 \$ 1,260,000

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, 2020

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

Certificates of Participation (Continued)

For the fiscal year ended June 30, 2020, the calculation of the Enterprise Fund's compliance with the rate coverage covenant is as follows:

Gross revenues:	
Charges for services	\$ 17,533,757
Investment income	230,145
Other	<u>36,102</u>
Total gross revenues	<u>17,800,004</u>
Operating expenses:	
Operating expenses	15,646,349
Depreciation and amortization	(1,438,840)
Vehicle replacement charges	<u>(123,360)</u>
Total operating costs	<u>14,084,149</u>
Net revenues	<u>\$ 3,715,855</u>
Installment payments:	
Principal payments	\$ 355,899
Interest payments	<u>104,371</u>
Total installment payments	<u>\$ 460,270</u>
Net revenues to installment payment coverage ratio	<u>807%</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, 2020, the Enterprise Fund's capital equipment replacement reserve is as follows:

Capital equipment replacement reserve	<u>\$ 3,171,762</u>
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CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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 had a fixed interest rate of 3.5% and has been fully repaid as of June 30, 2020. \$ -

\$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. The loan is liquidated through the Water Enterprise Fund. 1,072,928

Total Loans Payable \$ 1,072,928

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, 2020

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, 2020, including interest payments are as follows:

Year Ending June 30,	Certificates of Participation Governmental Activities		
	Principal	Interest	Total
	2021	\$ 335,000	\$ 29,550
2022	350,000	15,313	365,313
	<u>\$ 685,000</u>	<u>\$ 44,863</u>	<u>\$ 729,863</u>

Year Ending June 30,	Leases Payable Governmental Activities		
	Principal	Interest	Total
	2021	\$ 515,413	\$ 10,308
2022	742,177	14,844	757,021
2023	174,249	3,485	177,734
	<u>\$ 1,431,839</u>	<u>\$ 28,637</u>	<u>\$ 1,460,476</u>

Year Ending June 30,	Certificates of Participation Business-type Activity		
	Principal	Interest	Total
	2021	\$ 295,000	\$ 53,600
2022	310,000	41,431	351,431
2023	320,000	28,256	348,256
2024	335,000	14,656	349,656
	<u>\$ 1,260,000</u>	<u>\$ 137,943</u>	<u>\$ 1,397,943</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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
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	84,287	25,391	109,678
2026-2030	468,083	79,486	547,569
2031-2032	211,112	7,496	218,608
	<u>\$ 1,072,928</u>	<u>\$ 242,127</u>	<u>\$ 1,315,055</u>

Year Ending June 30,	Grand Totals		
	Governmental and Business-type Activities		
	Principal	Interest	Total
2021	\$ 1,218,808	\$ 129,933	\$ 1,348,741
2022	1,478,155	105,434	1,583,589
2023	572,901	62,866	635,767
2024	416,421	42,964	459,385
2025	84,287	25,391	109,678
2026-2030	468,083	79,486	547,569
2031-2032	211,112	7,496	218,608
	<u>\$ 4,449,767</u>	<u>\$ 453,570</u>	<u>\$ 4,903,337</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

8. PENSION PLANS

The following is a summary of pension related items for the year ended June 30, 2020:

	Governmental Activities	Business-Type Activity	Total
Deferred Outflows of Resources:			
CalPERS Miscellaneous Plan	\$ 4,142,639	\$ 409,712	\$ 4,552,351
CalPERS Safety Plan	14,554,987	-	14,554,987
PARS Plan	2,855	-	2,855
Total Deferred Outflows of Resources	<u>\$ 18,700,481</u>	<u>\$ 409,712</u>	<u>\$ 19,110,193</u>
Deferred Inflows of Resources:			
CalPERS Miscellaneous Plan	\$ (1,032,145)	\$ (102,080)	\$ (1,134,225)
CalPERS Safety Plan	(5,016,010)	-	(5,016,010)
PARS Plan	-	-	-
Total Deferred Inflows of Resources	<u>\$ (6,048,155)</u>	<u>\$ (102,080)</u>	<u>\$ (6,150,235)</u>
Net Pension Liability:			
CalPERS Miscellaneous Plan	\$ (38,293,440)	\$ (3,787,263)	\$ (42,080,703)
CalPERS Safety Plan	(77,380,540)	-	(77,380,540)
PARS Plan	(1,188,948)	-	(1,188,948)
Total Net Pension Liability	<u>\$(116,862,928)</u>	<u>\$ (3,787,263)</u>	<u>\$(120,650,191)</u>
Pension Expense:			
CalPERS Miscellaneous Plan	\$ 5,202,719	\$ 514,555	\$ 5,717,274
CalPERS Safety Plan	12,160,121	-	12,160,121
PARS Plan	294,649	-	294,649
Total Pension Expense	<u>\$ 17,657,489</u>	<u>\$ 514,555</u>	<u>\$ 18,172,044</u>

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

8. PENSION PLANS (CONTINUED)

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, 2020

8. PENSION PLANS (CONTINUED)

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

General Information about the Pension Plans (Continued)

The Plans' provisions and benefits in effect at the measurement date ended June 30, 2019 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	8.567%	8.567%	5.750%
Payment of unfunded liability	\$ 2,496,018	\$ -	\$ -
	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	22.346%	17.334%	12.965%
Payment of unfunded liability	\$ 3,761,443	\$ 498	\$ 2,362

8. PENSION PLANS (CONTINUED)

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

General Information about the Pension Plans (Continued)

Employees Covered

At the measurement date ended June 30, 2019, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	258
Inactive employees entitled to but not yet receiving benefits	121
Active employees	<u>139</u>
Total	<u><u>518</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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
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 Increase	(3)	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvements using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.50% 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.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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

- (a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; 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, 2020

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, 2018 (Measurement Date)	\$ 132,836,869	\$ 92,689,943	\$ 40,146,926
Changes in the Year:			
Service cost	1,886,717	-	1,886,717
Interest on the total pension liability	9,386,848	-	9,386,848
Differences between expected and actual experience	906,606	-	906,606
Contribution - employer		3,412,276	(3,412,276)
Contribution - employee	-	840,524	(840,524)
Net investment income	-	6,059,526	(6,059,526)
Administrative expenses	-	(66,146)	66,146
Other miscellaneous expense	-	214	(214)
Benefit payments, including refunds of employee contributions	(6,804,469)	(6,804,469)	-
Net Changes	5,375,702	3,441,925	1,933,777
Balance at June 30, 2019 (Measurement Date)	\$ 138,212,571	\$ 96,131,868	\$ 42,080,703

Proportionate Share of Net Pension Liability

As of June 30, 2020 (measurement date of June 30, 2019), the City reported \$77,380,540 for its proportionate share of the net pension liability for the Safety Plan.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

	<u>Safety</u>
Proportion - June 30, 2018	1.22646%
Proportion - June 30, 2019	1.23957%
Change - Increase (Decrease)	0.01311%

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	\$ 60,099,260	\$ 113,220,710
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 42,080,703	\$ 77,380,540
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 27,174,901	\$ 47,997,216

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, 2020

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, 2020, the City recognized pension expense of \$5,717,274 and \$12,160,121 for the Miscellaneous and Safety Plans, respectively. At June 30, 2020, 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	\$ 3,981,525	\$ -	\$ 6,331,043	\$ -
Differences between expected and actual experience	570,826	(534,884)	5,052,251	-
Change in assumptions	-	(177,804)	3,171,693	(618,953)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	(3,332,557)
Net differences between projected and actual earnings on plan investments	-	(421,537)	-	(1,064,500)
Total	\$ 4,552,351	\$ (1,134,225)	\$ 14,554,987	\$ (5,016,010)

\$3,981,525 and \$6,331,043 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, 2021. 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
2021	\$ 52,689	\$ 3,656,185
2022	(530,758)	(1,124,160)
2023	(170,200)	468,788
2024	84,870	207,121
2025	-	-
Thereafter	-	-

Payable to the Pension Plan

At June 30, 2020, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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, 2020, the City’s contribution was \$225,000.

Employees Covered

At June 30, 2020, 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, 2020, using an annual actuarial valuation as of June 30, 2020. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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, 2020 was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
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, 2020	2.0 years
Amortization growth rate	0.00%
Inflation	N/A
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

Change of Assumptions

The discount rate for the fiscal years ended June 30, 2020 and 2019 were 2.21% and 3.50%, respectively.

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. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees and has a depletion date of June 30, 2020. Therefore, a blended discount rate was not utilized. The municipal bond rate utilized was 2.21% and was determined using the Bond Buyer GO 20-Bond Municipal Bond Index as of June 30, 2020.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

8. PENSION PLANS (CONTINUED)

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

Net Pension Liability (Continued)

Long-Term Expected Rate of Return

The table below reflects the long-term expected real rate of return by asset class using a 30-year average return derived by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation on the Plan's current asset allocation. 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	3.53%	-0.22%	-0.20%
U.S. Core Fixed Income	Barclays Aggregate	81.86%	0.92%	0.84%
U.S. Equity Market	Russell 3000	11.46%	4.82%	3.52%
Foreign Developed Equity	MSCI EAFE NR	1.83%	6.32%	4.75%
Emerging Markets Equity	MSCI EM NR	1.07%	8.35%	5.53%
U.S. Real Estate Investment Trust	FTSE NAREIT Equity REIT	0.25%	5.32%	3.62%
Assumed Inflation - Mean			2.21%	2.20%
Assumed Inflation - Standard Deviation			1.65%	1.65%
Portfolio Real Mean Return			1.52%	1.01%
Portfolio Nominal Mean Return			3.73%	3.23%
Portfolio Standard Deviation				10.41%
Long-Term Expected Rate of Return				6.00%

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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, 2019	\$ 1,214,286	\$ 95,461	\$ 1,118,825
Changes in the Year:			
Interest on the total pension liability	41,567	-	41,567
Differences between expected and actual experience	7,458	-	7,458
Changes in assumptions	241,624	-	241,624
Contribution - employer	-	225,000	(225,000)
Net investment income	-	8,171	(8,171)
Administrative expenses	-	(12,645)	12,645
Benefit payments, including refunds of employee contributions	(53,752)	(53,752)	-
Net Changes	236,897	166,774	70,123
Balance at June 30, 2020	\$ 1,451,183	\$ 262,235	\$ 1,188,948

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	1.21%
Net Pension Liability	\$ 1,430,004
Current Discount Rate	2.21%
Net Pension Liability	\$ 1,188,948
1% Increase	3.21%
Net Pension Liability	\$ 995,973

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Net differences between projected and actual earnings on plan investments	\$ 2,855	\$ -
Total	<u>\$ 2,855</u>	<u>\$ -</u>

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
<u> </u>	<u> </u>
2021	\$ 1,210
2022	1,034
2023	162
2023	449
2024	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2020, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

8. PENSION PLANS (CONTINUED)

- 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, 2020, the City's payroll covered by the plan was \$1,933,315. Contributions to the plan totaled \$144,999 with employee contributions in the amount of \$115,998 (6.0% of current covered payroll) and City contributions in the amount of \$29,001 (1.5% of current covered payroll).

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

CITY OF WESTMINSTER, CALIFORNIA
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June 30, 2020

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

a. Plan Description (Continued)

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 (\$139 in 2020)
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, 2019, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	281
Inactive employees or beneficiaries entitled to but not yet receiving benefits	78
Active employees	220
Total	<u>579</u>

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, 2019, the City contributed \$250,000 to the CERBT, \$2,237,253 for current premiums, and the estimated implied subsidy was \$476,000, resulting in total payments of \$2,963,253. 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.

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

b. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2019 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, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Contribution Policy	Ad hoc prefunding contribution of \$250,000 to CERBT during fiscal year 2019/20
Actuarial Assumptions:	
Discount Rate	5.11%
Inflation	2.75%
Projected Salary Increase	Aggregate - 3%
	Merit - CalPERS 1997-2015 Experience Study
Expected Long-Term Investment Rate of Return	6.75%
	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

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 5.11%, which takes into account the long-term expected rate of 6.75% and the Bond Buyer 20-Bond GO Index municipal bond rate of 3.50%.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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

b. Net OPEB Liability (Continued)

Expected Long-Term Rate of Return

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	59.00%	4.82%
Fixed Income	25.00%	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%

c. Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2018 (Measurement Date)	\$ 52,439,373	\$ 2,668,015	\$ 49,771,358
Changes in the Year:			
Service cost	900,365	-	900,365
Interest on the total OPEB liability	2,682,329	-	2,682,329
Changes in assumptions	319,291	-	319,291
Contribution - employer	-	2,963,253	(2,963,253)
Net investment income	-	190,572	(190,572)
Administrative expenses	-	(604)	604
Benefit payments	(2,713,253)	(2,713,253)	-
Net Changes	1,188,732	439,968	748,764
Balance at June 30, 2019 (Measurement Date)	\$ 53,628,105	\$ 3,107,983	\$ 50,520,122

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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

c. Changes in the Net OPEB Liability (Continued)

Change of Assumptions

The discount rate as of the measurement date June 30, 2019 was 5.11% as compared to the discount rate as of the measurement date June 30, 2018, which was 5.16%. The discount rate was updated based on funding policy and crossover test.

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 or one percentage point higher than the current discount rate:

	1% Decrease (4.11%)	Discount Rate (5.11%)	1% Increase (6.11%)
Net OPEB Liability	\$ 57,636,580	\$ 50,520,122	\$ 44,688,188

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% decreasing to 3.0%)	Current Trend (7.5%/6.5% decreasing to 4.0%)	1% Increase (8.5%/7.5% decreasing to 5.0%)
Net OPEB Liability	\$ 47,533,557	\$ 50,520,122	\$ 54,081,660

Subsequent Events

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

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$(1,522,572). At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Outflows of Resources	Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 3,026,173	\$ -
Differences between actual and expected experience	-	(1,901,042)
Changes in assumptions	255,433	(9,562,472)
Net differences between projected and actual earnings on plan investments	32,650	-
Total	<u>\$ 3,314,256</u>	<u>\$ (11,463,514)</u>

The change in assumptions are amortized over the expected average remaining service life. The expected average remaining service life for the 2019 measurement period is 5.0 years.

\$3,026,173 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, 2021. 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
2021	\$ (4,915,843)
2022	(4,339,062)
2023	(1,984,276)
2024	63,750
2025	-
Thereafter	-

e. Payable to the OPEB Plan

At June 30, 2020, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

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.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

11. RISK MANAGEMENT (CONTINUED)

All Funds of the City participate in the risk management program and make payments to the Risk Management and Compensation/Benefits Internal Service Funds based on estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. At June 30, 2020, the Risk Management Fund had a net position of \$3,254,843. Also, at June 30, 2020, the Compensation/Benefits Fund had an accumulated fund deficit of \$184,956. The claims liabilities of \$1,782,213 and \$7,750,343 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2020 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 2020 and 2019 were as follows:

	Risk Management Fund		Compensation/Benefits Fund	
	2020	2019	2020	2019
Beginning-year liability	\$ 2,115,551	\$ 1,812,336	\$ 7,865,660	\$ 6,407,521
Current-year claims and changes in estimates	(576,128)	1,003,215	1,106,303	2,535,921
Claim payments	242,790	(700,000)	(1,221,620)	(1,077,782)
Balance at fiscal year-end	<u>\$ 1,782,213</u>	<u>\$ 2,115,551</u>	<u>\$ 7,750,343</u>	<u>\$ 7,865,660</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The various fund balance classifications established as of June 30, 2020 were as follows:

	General	Special Revenue Funds			Capital	Other	Total
		Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Projects Fund Capital Improvements		
Nonspendable:							
Prepaid items	\$ 182,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,248
Restricted for:							
Housing authority	-	25,356,137	-	-	-	-	25,356,137
Housing and community development	-	-	640,100	-	-	-	640,100
Special gas tax and street improvements	-	-	-	1,098,027	-	-	1,098,027
Debt service	-	-	-	117,566	-	139,424	256,990
Parks	-	-	-	-	-	2,912,643	2,912,643
Special police services	-	-	-	-	-	2,154,873	2,154,873
Municipal lighting	-	-	-	-	-	4,926,583	4,926,583
Other grants	-	-	-	-	-	727,205	727,205
Offside drainage district	-	-	-	-	-	168,674	168,674
Total Restricted	-	25,356,137	640,100	1,215,593	-	11,029,402	38,241,232
Committed:							
Emergency contingency	10,603,349	-	-	-	-	-	10,603,349
Assigned:							
Capital projects	-	-	-	-	39,580,305	-	39,580,305
Community promotions	-	-	-	-	-	86,368	86,368
RDA dissolution	2,696,420	-	-	-	-	-	2,696,420
Total Assigned	2,696,420	-	-	-	39,580,305	86,368	42,363,093
Unassigned	16,654,740	-	-	-	-	-	16,654,740
Total Fund Balances	\$ 30,136,757	\$ 25,356,137	\$ 640,100	\$ 1,215,593	\$ 39,580,305	\$ 11,115,770	\$ 108,044,662

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

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

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

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

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, 2020, the Compensation/Benefits Internal Service Fund has a deficit net position of \$184,956 primarily due to an increase to the worker's compensation claims liability.

14. COMMITMENTS AND CONTINGENCIES

Claims and Judgments

At June 30, 2020, 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.

COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of an outbreak of a new strain of coronavirus (the "COVID-19 outbreak") and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The City's operations are heavily dependent on the ability to raise sales taxes, property taxes and transient occupancy taxes and assess business licenses, developer fees and construction permits. Additionally, access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation is expected to depress the tax bases and other areas in which the City received revenue during fiscal year 2021. The outbreak could also have other potential impacts, including disruptions or restrictions on employees' ability to work. As such, this may hinder the liability for the City to meet the needs of its constituents. The City cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have an effect on the City's results of future operations and financial position in fiscal year 2021.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

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, 2020 was as follows:

	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020	Due Within One Year	Due in More Than One Year
Tax allocation bonds payable	\$ 113,740,000	\$ -	\$ 2,350,000	\$ 111,390,000	\$ 2,455,000	\$ 108,935,000
Unamortized refunding premium	6,349,174	-	418,956	5,930,218	-	5,930,218
Net Long-Term Debt	<u>\$ 120,089,174</u>	<u>\$ -</u>	<u>\$ 2,768,956</u>	<u>\$ 117,320,218</u>	<u>\$ 2,455,000</u>	<u>\$ 114,865,218</u>

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.

\$ 20,990,000

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2020

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities (Continued)

Tax Allocation Bonds (Continued)

\$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, 2020, the defeased 2009 Bonds have a remaining outstanding balance of \$73,055,000. The 2016 Bonds were issued for the purpose of refunding the 2009 Subordinate Tax Allocation Bonds. \$ 76,430,000

\$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 2018 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 2018 Bonds were issued for the purpose of refunding the 2008 Tax Allocation Refunding Bonds. \$ 13,970,000

Total Tax Allocation Bonds \$ 111,390,000

The annual requirements to amortize the tax allocation bonds outstanding as of June 30, 2020, including interest payments are as follows:

Year Ending June 30,	Tax Allocation Bonds		
	Principal	Interest	Total
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	2,970,000	4,025,469	6,995,469
20206-2030	16,680,000	17,699,533	34,379,533
2031-2035	20,210,000	13,324,269	33,534,269
2036-2040	24,825,000	8,687,800	33,512,800
2041-2045	29,600,000	3,855,694	33,455,694
2046	6,555,000	116,797	6,671,797
	<u>\$ 111,390,000</u>	<u>\$ 65,176,563</u>	<u>\$ 176,566,563</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, 2020, the aggregate principal amount of Bonds outstanding totaled \$3,892,500.

16. SUBSEQUENT EVENTS

In December 2020, the Successor Agency issued 2020 Tax Allocation Refunding Bonds in the amount of \$9,350,000. The proceeds of the 2020 Tax Allocation Refunding Bonds together with \$12,538,953 of unspent 2011 bond proceeds were used to defease the 2011A Tax Allocation Bonds to the first call date of November 1, 2021. The 2011A Tax Allocation Bonds had an outstanding principal balance as of June 30, 2020 of \$20,990,000. The 2020 bonds bear interest at rates ranging from 0.399% to 3.364% that is payable on a semi-annual basis beginning May 1, 2021. Principal is payable November 1 of each year beginning November 1, 2021. The 2020 bonds mature on November 1, 2045.

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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	June 30, 2020	June 30, 2019	June 30, 2018
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017
Plan's proportion of the net pension liability	1.23957%	1.22646%	1.18735%
Plan's proportionate share of the net pension liability	\$ 77,380,540	\$ 71,963,367	\$ 70,946,856
Plan's covered payroll	\$ 9,237,437	\$ 8,628,683	\$ 8,535,713
Plan's proportionate share of the net pension liability as a percentage of covered payroll	837.68%	834.00%	831.18%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	75.26%	73.31%
Plan's proportionate share of aggregate employer contributions	\$ 8,075,655	\$ 7,580,936	\$ 5,996,313

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:

Inflation was reduced from 2.75% to 2.50%.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

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

CITY OF WESTMINSTER
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CalPERS SAFETY PLAN (CONTINUED)
Last Ten Fiscal Years*

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	1.19950%	1.17133%	1.08238%
Plan's proportionate share of the net pension liability	\$ 62,124,175	\$ 48,264,075	\$ 40,599,811
Plan's covered payroll	\$ 9,200,544	\$ 9,177,397	\$ 9,232,577
Plan's proportionate share of the net pension liability as a percentage of covered payroll	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	74.06%	78.40%	81.21%
Plan's proportionate share of aggregate employer contributions	\$ 5,609,271	\$ 5,753,034	\$ 4,966,989

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

Fiscal year ended	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution (actuarially determined)	\$ 6,331,043	\$ 5,395,008	\$ 4,494,635
Contributions in relation to the actuarially determined contributions	<u>(6,331,043)</u>	<u>(5,395,008)</u>	<u>(4,494,635)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,401,147	\$ 9,237,437	\$ 8,628,683
Contributions as a percentage of covered payroll	67.34%	58.40%	52.09%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015
Methods and Assumptions Used to Determine Contribution Rates:			
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value
Inflation	2.625%	2.75%	2.75%
Salary increases	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)
Mortality	(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 six years are shown.

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

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 3,950,925	\$ 3,624,844	\$ 2,607,628
Contributions in relation to the actuarially determined contributions	<u>(3,950,925)</u>	<u>(3,624,844)</u>	<u>(2,607,628)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,535,713	\$ 9,200,544	\$ 9,177,397
Contributions as a percentage of covered payroll	46.29%	39.40%	28.41%
	6/30/2014	6/30/2013	6/30/2012
	Entry age (1) Fair Value	Entry age (1) Fair Value	Entry age (1) 15 Year Smoothed Market Method
	2.75% (2)	2.75% (2)	2.75% (2)
	7.50% (3) (4) (5)	7.50% (3) (4) (5)	7.50% (3) (4) (5)

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, 2020	June 30, 2019	June 30, 2018
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability:			
Service cost	\$ 1,886,717	\$ 1,689,596	\$ 1,703,653
Interest on total pension liability	9,386,848	9,038,670	9,000,252
Differences between expected and actual experience	906,606	(2,674,420)	(192,143)
Changes in assumptions	-	(889,018)	7,439,826
Benefit payments, including refunds of employee contributions	(6,804,469)	(6,923,150)	(6,269,057)
Net Change in Total Pension Liability	<u>5,375,702</u>	<u>241,678</u>	<u>11,682,531</u>
Total Pension Liability - Beginning of Year	<u>132,836,869</u>	<u>132,595,191</u>	<u>120,912,660</u>
Total Pension Liability - End of Year (a)	<u>\$ 138,212,571</u>	<u>\$ 132,836,869</u>	<u>\$ 132,595,191</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 3,412,276	\$ 2,929,826	\$ 2,263,443
Contributions - employee	840,524	898,613	481,638
Net investment income	6,059,526	7,445,161	8,771,655
Net plan to plan resource movement	-	(214)	-
Benefit payments	(6,804,469)	(6,923,150)	(6,269,057)
Administrative expenses	(66,146)	(138,282)	(123,454)
Other miscellaneous expense	214	(262,600)	-
Net Change in Plan Fiduciary Net Position	<u>3,441,925</u>	<u>3,949,354</u>	<u>5,124,225</u>
Plan Fiduciary Net Position - Beginning of Year	<u>92,689,943</u>	<u>88,740,589</u>	<u>83,616,364</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 96,131,868</u>	<u>\$ 92,689,943</u>	<u>\$ 88,740,589</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 42,080,703</u>	<u>\$ 40,146,926</u>	<u>\$ 43,854,602</u>
Plan fiduciary net position as a percentage of the total pension liability	69.55%	69.78%	66.93%
Covered payroll	\$ 10,695,620	\$ 10,046,950	\$ 10,109,723
Net pension liability as percentage of covered payroll	393.44%	399.59%	433.79%

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:

Inflation was reduced from 2.75% to 2.50%.

From fiscal year June 30, 2019 to June 30, 2020:

There were no significant changes in assumptions.

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

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

Fiscal year ended	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:			
Service cost	\$ 1,560,638	\$ 1,545,832	\$ 1,596,416
Interest on total pension liability	8,752,757	8,442,196	8,193,716
Differences between expected and actual experience	99,143	(814,859)	-
Changes in assumptions	-	(2,073,935)	-
Benefit payments, including refunds of employee contributions	(6,071,087)	(5,998,818)	(5,541,372)
Net Change in Total Pension Liability	<u>4,341,451</u>	<u>1,100,416</u>	<u>4,248,760</u>
Total Pension Liability - Beginning of Year	<u>116,571,209</u>	<u>115,470,793</u>	<u>111,222,033</u>
Total Pension Liability - End of Year (a)	<u>\$ 120,912,660</u>	<u>\$ 116,571,209</u>	<u>\$ 115,470,793</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 2,432,527	\$ 1,995,892	\$ 1,893,680
Contributions - employee	1,038,082	957,863	950,841
Net investment income	434,960	1,928,356	13,071,051
Net plan to plan resource movement	-	-	-
Benefit payments	(6,071,087)	(5,998,818)	(5,541,372)
Administrative expenses	(52,311)	(96,506)	-
Other miscellaneous expense	-	-	-
Net Change in Plan Fiduciary Net Position	<u>(2,217,829)</u>	<u>(1,213,213)</u>	<u>10,374,200</u>
Plan Fiduciary Net Position - Beginning of Year	<u>85,834,193</u>	<u>87,047,406</u>	<u>76,673,206</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 83,616,364</u>	<u>\$ 85,834,193</u>	<u>\$ 87,047,406</u>
Net Pension Liability - Ending (a)-(b)	<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	69.15%	73.63%	75.38%
Covered payroll	\$ 9,763,265	\$ 9,615,714	\$ 9,591,542
Net pension liability as percentage of covered payroll	382.01%	319.65%	296.34%

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

Fiscal year ended	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution (actuarially determined)	\$ 3,981,525	\$ 3,412,276	\$ 2,929,826
Contributions in relation to the actuarially determined contributions	<u>(3,981,525)</u>	<u>(3,412,276)</u>	<u>(2,929,826)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 11,271,384	\$ 10,695,620	\$ 10,046,950
Contributions as a percentage of covered payroll	35.32%	31.90%	29.16%
Notes to Schedule:			
Valuation Date	6/30/2017	6/30/2016	6/30/2015
Methods and Assumptions Used to Determine Contribution Rates:			
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)
Asset valuation method	Fair value	Fair value	Fair value
Inflation	2.625%	2.75%	2.75%
Salary increases	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)
Mortality	(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 six years are shown.

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

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 2,578,591	\$ 2,432,527	\$ 1,995,892
Contributions in relation to the actuarially determined contributions	<u>(2,578,591)</u>	<u>(2,432,527)</u>	<u>(1,995,892)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,109,723	\$ 9,763,265	\$ 9,615,714
Contributions as a percentage of covered payroll	25.51%	24.92%	20.76%
Notes to Schedule:			
Valuation Date	6/30/2014	6/30/2013	6/30/2012
	Entry age (1)	Entry age (1)	Entry age (1)
	Fair value	Fair value	15 Year Smoothed Market Method
	2.75% (2)	2.75% (2)	2.75% (2)
	7.50% (3) (4) (5)	7.50% (3) (4) (5)	7.50% (3) (4) (5)

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, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total Pension Liability:			
Interest on total pension liability	\$ 41,567	\$ 44,010	\$ 42,556
Differences between expected and actual experience	7,458	-	6,047
Changes in assumptions	241,624	59,655	(47,938)
Benefit payments, including refunds of employee contributions	<u>(53,752)</u>	<u>(52,698)</u>	<u>(51,665)</u>
Net Change in Total Pension Liability	236,897	50,967	(51,000)
Total Pension Liability - Beginning of Year	<u>1,214,286</u>	<u>1,163,319</u>	<u>1,214,319</u>
Total Pension Liability - End of Year (a)	<u>\$ 1,451,183</u>	<u>\$ 1,214,286</u>	<u>\$ 1,163,319</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 225,000	\$ 57,769	\$ 56,636
Net investment income	8,171	6,704	745
Administrative expenses	(12,645)	(3,077)	(3,018)
Benefit payments	<u>(53,752)</u>	<u>(52,698)</u>	<u>(51,665)</u>
Net Change in Plan Fiduciary Net Position	166,774	8,698	2,698
Plan Fiduciary Net Position - Beginning of Year	<u>95,461</u>	<u>86,763</u>	<u>84,065</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 262,235</u>	<u>\$ 95,461</u>	<u>\$ 86,763</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 1,188,948</u>	<u>\$ 1,118,825</u>	<u>\$ 1,076,556</u>
Plan fiduciary net position as a percentage of the total pension liability	18.07%	7.86%	7.46%
Covered payroll	N/A	N/A	N/A
Net pension (asset) liability as a percentage of covered payroll	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The discount rate utilized for the fiscal year ended June 30, 2019 and 2020 was 3.50% and 2.21%, respectively.

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

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

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Total Pension Liability:			
Interest on total pension liability	\$ 38,210	\$ 42,261	\$ 42,514
Differences between expected and actual experience	-	6,959	-
Changes in assumptions	(139,101)	229,573	78,569
Benefit payments, including refunds of employee contributions	<u>(50,652)</u>	<u>(49,658)</u>	<u>(48,685)</u>
Net Change in Total Pension Liability	(151,543)	229,135	72,398
Total Pension Liability - Beginning of Year	<u>1,365,862</u>	<u>1,136,727</u>	<u>1,064,329</u>
Total Pension Liability - End of Year (a)	<u>\$ 1,214,319</u>	<u>\$ 1,365,862</u>	<u>\$ 1,136,727</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 55,526	\$ 54,437	\$ 53,370
Net investment income	3,864	1,732	274
Administrative expenses	(2,957)	(2,899)	(2,843)
Benefit payments	<u>(50,652)</u>	<u>(49,658)</u>	<u>(48,685)</u>
Net Change in Plan Fiduciary Net Position	5,781	3,612	2,116
Plan Fiduciary Net Position - Beginning of Year	<u>78,284</u>	<u>74,672</u>	<u>72,556</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 84,065</u>	<u>\$ 78,284</u>	<u>\$ 74,672</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 1,130,254</u>	<u>\$ 1,287,578</u>	<u>\$ 1,062,055</u>
	6.92%	5.73%	6.57%
	N/A	N/A	N/A
	N/A	N/A	N/A

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

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 322,944	\$ 218,041	\$ 218,041
Contributions in relation to the actuarially determined contributions	<u>(225,000)</u>	<u>(57,769)</u>	<u>(56,636)</u>
Contribution deficiency (excess)	<u>\$ 97,944</u>	<u>\$ 160,272</u>	<u>\$ 161,405</u>
Covered payroll	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A
Notes to Schedule:			
Valuation Date	6/30/2020	06/30/2018	06/30/2018

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	4 years at June 30, 2018; 2 years at June 30, 2020
Asset valuation method	None
Inflation	N/A
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 six years are shown.

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

Fiscal year ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 154,322	\$ 154,322	\$ 129,852
Contributions in relation to the actuarially determined contributions	<u>(55,526)</u>	<u>(54,437)</u>	<u>(53,370)</u>
Contribution deficiency (excess)	<u>\$ 98,796</u>	<u>\$ 99,885</u>	<u>\$ 76,482</u>
Covered payroll	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A
	06/30/2016	06/30/2016	06/30/2015

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

Fiscal year end	June 30, 2020	June 30, 2019	June 30, 2018
Measurement date	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:			
Service cost	\$ 900,365	\$ 1,423,662	\$ 1,714,239
Interest on total OPEB liability	2,682,329	2,404,962	2,097,429
Actual versus expected experience	-	(3,363,382)	-
Assumption changes	319,291	(12,422,687)	(7,217,554)
Benefit payments	(2,713,253)	(2,714,471)	(2,725,171)
Net Change in Total OPEB Liability	1,188,732	(14,671,916)	(6,131,057)
Total OPEB Liability - Beginning of Year	52,439,373	67,111,289	73,242,346
Total OPEB Liability - End of Year (a)	\$ 53,628,105	\$ 52,439,373	\$ 67,111,289
Plan Fiduciary Net Position:			
Contributions - employer	\$ 2,963,253	\$ 5,322,361	\$ -
Net investment income	190,572	61,007	-
Benefit payments	(2,713,253)	(2,714,471)	-
Administrative expenses	(604)	(882)	-
Net Change in Plan Fiduciary Net Position	439,968	2,668,015	-
Plan Fiduciary Net Position - Beginning of Year	2,668,015	-	-
Plan Fiduciary Net Position - End of Year (b)	\$ 3,107,983	\$ 2,668,015	\$ -
Net OPEB Liability - Ending (a)-(b)	\$ 50,520,122	\$ 49,771,358	\$ 67,111,289
Plan fiduciary net position as a percentage of the total OPEB liability	5.80%	5.09%	0.00%
Covered - employee payroll	23,444,396	23,311,178	\$ 22,417,562
Net OPEB liability as percentage of covered - employee payroll	215.49%	213.51%	299.37%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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.

From fiscal year June 30, 2019 to June 30, 2020:

The discount rate was updated based on funding policy and crossover test from 5.16% to 5.11%.

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

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

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 3,835,000	\$ 3,689,000	\$ -
Contributions in relation to the actuarially determined contributions	<u>(3,026,173)</u>	<u>(2,963,253)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ 808,827</u>	<u>\$ 725,747</u>	<u>\$ -</u>
Covered - employee payroll	\$ 24,819,879	\$ 23,444,396	N/A
Contributions as a percentage of covered - employee payroll	12.19%	12.64%	N/A

Notes to Schedule:

Valuation Date	6/30/2018	6/30/2018	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

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

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

CITY OF WESTMINSTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Taxes	\$ 37,419,900	\$ 37,419,900	\$ 37,271,606	\$ (148,294)
Licenses and permits	872,000	1,102,000	1,231,688	129,688
Fines	885,000	885,000	631,030	(253,970)
Investment and rental	1,661,400	1,661,400	3,766,953	2,105,553
Intergovernmental	17,392,153	18,203,064	17,397,463	(805,601)
Charges for services	4,431,088	5,261,288	5,765,885	504,597
Other	331,668	336,668	522,574	185,906
TOTAL REVENUES	62,993,209	64,869,320	66,587,199	1,717,879
EXPENDITURES:				
Current:				
General government	4,738,708	6,689,368	6,294,179	395,189
Public safety	47,959,249	48,112,676	45,936,523	2,176,153
Public works	5,194,065	5,194,065	5,217,680	(23,615)
Community development	2,685,414	2,736,987	2,678,430	58,557
Community services	2,366,441	2,371,441	2,216,418	155,023
Capital outlay	-	-	29,412	(29,412)
TOTAL EXPENDITURES	62,943,877	65,104,537	62,372,642	2,731,895
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	49,332	(235,217)	4,214,557	4,449,774
OTHER FINANCING SOURCES (USES):				
Sale of equipment and property	6,500	6,500	708	(5,792)
Transfers in	-	15,046	15,046	-
Transfers out	(25,000)	(25,000)	(25,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(18,500)	(3,454)	(9,246)	(5,792)
NET CHANGE IN FUND BALANCE	30,832	(238,671)	4,205,311	4,443,982
FUND BALANCE - BEGINNING OF YEAR	25,931,446	25,931,446	25,931,446	-
FUND BALANCE - END OF YEAR	\$ 25,962,278	\$ 25,692,775	\$ 30,136,757	\$ 4,443,982

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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 120,000	\$ 120,000	\$ 114,669	\$ (5,331)
Intergovernmental	-	-	49,647	49,647
Other	1,387	1,387	1,387	-
TOTAL REVENUES	<u>121,387</u>	<u>121,387</u>	<u>165,703</u>	<u>44,316</u>
EXPENDITURES:				
Current:				
Community development	<u>1,574,799</u>	<u>7,015,323</u>	<u>540,062</u>	<u>6,475,261</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,453,412)	(6,893,936)	(374,359)	6,519,577
FUND BALANCE - BEGINNING OF YEAR	<u>25,730,496</u>	<u>25,730,496</u>	<u>25,730,496</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 24,277,084</u>	<u>\$ 18,836,560</u>	<u>\$ 25,356,137</u>	<u>\$ 6,519,577</u>

See accompanying note to required supplementary information.

CITY OF WESTMINSTER
BUDGETARY COMPARISON SCHEDULE
HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 1,756	\$ 1,756
Intergovernmental	2,370,266	2,370,266	1,322,788	(1,047,478)
TOTAL REVENUES	2,370,266	2,370,266	1,324,544	(1,045,722)
EXPENDITURES:				
Current:				
Community development	1,352,877	1,471,862	665,356	806,506
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,017,389	898,404	659,188	(239,216)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	14,482	14,482	-
Transfers out	(400,000)	(400,000)	(400,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(400,000)	(385,518)	(385,518)	-
NET CHANGE IN FUND BALANCE	617,389	512,886	273,670	(239,216)
FUND BALANCE - BEGINNING OF YEAR	366,430	366,430	366,430	-
FUND BALANCE - END OF YEAR	\$ 983,819	\$ 879,316	\$ 640,100	\$ (239,216)

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 4,773,030	\$ 4,773,030	\$ 4,615,458	\$ (157,572)
Investment and rental	46,000	46,000	123,957	77,957
Intergovernmental	805,758	805,758	1,323,771	518,013
Charges for services	383,000	383,000	387,800	4,800
Other	-	-	76,878	76,878
TOTAL REVENUES	6,007,788	6,007,788	6,527,864	520,076
EXPENDITURES:				
Current:				
Community development	1,879,721	1,915,721	1,798,627	117,094
Debt service:				
Principal retirement	103,199	103,199	103,199	-
Interest and fiscal charges	13,787	13,787	13,787	-
TOTAL EXPENDITURES	1,996,707	2,032,707	1,915,613	117,094
EXCESS OF REVENUES OVER EXPENDITURES	4,011,081	3,975,081	4,612,251	637,170
OTHER FINANCING SOURCES (USES):				
Transfers in	-	20	20	-
Transfers out	(8,040,227)	(8,078,505)	(3,643,365)	4,435,140
TOTAL OTHER FINANCING SOURCES (USES)	(8,040,227)	(8,078,485)	(3,643,345)	4,435,140
NET CHANGE IN FUND BALANCE	(4,029,146)	(4,103,404)	968,906	5,072,310
FUND BALANCE - BEGINNING OF YEAR	246,687	246,687	246,687	-
FUND BALANCE - END OF YEAR	\$ (3,782,459)	\$ (3,856,717)	\$ 1,215,593	\$ 5,072,310

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.

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, 2020**

	Special Revenue Funds		
	Parks Dedication	Special Police Services	Municipal Lighting
ASSETS			
Cash and investments	\$ 2,912,643	\$ 2,170,024	\$ 4,912,286
Receivables, net of allowance	-	31,785	19,369
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
TOTAL ASSETS	<u>\$ 2,912,643</u>	<u>\$ 2,201,809</u>	<u>\$ 4,931,655</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	\$ -	\$ 13,559	\$ 608
Deposits	-	33,377	-
TOTAL LIABILITIES	<u>-</u>	<u>46,936</u>	<u>608</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	-	4,464
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>46,936</u>	<u>5,072</u>
FUND BALANCES:			
Restricted for:			
Parks	2,912,643	-	-
Special police services	-	2,154,873	-
Municipal lighting	-	-	4,926,583
Other grants	-	-	-
Offsite drainage district	-	-	-
Debt service	-	-	-
Assigned:			
Community promotions	-	-	-
TOTAL FUND BALANCES	<u>2,912,643</u>	<u>2,154,873</u>	<u>4,926,583</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,912,643</u>	<u>\$ 2,201,809</u>	<u>\$ 4,931,655</u>

Special Revenue Funds (Continued)			Total
Other	Offsite	Community	Other
Grants	Drainage	Promotion	Governmental
	District		Funds
\$ 705,397	\$ 168,674	\$ 225,773	\$ 11,094,797
44,195	-	-	95,349
-	-	19	19
<u>\$ 749,592</u>	<u>\$ 168,674</u>	<u>\$ 225,792</u>	<u>\$ 11,190,165</u>
\$ 22,387	\$ -	\$ -	\$ 36,554
-	-	-	33,377
<u>22,387</u>	<u>-</u>	<u>-</u>	<u>69,931</u>
-	-	-	4,464
<u>22,387</u>	<u>-</u>	<u>-</u>	<u>74,395</u>
-	-	-	2,912,643
-	-	-	2,154,873
-	-	-	4,926,583
727,205	-	-	727,205
-	168,674	-	168,674
-	-	139,424	139,424
-	-	86,368	86,368
<u>727,205</u>	<u>168,674</u>	<u>225,792</u>	<u>11,115,770</u>
<u>\$ 749,592</u>	<u>\$ 168,674</u>	<u>\$ 225,792</u>	<u>\$ 11,190,165</u>

CITY OF WESTMINSTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the year ended June 30, 2020

	Special Revenue Funds		
	Parks Dedication	Special Police Services	Municipal Lighting
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,978,833
Investment and rental	81,399	35,474	115,453
Intergovernmental	-	458,322	-
Charges for services	2,897,607	4,106	-
Other	-	286,531	-
TOTAL REVENUES	<u>2,979,006</u>	<u>784,433</u>	<u>2,094,286</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	700,044	-
Community development	225,256	-	1,064,397
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>225,256</u>	<u>700,044</u>	<u>1,064,397</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,753,750</u>	<u>84,389</u>	<u>1,029,889</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	<u>(480,000)</u>	<u>-</u>	<u>(235,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(480,000)</u>	<u>-</u>	<u>(235,000)</u>
NET CHANGE IN FUND BALANCES	2,273,750	84,389	794,889
FUND BALANCES - BEGINNING OF YEAR	<u>638,893</u>	<u>2,070,484</u>	<u>4,131,694</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,912,643</u>	<u>\$ 2,154,873</u>	<u>\$ 4,926,583</u>

Special Revenue Funds (Continued)			Total
Other	Offsite	Community	Other
Grants	Drainage	Promotion	Governmental
	District		Funds
\$ -	\$ -	\$ -	\$ 1,978,833
11,045	3,173	130	246,674
680,128	-	-	1,138,450
-	6,916	-	2,908,629
23,946	-	-	310,477
<u>715,119</u>	<u>10,089</u>	<u>130</u>	<u>6,583,063</u>
12,387	-	-	12,387
-	-	-	700,044
137,940	504	851	1,428,948
330,987	-	-	330,987
39,000	-	-	39,000
-	-	122,386	122,386
-	-	16,350	16,350
<u>520,314</u>	<u>504</u>	<u>139,587</u>	<u>2,650,102</u>
194,805	9,585	(139,457)	3,932,961
-	-	60,000	60,000
(145,947)	-	-	(860,947)
<u>(145,947)</u>	<u>-</u>	<u>60,000</u>	<u>(800,947)</u>
48,858	9,585	(79,457)	3,132,014
678,347	159,089	305,249	7,983,756
<u>\$ 727,205</u>	<u>\$ 168,674</u>	<u>\$ 225,792</u>	<u>\$ 11,115,770</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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 35,000	\$ 35,000	\$ 81,399	\$ 46,399
Charges for services	50,000	2,700,000	2,897,607	197,607
TOTAL REVENUES	85,000	2,735,000	2,979,006	244,006
EXPENDITURES:				
Current:				
Community development	24,250	230,548	225,256	5,292
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	60,750	2,504,452	2,753,750	249,298
OTHER FINANCING USES:				
Transfers out	(480,000)	(480,000)	(480,000)	-
NET CHANGE IN FUND BALANCE	(419,250)	2,024,452	2,273,750	249,298
FUND BALANCE - BEGINNING OF YEAR	638,893	638,893	638,893	-
FUND BALANCE - END OF YEAR	\$ 219,643	\$ 2,663,345	\$ 2,912,643	\$ 249,298

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 20,700	\$ 20,700	\$ 35,474	\$ 14,774
Intergovernmental	342,442	510,442	458,322	(52,120)
Charges for services	2,000	2,000	4,106	2,106
Other	100,000	125,000	286,531	161,531
TOTAL REVENUES	465,142	658,142	784,433	126,291
EXPENDITURES:				
Current:				
Public safety	1,072,008	1,254,456	700,044	554,412
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(606,866)	(596,314)	84,389	680,703
FUND BALANCE - BEGINNING OF YEAR	2,070,484	2,070,484	2,070,484	-
FUND BALANCE - END OF YEAR	\$ 1,463,618	\$ 1,474,170	\$ 2,154,873	\$ 680,703

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,798,000	\$ 1,798,000	\$ 1,978,833	\$ 180,833
Investment and rental	50,000	50,000	115,453	65,453
TOTAL REVENUES	<u>1,848,000</u>	<u>1,848,000</u>	<u>2,094,286</u>	<u>246,286</u>
EXPENDITURES:				
Current:				
Community development	<u>984,400</u>	<u>996,400</u>	<u>1,064,397</u>	<u>(67,997)</u>
EXCESS OF REVENUES OVER EXPENDITURES	863,600	851,600	1,029,889	178,289
OTHER FINANCING USES:				
Transfers out	<u>(235,000)</u>	<u>(235,000)</u>	<u>(235,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	628,600	616,600	794,889	178,289
FUND BALANCE - BEGINNING OF YEAR	<u>4,131,694</u>	<u>4,131,694</u>	<u>4,131,694</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 4,760,294</u>	<u>\$ 4,748,294</u>	<u>\$ 4,926,583</u>	<u>\$ 178,289</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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 7,000	\$ 7,000	\$ 11,045	\$ 4,045
Intergovernmental	578,704	578,704	680,128	101,424
Other	16,012	16,012	23,946	7,934
TOTAL REVENUES	601,716	601,716	715,119	113,403
EXPENDITURES:				
Current:				
General government	42,813	77,813	12,387	65,426
Community development	206,053	206,053	137,940	68,113
Community services	351,603	351,603	330,987	20,616
Capital outlay	-	39,000	39,000	-
TOTAL EXPENDITURES	600,469	674,469	520,314	154,155
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,247	(72,753)	194,805	267,558
OTHER FINANCING USES:				
Transfers out	-	(187,114)	(145,947)	41,167
NET CHANGE IN FUND BALANCE	1,247	(259,867)	48,858	308,725
FUND BALANCE - BEGINNING OF YEAR	678,347	678,347	678,347	-
FUND BALANCE - END OF YEAR	\$ 679,594	\$ 418,480	\$ 727,205	\$ 308,725

**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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 2,000	\$ 2,000	\$ 3,173	\$ 1,173
Charges for services	2,000	2,000	6,916	4,916
TOTAL REVENUES	4,000	4,000	10,089	6,089
EXPENDITURES:				
Current:				
Community development	200	200	504	(304)
EXCESS OF REVENUES OVER EXPENDITURES	3,800	3,800	9,585	5,785
FUND BALANCE - BEGINNING OF YEAR	159,089	159,089	159,089	-
FUND BALANCE - END OF YEAR	<u>\$ 162,889</u>	<u>\$ 162,889</u>	<u>\$ 168,674</u>	<u>\$ 5,785</u>

**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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ -	\$ -	\$ 130	\$ 130
TOTAL REVENUES	-	-	130	130
EXPENDITURES:				
Current:				
Community development	2,500	2,500	851	1,649
Debt service:				
Principal retirement	122,386	122,386	122,386	-
Interest and fiscal charges	16,350	16,350	16,350	-
TOTAL EXPENDITURES	141,236	141,236	139,587	1,649
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(141,236)	(141,236)	(139,457)	1,779
OTHER FINANCING SOURCES:				
Transfers in	60,000	60,000	60,000	-
NET CHANGE IN FUND BALANCE	(81,236)	(81,236)	(79,457)	1,779
FUND BALANCE - BEGINNING OF YEAR	305,249	305,249	305,249	-
FUND BALANCE - END OF YEAR	\$ 224,013	\$ 224,013	\$ 225,792	\$ 1,779

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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, 2020

	Risk Management	Compensation/ Benefits
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 3,254,843	\$ 2,705,081
Accounts receivable	-	10,857
Prepaid items	-	-
Inventories	-	-
TOTAL CURRENT ASSETS	3,254,843	2,715,938
RESTRICTED ASSETS:		
Cash and investments	1,868,163	3,987,588
Cash and investments with fiscal agent	-	3,243,743
TOTAL RESTRICTED ASSETS	1,868,163	7,231,331
CAPITAL ASSETS:		
Construction in progress	-	-
Buildings	-	-
Improvements other than buildings	-	-
Vehicles	-	-
Machinery and equipment	-	-
Office furniture, computers and equipment	-	-
Leased property	-	-
TOTAL CAPITAL ASSETS	-	-
Less accumulated depreciation	-	-
NET CAPITAL ASSETS	-	-
TOTAL ASSETS	5,123,006	9,947,269
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	-	-

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 1,834,736	\$ 619,877	\$ 8,414,537
-	398	11,255
144,433	-	144,433
13,917	-	13,917
<u>1,993,086</u>	<u>620,275</u>	<u>8,584,142</u>
726,778	245,145	6,827,674
-	-	3,243,743
<u>726,778</u>	<u>245,145</u>	<u>10,071,417</u>
91,555	-	91,555
-	4,575,005	4,575,005
585,555	37,300	622,855
2,685,847	-	2,685,847
788,632	83,141	871,773
2,573,121	289,491	2,862,612
2,468,750	-	2,468,750
<u>9,193,460</u>	<u>4,984,937</u>	<u>14,178,397</u>
<u>(6,856,708)</u>	<u>(2,376,740)</u>	<u>(9,233,448)</u>
<u>2,336,752</u>	<u>2,608,197</u>	<u>4,944,949</u>
<u>5,056,616</u>	<u>3,473,617</u>	<u>23,600,508</u>
<u>1,994</u>	<u>45,623</u>	<u>47,617</u>

CITY OF WESTMINSTER
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
June 30, 2020

	Risk Management	Compensation/ Benefits
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 85,950	\$ 11,310
Claims payable	445,553	1,937,586
Compensated absences	-	2,038,692
Leases payable	-	-
Certificates of participation	-	-
TOTAL CURRENT LIABILITIES	531,503	3,987,588
LONG-TERM LIABILITIES:		
Claims payable	1,336,660	5,812,757
Compensated absences	-	331,880
Leases payable	-	-
Certificates of participation	-	-
TOTAL LONG-TERM LIABILITIES	1,336,660	6,144,637
TOTAL LIABILITIES	1,868,163	10,132,225
NET POSITION:		
Net investment in capital assets	-	-
Restricted for pension benefits	-	3,243,743
Unrestricted	3,254,843	(3,428,699)
TOTAL NET POSITION	\$ 3,254,843	\$ (184,956)

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 117,142	\$ 114,881	\$ 329,283
-	-	2,383,139
82,730	42,916	2,164,338
515,413	-	515,413
11,493	87,348	98,841
<u>726,778</u>	<u>245,145</u>	<u>5,491,014</u>
-	-	7,149,417
13,468	6,986	352,334
916,426	-	916,426
12,007	91,259	103,266
<u>941,901</u>	<u>98,245</u>	<u>8,521,443</u>
<u>1,668,679</u>	<u>343,390</u>	<u>14,012,457</u>
883,407	2,475,213	3,358,620
-	-	3,243,743
2,506,524	700,637	3,033,305
<u>\$ 3,389,931</u>	<u>\$ 3,175,850</u>	<u>\$ 9,635,668</u>

CITY OF WESTMINSTER
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2020

	Risk Management	Compensation/ Benefits
OPERATING REVENUES:		
Charges for services	\$ 2,017,000	\$ 1,755,689
Other	118	278,199
TOTAL OPERATING REVENUES	2,017,118	2,033,888
OPERATING EXPENSES:		
Salaries	-	-
Maintenance and operations	32,260	74,400
Insurance premiums and legal fees	1,375,820	234,463
Claims and benefits	(242,789)	1,210,408
Depreciation and amortization	-	-
TOTAL OPERATING EXPENSES	1,165,291	1,519,271
OPERATING INCOME (LOSS)	851,827	514,617
NONOPERATING REVENUES (EXPENSES):		
Intergovernmental	-	-
Investment income	-	139,261
Interest and fiscal charges	-	-
Loss on sale of property and equipment	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	139,261
NET INCOME (LOSS) BEFORE TRANSFERS	851,827	653,878
TRANSFERS:		
Transfers in	-	-
Transfers out	-	-
TOTAL TRANSFERS	-	-
CHANGE IN NET POSITION	851,827	653,878
NET POSITION - BEGINNING OF YEAR	2,403,016	(838,834)
NET POSITION - END OF YEAR	\$ 3,254,843	\$ (184,956)

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 3,148,574	\$ 2,157,700	\$ 9,078,963
37,737	8,313	324,367
<u>3,186,311</u>	<u>2,166,013</u>	<u>9,403,330</u>
1,303,429	704,869	2,008,298
1,433,591	1,393,514	2,933,765
-	-	1,610,283
-	-	967,619
<u>1,177,761</u>	<u>162,200</u>	<u>1,339,961</u>
<u>3,914,781</u>	<u>2,260,583</u>	<u>8,859,926</u>
<u>(728,470)</u>	<u>(94,570)</u>	<u>543,404</u>
212,051	-	212,051
112,504	36,049	287,814
(2,437)	(34,644)	(37,081)
<u>(217,822)</u>	<u>-</u>	<u>(217,822)</u>
<u>104,296</u>	<u>1,405</u>	<u>244,962</u>
<u>(624,174)</u>	<u>(93,165)</u>	<u>788,366</u>
335,832	-	335,832
<u>(462,051)</u>	<u>(30,000)</u>	<u>(492,051)</u>
<u>(126,219)</u>	<u>(30,000)</u>	<u>(156,219)</u>
(750,393)	(123,165)	632,147
<u>4,140,324</u>	<u>3,299,015</u>	<u>9,003,521</u>
<u>\$ 3,389,931</u>	<u>\$ 3,175,850</u>	<u>\$ 9,635,668</u>

CITY OF WESTMINSTER
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2020

	Risk Management	Compensation/ Benefits
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts for interfund services	\$ 2,117,118	\$ 2,078,780
Payments to suppliers	(1,623,080)	(1,355,734)
Payments to employees	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	494,038	723,046
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash paid to other funds	-	-
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Proceeds from capital grant	-	-
Acquisition of capital assets	-	-
Proceeds from sale of assets	-	-
Proceeds from capital lease	-	-
Principal payments on capital leases	-	-
Principal payments on bonds	-	-
Interest and fiscal charges	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	139,261
NET (INCREASE) DECREASE IN CASH AND CASH EQUIVALENTS	494,038	862,307
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,628,968	9,074,105
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,123,006	\$ 9,936,412
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE COMBINING STATEMENT OF NET POSITION:		
Current assets - cash and investments	\$ 3,254,843	\$ 2,705,081
Restricted assets - cash and investments	1,868,163	3,987,588
Restricted assets - cash and investments with fiscal agent	-	3,243,743
TOTAL CASH AND CASH EQUIVALENTS	\$ 5,123,006	\$ 9,936,412
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 851,827	\$ 514,617
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	100,000	44,892
(Increase) decrease in prepaid items	-	23,516
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and other liabilities	(124,451)	649
Increase (decrease) in claims payable	(333,338)	(115,317)
Increase (decrease) in compensated absences payable	-	254,689
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 494,038	\$ 723,046

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 3,191,410	\$ 2,166,412	\$ 9,553,720
(1,614,270)	(1,328,451)	(5,921,535)
<u>(1,310,667)</u>	<u>(686,245)</u>	<u>(1,996,912)</u>
266,473	151,716	1,635,273
<u>(462,051)</u>	<u>(30,000)</u>	<u>(492,051)</u>
<u>(462,051)</u>	<u>(30,000)</u>	<u>(492,051)</u>
335,832	-	335,832
212,051	-	212,051
(612,620)	-	(612,620)
13,461	-	13,461
311,464	-	311,464
(696,329)	-	(696,329)
(10,978)	(83,437)	(94,415)
<u>(1,429)</u>	<u>(10,860)</u>	<u>(12,289)</u>
<u>(448,548)</u>	<u>(94,297)</u>	<u>(542,845)</u>
112,504	36,049	287,814
(531,622)	63,468	888,191
<u>3,093,136</u>	<u>801,554</u>	<u>17,597,763</u>
<u>\$ 2,561,514</u>	<u>\$ 865,022</u>	<u>\$ 18,485,954</u>
\$ 1,834,736	\$ 619,877	\$ 8,414,537
726,778	245,145	6,827,674
-	-	3,243,743
<u>\$ 2,561,514</u>	<u>\$ 865,022</u>	<u>\$ 18,485,954</u>
\$ (728,470)	\$ (94,570)	\$ 543,404
1,177,761	162,200	1,339,961
5,099	399	150,390
(144,433)	-	(120,917)
(939)	-	(939)
(35,307)	65,063	(94,046)
-	-	(448,655)
<u>(7,238)</u>	<u>18,624</u>	<u>266,075</u>
<u>\$ 266,473</u>	<u>\$ 151,716</u>	<u>\$ 1,635,273</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, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
ASSETS:				
Restricted cash and investments	<u>\$ 8,667</u>	<u>\$ -</u>	<u>\$ 8,667</u>	<u>\$ -</u>
LIABILITIES:				
Due to bondholders	<u>\$ 8,667</u>	<u>\$ -</u>	<u>\$ 8,667</u>	<u>\$ -</u>

STATISTICAL SECTION

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Description of Statistical Section Contents

June 30, 2020

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.	144 - 153
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City’s most significant local revenue sources.	154 - 167
<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.	168 - 174
<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.	175 - 176
<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.	177 - 179

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

	Fiscal Year Ended June 30,			
	2020	2019	2018	2017
Governmental activities:				
Invested in capital assets, net of related debt	\$ 192,927,504	\$ 200,733,298	\$ 217,710,821	\$ 227,269,999
Restricted	41,489,439	36,240,191	37,011,787	27,073,245
Unrestricted	<u>(83,173,275)</u>	<u>(82,197,759)</u>	<u>(100,941,993)</u>	<u>(52,891,903)</u>
Total governmental activities net assets:	<u>\$ 151,243,668</u>	<u>\$ 154,775,730</u>	<u>\$ 153,780,615</u>	<u>\$ 201,451,341</u>
Business-type activity:				
Invested in capital assets, net of related debt	\$ 27,223,005	\$ 28,383,603	\$ 26,175,414	\$ 28,530,266
Restricted	-	117,132	114,589	113,146
Unrestricted	<u>5,941,410</u>	<u>2,719,644</u>	<u>3,436,021</u>	<u>6,047,304</u>
Total business-type activity net assets:	<u>\$ 33,164,415</u>	<u>\$ 31,220,379</u>	<u>\$ 29,726,024</u>	<u>\$ 34,690,716</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 220,150,509	\$ 229,116,901	\$ 243,886,235	\$ 255,800,265
Restricted	41,489,439	36,357,323	37,126,376	27,186,391
Unrestricted	<u>(77,231,865)</u>	<u>(79,478,115)</u>	<u>(97,505,972)</u>	<u>(46,844,599)</u>
Total primary government net assets:	<u>\$ 184,408,083</u>	<u>\$ 185,996,109</u>	<u>\$ 183,506,639</u>	<u>\$ 236,142,057</u>

Source: City Finance Department

Fiscal Year Ended June 30,					
2016	2015	2014	2013	2012	2011
\$ 232,222,529	\$ 205,398,439	\$ 212,179,772	\$ 233,128,695	\$ 224,286,618	\$ 130,622,799
18,560,287	18,906,200	20,922,791	18,418,248	14,770,657	81,222,098
<u>(45,089,856)</u>	<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>\$ 205,692,960</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>
\$ 29,107,174	\$ 28,666,666	\$ 28,061,606	\$ 27,137,496	\$ 27,240,106	\$ 27,813,299
112,665	112,548	113,103	113,158	113,158	113,160
<u>6,152,733</u>	<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>\$ 35,372,572</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>
\$ 261,329,703	\$ 234,065,105	\$ 240,241,378	\$ 260,266,191	\$ 251,526,724	\$ 158,436,098
18,672,952	19,018,748	21,035,894	18,531,406	14,883,815	81,335,258
<u>(38,937,123)</u>	<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>\$ 241,065,532</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>

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

	Fiscal Year Ended June 30,			
	2020	2019	2018	2017
Expenses:				
Governmental activities:				
General government	\$ 6,788,590	\$ 4,827,179	\$ 5,401,118	\$ 4,350,036
Public safety	51,215,645	49,134,686	46,362,520	43,809,880
Public works	13,747,708	13,854,705	13,934,252	11,583,654
Community development	10,081,232	4,845,123	5,847,143	7,625,758
Community services	3,245,549	3,497,900	3,604,104	2,893,874
Interest on long-term debt	66,480	90,161	114,028	142,149
Total governmental activities expenses	<u>85,145,204</u>	<u>76,249,754</u>	<u>75,263,165</u>	<u>70,405,351</u>
Business-type activity:				
Water enterprise	15,820,968	15,504,540	16,377,091	14,045,523
Total business-type activity expenses	<u>15,820,968</u>	<u>15,504,540</u>	<u>16,377,091</u>	<u>14,045,523</u>
Total primary government expenses	<u>100,966,172</u>	<u>91,754,294</u>	<u>91,640,256</u>	<u>84,450,874</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,266,362	1,149,664	1,690,706	1,231,459
Public safety	4,076,533	3,875,102	3,661,542	3,487,204
Public works	820,428	411,959	587,671	951,852
Community development	6,602,076	2,109,265	2,641,720	3,546,329
Community services	151,858	206,660	202,353	223,802
Operating grants and contributions	9,411,769	7,809,684	6,950,890	9,141,531
Capital grants and contributions	371,229	110,317	61,823	72,760
Total governmental activities program revenues	<u>22,700,255</u>	<u>15,672,651</u>	<u>15,796,705</u>	<u>18,654,937</u>
Business-type activities:				
Charges for services:				
Water enterprise	17,569,859	16,880,396	16,198,871	13,319,917
Total business-type activity program revenues	<u>17,569,859</u>	<u>16,880,396</u>	<u>16,198,871</u>	<u>13,319,917</u>
Total primary government program revenues	<u>40,270,114</u>	<u>32,553,047</u>	<u>31,995,576</u>	<u>31,974,854</u>
Net revenues (expenses):				
Governmental activities	(62,444,949)	(60,577,103)	(59,466,460)	(51,750,414)
Business-type activity	1,748,891	1,375,856	(178,220)	(725,606)
Total net revenues (expenses)	<u>(60,696,058)</u>	<u>(59,201,247)</u>	<u>(59,644,680)</u>	<u>(52,476,020)</u>

Source: City Finance Department

Fiscal Year Ended June 30,					
2016	2015	2014	2013	2012	2011
\$ 3,595,489	\$ 3,280,458	\$ 3,312,809	\$ 3,145,098	\$ 1,904,232	\$ 11,836,459
44,860,014	40,616,802	44,091,261	38,072,257	39,706,407	37,050,903
11,596,949	11,358,510	12,016,265	11,889,094	12,138,788	10,839,138
8,276,191	8,417,841	7,843,505	5,393,309	11,110,694	14,699,366
3,021,121	2,854,580	2,863,068	2,722,324	2,874,153	2,977,448
164,648	185,852	201,770	218,241	4,624,156	6,135,877
<u>71,514,412</u>	<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>13,600,864</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>13,600,864</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>85,115,276</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>
1,494,713	1,708,850	1,723,410	1,332,542	1,393,011	947,291
2,816,217	2,901,892	3,152,528	2,392,084	2,399,733	2,963,243
1,267,530	1,535,590	1,505,347	1,529,292	1,911,770	1,301,079
3,219,518	2,583,435	2,253,350	2,192,448	1,367,032	1,638,817
280,281	351,225	358,651	328,483	378,061	388,247
6,984,437	8,827,408	8,656,867	7,357,298	9,931,063	11,945,008
7,548,627	16,638,708	3,435,672	13,785,183	8,122,092	1,171,634
<u>23,611,323</u>	<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>12,731,731</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>12,731,731</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>36,343,054</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>
(47,903,089)	(32,166,935)	(49,242,853)	(32,522,993)	(46,855,668)	(63,183,872)
(869,133)	576,654	1,862,216	2,600,704	2,769,089	2,109,808
<u>(48,772,222)</u>	<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>

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

	Fiscal Year Ended June 30,			
	2020	2019	2018	2017
General revenues and other changes in net assets:				
Governmental revenues:				
Unrestricted taxes:				
Transactions and use taxes	\$ 12,764,803	\$ 13,538,135	\$ 12,138,125	\$ 3,064,761
Property taxes, levied for general purposes	18,970,784	19,374,827	17,358,075	15,727,357
Utility users taxes	4,329,225	4,411,518	4,557,811	4,496,482
Motor vehicle taxes	-	-	-	-
Other taxes	3,185,627	3,562,629	3,627,884	3,489,715
Unrestricted investment earnings	3,469,077	3,103,684	(41,593)	(108,819)
Intergovernmental revenue - sales taxes	16,158,371	17,511,972	16,663,263	17,663,949
Transfers	35,000	69,453	35,000	35,000
Extraordinary item	-	-	-	1,677,350
Total governmental activities	<u>58,912,887</u>	<u>61,572,218</u>	<u>54,338,565</u>	<u>46,045,795</u>
Business-type activity:				
Unrestricted investment earnings	230,145	187,952	128,409	78,750
Miscellaneous	-	-	-	-
Transfers	<u>(35,000)</u>	<u>(69,453)</u>	<u>(35,000)</u>	<u>(35,000)</u>
Total business-type activity	<u>195,145</u>	<u>118,499</u>	<u>93,409</u>	<u>43,750</u>
Total primary government	<u>59,108,032</u>	<u>61,690,717</u>	<u>54,431,974</u>	<u>46,089,545</u>
Changes in net assets				
Governmental activities	(3,532,062)	995,115	(5,127,895)	(5,704,619)
Business-type activity	<u>1,944,036</u>	<u>1,494,355</u>	<u>(84,811)</u>	<u>(681,856)</u>
Total primary government	<u>\$ (1,588,026)</u>	<u>\$ 2,489,470</u>	<u>\$ (5,212,706)</u>	<u>\$ (6,386,475)</u>

Source: City Finance Department

Fiscal Year Ended June 30,					
2016	2015	2014	2013	2012	2011
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,186,466	13,867,837	13,038,715	16,304,916	25,159,373	47,004,633
4,595,948	4,917,994	5,063,905	4,928,588	5,020,744	5,082,094
-	38,642	40,004	48,337	46,649	1,214,413
3,558,019	3,340,556	3,205,784	3,110,512	3,020,103	2,199,984
965,817	550,512	632,038	(222,757)	1,266,006	1,885,429
16,044,115	15,749,960	15,523,825	13,931,661	12,994,495	13,164,455
35,000	(4,525,088)	660,654	3,385,481	597,070	587,053
27,168,081	(16,963,040)	(19,235,515)	-	31,260,193	-
<u>67,553,446</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>
117,837	108,353	36,327	86,479	72,467	72,561
-	-	-	-	-	-
<u>(35,000)</u>	<u>4,525,088</u>	<u>(660,654)</u>	<u>(3,385,481)</u>	<u>(597,070)</u>	<u>(587,052)</u>
<u>82,837</u>	<u>4,633,441</u>	<u>(624,327)</u>	<u>(3,299,002)</u>	<u>(524,603)</u>	<u>(514,491)</u>
<u>67,636,283</u>	<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>
19,650,357	(15,189,562)	(30,313,443)	8,963,745	32,508,965	7,954,189
(786,296)	5,210,095	1,237,889	(698,298)	2,244,486	1,595,317
<u>\$ 18,864,061</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>

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

	Fiscal Year Ended June 30,			
	2020	2019	2018	2017
General fund:				
Nonspendable	\$ 182,248	\$ 67,076	\$ 60,471	\$ 33,695
Committed	10,603,349	10,141,831	9,561,065	9,197,836
Assigned	2,696,420	2,696,420	2,696,420	2,696,420
Unassigned	16,654,740	13,026,119	11,346,148	8,904,597
Total general fund	<u>\$ 30,136,757</u>	<u>\$ 25,931,446</u>	<u>\$ 23,664,104</u>	<u>\$ 20,832,548</u>
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ 12,675	\$ -
Restricted	38,241,232	34,160,856	37,683,195	36,772,473
Assigned	39,666,673	44,007,432	22,077,035	15,774,481
Unassigned	-	-	(460,469)	(186,360)
Total all other governmental funds	<u>\$ 77,907,905</u>	<u>\$ 78,168,288</u>	<u>\$ 59,312,436</u>	<u>\$ 52,360,594</u>

Source: City Finance Department

Fiscal Year Ended June 30,					
2016	2015	2014	2013	2012	2011
\$ 27,125	\$ 47,687	\$ 52,290	\$ 33,750	\$ 39,055	\$ 9,944
-	-	-	-	-	-
-	-	-	-	-	-
<u>22,473,917</u>	<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>\$ 22,501,042</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>
\$ -	\$ -	\$ 25,919,581	\$ 27,491,378	\$ 27,633,116	\$ 27,768,885
33,487,248	32,727,621	9,454,051	7,015,881	5,761,682	109,183,565
18,513,114	20,118,196	22,643,343	21,114,572	19,901,437	22,253,296
(1,894,658)	(261,909)	(753,634)	-	(1,391,240)	(6,145,831)
<u>\$ 50,105,704</u>	<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>

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

	Fiscal Year Ended June 30,			
	2020	2019	2018	2017
Revenues:				
Taxes	\$ 43,865,897	\$ 45,968,953	\$ 41,667,325	\$ 30,849,080
Licenses and permits	1,231,688	792,649	859,108	847,246
Fines	631,030	669,359	771,613	888,134
Investment and rental	4,499,042	4,059,519	1,255,074	849,487
Intergovernmental	21,232,119	21,010,794	19,920,479	21,766,716
Charges for services	9,062,314	4,641,153	5,464,976	6,798,588
Other	911,316	454,798	617,706	1,071,736
Total revenues	81,433,406	77,597,225	70,556,281	63,070,987
Expenditures				
Current:				
General government	6,306,566	4,338,833	4,453,928	4,193,584
Public safety	46,636,567	46,341,940	43,249,561	40,378,014
Public works	5,217,680	4,965,284	4,753,540	4,163,081
Community development	8,486,974	7,527,068	7,314,064	6,464,433
Community services	2,547,405	2,712,756	2,651,021	2,456,758
Capital outlay	8,229,491	5,280,934	4,509,240	7,443,447
Debt service:				
Principal retirement	225,585	433,547	419,446	401,823
Interest and fiscal charges	30,137	47,478	65,257	84,348
Bond issuance cost	-	-	-	-
Total expenditures	77,680,405	71,647,840	67,416,057	65,585,488
Excess (deficiency) of revenues over (under) expenditures	3,753,001	5,949,385	3,140,224	(2,514,501)
Other financing sources (uses):				
Sale of equipment and property	708	14,480,481	6,007,963	6,233
Issuance of notes and bonds	-	-	-	-
Transfers in	5,470,865	14,236,299	14,058,427	8,875,548
Transfers out	(5,279,646)	(13,542,971)	(13,424,216)	(8,921,234)
Total other financing sources (uses)	191,927	15,173,809	6,642,174	(39,453)
Net change in fund balances, before extraordinary item	3,944,928	21,123,194	9,782,398	(2,553,954)
Extraordinary item	-	-	-	1,677,350
Net change in fund balances	\$ 3,944,928	\$ 21,123,194	\$ 9,782,398	\$ (876,604)
Debt service as a percentage of noncapital expenditures	0.4%	0.7%	0.7%	0.8%

Source: City Finance Department

Fiscal Year Ended June 30,					
2016	2015	2014	2013	2012	2011
\$ 27,374,545	\$ 25,593,873	\$ 24,223,416	\$ 27,359,600	\$ 35,569,671	\$ 60,339,619
924,622	841,683	590,133	562,390	534,216	530,628
981,486	1,054,360	1,056,336	842,025	880,510	1,110,773
1,895,092	1,461,106	1,530,365	642,884	2,310,873	2,490,896
19,286,430	21,163,169	20,579,512	18,818,714	20,999,775	20,743,088
7,223,368	7,053,125	7,374,392	6,465,147	6,695,115	7,329,150
648,332	499,627	814,517	537,382	1,759,189	822,043
<u>58,333,875</u>	<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>
2,854,956	2,837,553	2,645,794	2,731,616	2,038,157	12,752,912
39,667,745	38,154,641	36,080,703	35,564,705	36,150,994	35,095,326
4,120,634	4,059,709	3,988,725	4,143,916	4,193,485	3,461,921
7,152,897	7,352,977	6,246,260	4,890,935	9,904,011	11,816,018
2,548,588	2,350,030	2,198,832	2,091,606	2,149,528	2,315,418
9,043,703	4,565,323	5,875,873	5,977,328	20,989,342	66,502,982
384,200	370,100	356,001	345,427	1,829,853	1,766,260
99,875	114,819	125,661	136,065	3,638,255	5,718,439
-	-	-	-	-	772,601
<u>65,872,598</u>	<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>(7,538,723)</u>	<u>(2,138,209)</u>	<u>(1,349,178)</u>	<u>(653,456)</u>	<u>(12,144,276)</u>	<u>(46,835,680)</u>
8,073	10,414	7,202	10,275	14,813	1,846,367
-	-	-	-	-	40,265,000
6,281,711	11,444,395	11,883,373	12,236,170	28,706,358	49,301,182
<u>(6,181,505)</u>	<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>108,279</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>(7,430,444)</u>	<u>(6,720,525)</u>	<u>(912,097)</u>	<u>2,750,205</u>	<u>(9,614,080)</u>	<u>(4,349,441)</u>
<u>5,336,436</u>	<u>-</u>	<u>796,610</u>	<u>-</u>	<u>(91,989,516)</u>	<u>-</u>
<u>\$ (2,094,008)</u>	<u>\$ (6,720,525)</u>	<u>\$ (115,487)</u>	<u>\$ 2,750,205</u>	<u>\$ (101,603,596)</u>	<u>\$ (4,349,441)</u>
0.8%	0.9%	0.9%	1.0%	8.9%	10.4%

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

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
City Direct Rate:										
City basic rate	0.09443	0.09443	0.09443	0.09443	0.09443	0.09443	0.09443	0.09443	0.09443	0.09443
Redevelopment agency	0.00394	0.00397	0.00066	0.00066	0.00066	0.00066	0.00066	0.48930	0.48394	0.47443
Total City Direct Rate	0.09837	0.09840	0.09509	0.09509	0.09509	0.09509	0.09509	0.58373	0.57837	0.56886
Overlapping Rates:										
Special Districts	0.04380	0.04380	0.04400	0.04380	0.04380	0.04400	0.04400	0.04400	0.04380	0.04400
County of Orange	0.15487	0.15487	0.15277	0.15487	0.15487	0.15277	0.15277	0.15277	0.15490	0.15277
School Districts	0.70690	0.70700	0.70980	0.70690	0.70690	0.70980	0.70980	0.70980	0.70690	0.70980
Total Direct Rate	1.00000	1.00010	1.00100	1.00000	1.00000	1.00100	1.00100	1.00100	1.00003	1.00100

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 2019/2020 Annual Tax Increment Tables
HdL, Coren & Cone

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

Taxpayer	2020		2011	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Westminster Mall LLC	\$ 140,193,200	1.46%	\$ -	0.00%
WRI West Gate South LP	76,462,107	0.80%	-	0.00%
FG Goldenwest Senior Apartments LP	67,261,173	0.70%	-	0.00%
PK I Pavilions Place LP	65,807,238	0.68%	47,856,220	0.71%
Land Partners Company	51,609,015	0.54%	-	0.00%
An Tang Dao Trust	50,082,073	0.52%	-	0.00%
Jasmine Place Associates LLC	48,019,836	0.50%	-	0.00%
Turbulent Enterprises LP	44,615,718	0.46%	-	0.00%
WRW Properties LLC	44,506,165	0.46%	-	0.00%
Villa Pacific Townhomes Investment LP	37,927,717	0.39%	-	0.00%
Retail Property Trust	-	0.00%	97,628,008	1.44%
WRI Golden State South	-	0.00%	65,716,068	0.97%
Asian Garden Limited	-	0.00%	41,155,969	0.61%
CPII Park Lane LLC	-	0.00%	29,033,056	0.43%
Mary Warne-Parks Trust-Bolsa-Bushard	-	0.00%	25,936,225	0.38%
Macys California Realty LLC	-	0.00%	24,710,555	0.36%
Springdale Villa LP	-	0.00%	24,439,444	0.36%
Avalon Center at Garden Grove	-	0.00%	21,440,000	0.32%
Delma Corporation	-	0.00%	20,477,882	0.30%
	<u>\$ 626,484,242</u>	<u>6.51%</u>	<u>\$ 398,393,427</u>	<u>5.88%</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
2020	\$ 2,488,601	\$ 2,465,478	99.07%	\$ 2,465,478	99.07%
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%

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	
2020	\$ 3,068,997,732	\$ 101,438,368	\$ 82,540,972	\$ 3,087,895,128
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

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 2020/19 Combined Tax Rolls
Orange County Auditor Controller

Redevelopment Agency				
Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
\$ 9,784,074,905	\$ 172,273,238	\$ 170,043,868	\$ 9,786,304,275	9.83700% *
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%

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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
2020	\$ 16,158,371	\$ 12,764,803	\$ 18,970,784	\$ 4,329,225	\$ 1,306,371	\$ 1,180,939	\$ 698,317	\$ 55,408,810
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

*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			
	2019	2018	2017	2016
Apparel Stores	\$ 58,130	\$ 63,429	\$ 62,984	\$ 68,310
General Merchandise	200,701	209,888	218,329	228,899
Food Stores	43,787	45,523	43,289	42,464
Eating and Drinking Places	190,430	189,296	184,474	170,304
Building Materials	124,828	128,353	115,548	95,642
Auto Dealers and Supplies	438,965	448,208	447,791	453,185
Service Stations	103,581	115,353	105,133	96,168
Other Retail Stores	198,330	225,518	225,287	229,420
All Other Outlets	338,294	296,807	284,566	296,228
	<u>\$ 1,697,046</u>	<u>\$ 1,722,375</u>	<u>\$ 1,687,401</u>	<u>\$ 1,680,620</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, and the I

Calendar Years						
2015	2014	2013	2012	2011	2010	
\$ 70,768	\$ 73,730	\$ 74,280	\$ 67,173	\$ 67,228	\$ 65,421	
209,801	215,447	225,258	228,156	237,408	239,068	
42,548	43,129	42,086	42,831	42,525	39,413	
158,720	151,288	141,528	128,108	117,620	112,920	
89,293	75,341	70,814	65,448	81,932	88,061	
417,142	341,467	357,507	294,940	228,012	214,227	
117,433	144,742	149,043	153,040	143,671	122,914	
216,333	208,819	209,440	207,822	205,911	198,156	
281,701	264,968	233,252	195,909	182,806	177,688	
<u>\$ 1,603,739</u>	<u>\$ 1,518,931</u>	<u>\$ 1,503,208</u>	<u>\$ 1,383,427</u>	<u>\$ 1,307,113</u>	<u>\$ 1,257,868</u>	
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	

HdL Companies

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

<u>Category</u>	<u>Calendar Year 2020</u>			<u>Calendar Year 2010</u>		
	<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	\$ 438,965	1	25.87%	\$ 214,227	2	17.03%
All Other Outlets	338,294	2	19.93%	177,688	4	14.13%
General Merchandise	200,701	3	11.83%	239,068	1	19.01%
Other Retail Stores	198,330	4	11.69%	198,156	2	15.75%
Eating and Drinking Places	190,430	5	11.22%	112,920	6	8.98%
Building Materials	124,828	6	7.36%	88,061	7	7.00%
Service Stations	103,581	7	6.10%	122,914	5	9.77%
Apparel Stores	58,130	8	3.43%	65,421	8	5.20%
Food Stores	43,787	9	2.58%	39,413	9	3.13%

Source: State of California Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, and the HdL Companies

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

Water Customer	2020		2011	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
City of Westminster	\$ 417,801	2.43%	\$ 221,072	1.58%
Los Alisos	243,915	1.42%	-	0.00%
Arnel Mangement	242,097	1.41%	182,320	1.30%
Westminster School District	190,831	1.11%	107,893	0.77%
Huntington Beach Union High School	129,347	0.75%	84,813	0.61%
Westminster Village HOA	117,950	0.69%	74,249	0.53%
Garden Grove Unified	102,483	0.60%	104,691	0.75%
Kindred Hospital Westminster	90,099	0.52%	-	0.00%
LLC Site #4842 Westmisnter Mall	87,274	0.51%	-	0.00%
Mission Del Amo Mobile Home Park	76,001	0.44%	71,034	0.51%
Prado Verde Estates	70,807	0.41%	-	0.00%
Cal-Trans D12	62,002	0.36%	-	0.00%
Rancho del Sol	59,514	0.35%	-	0.00%
Windmill Landmark	58,890	0.34%	-	0.00%
Tres Vidas Apartments	56,581	0.33%	59,009	0.42%
Pembrook Management Inc.	-	0.00%	58,542	0.42%
Park Lane Town Home	-	0.00%	57,100	0.41%
Total	<u>\$ 2,005,592</u>		<u>\$ 1,020,723</u>	
Total Metered Water Sales	<u>\$ 17,163,423</u>		<u>\$ 13,978,163</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>
2020	9.19	3.16
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

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	
2020	\$ 12,763,476	\$ 124,026	\$ 2,783,001	\$ 163,067	\$ 15,833,570
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

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				
	Tax Allocation Bonds	Leases Payable	Certificates of Participation	Notes Payable	Total Governmental Activities
2020	\$ -	\$ 1,431,839	\$ 685,000	\$ -	\$ 2,116,839
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

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
\$ 1,260,000	\$ 1,072,928	\$ 2,332,928	\$ 4,449,767	0.20%	\$ 48
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	0.32%	\$ 74
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

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		
2020	\$ -	\$ -	\$ -	0.00%	\$ -
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%	-

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, 2020**

2019-20 Assessed Valuation:		<u>\$ 9,801,405,362</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	0.316%	\$ 37,300,000	\$ 117,868
Coast Community College District	6.592%	908,050,757	59,858,706
Garden Grove Unified School District	9.144%	403,257,300	36,873,848
Huntington Beach Union High School District	12.442%	172,819,998	21,502,264
Ocean View School District	5.169%	38,855,000	2,008,415
Westminster School District	62.948%	100,121,110	63,024,236
Total Overlapping Tax and Assessment Debt		<u>\$ 1,660,404,165</u>	<u>\$ 183,385,337</u>
<u>Direct and Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	1.566%	\$ 386,745,000	\$ 6,056,427
Orange County Pension Obligations	1.566%	466,863,754	7,311,086
Orange County Board of Education Certificates of Participation	1.566%	12,930,000	202,484
Coast Community College District Certificates of Participation	6.592%	2,600,000	171,392
Huntington Beach Union High School District Certificates of Participation	12.442%	62,581,090	7,786,339
Ocean View School District Certificates of Participation	5.169%	19,595,000	1,012,866
Westminster School District Certificates of Participation	62.948%	35,707,297	22,477,029
City of Westminster Certificates of Participation	100.000%	685,000	685,000
City of Westminster Leases Payable	100.000%	1,431,839	1,431,839
Total Gross Direct and Overlapping General Fund Debt		<u>\$ 989,138,980</u>	47,134,462
Less: MWDOC Water Facilities Corporation (100% self-supporting)			-
Total Net Direct and Overlapping General Fund Debt			<u>\$ 47,134,462</u>
<u>Overlapping Tax Increment Debt: (Successor Agency):</u>	100.000%	<u>\$ 113,740,000</u>	<u>\$ 113,740,000</u>
Total Direct Debt			\$ 2,116,839
Total Gross Overlapping Debt			\$ 342,142,960
Total Net Overlapping Debt			\$ 342,142,960
Gross Combined Total Debt			\$ 344,259,799 (2)
Net Combined Total Debt			\$ 344,259,799

(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 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.87%
Total Direct Debt (\$2,116,839)	0.02%
Gross Combined Total Debt	3.51%
Net Combined Total Debt	3.51%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$6,630,969,262):

Total Overlapping Tax Increment Debt	1.83%
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Source: California Municipal Statistics

**CITY OF WESTMINSTER
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	Fiscal Year Ended June 30,			
	2020	2019	2018	2017
Assessed valuation	\$ 9,801,405,362	\$ 9,391,193,921	\$ 8,907,507,276	\$ 8,410,334,862
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 2,450,351,341	\$ 2,347,798,480	\$ 2,226,876,819	\$ 2,102,583,716
Debt limit percentage	15%	15%	15%	15%
Debt limit	367,552,701	352,169,772	334,031,523	315,387,557
Total net debt applicable to limitation: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 367,552,701</u>	<u>\$ 352,169,772</u>	<u>\$ 334,031,523</u>	<u>\$ 315,387,557</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,					
2016	2015	2014	2013	2012	2011
\$ 8,279,643,537	\$ 7,628,668,713	\$ 7,176,140,802	\$ 7,023,383,445	\$ 3,170,973,563	\$ 3,168,813,154
25%	25%	25%	25%	25%	25%
\$ 2,069,910,884	\$ 1,907,167,178	\$ 1,794,035,201	\$ 1,755,845,861	\$ 792,743,391	\$ 792,203,289
15%	15%	15%	15%	15%	15%
310,486,633	286,075,077	269,105,280	263,376,879	118,911,509	118,830,493
-	-	-	-	-	-
<u>\$ 310,486,633</u>	<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>
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	
2020	\$ 17,800,004	\$ 14,084,149	\$ 3,715,855	\$ 355,899	\$ 104,371	8.07
2019	17,068,347	13,756,511	3,311,836	338,488	117,624	7.26
2018	16,327,280	14,553,987	1,773,293	326,159	130,394	3.88
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

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>
2020	92,421	223.4	68,909	18.90%
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%

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 6/30/20)

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

Employer	2020		2011	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Westminster School District*	1,161	2.72%		
Kindred Hospital-Westminster****	509	1.19%		
Target**	409	0.96%	230	0.56%
City of Westminster***	362	0.85%	364	0.88%
Walmart	333	0.78%	350	0.85%
Home Depot	186	0.44%	200	0.49%
Honda World****	180	0.42%		
Costco	157	0.37%		
Macy's	150	0.35%	300	0.73%
Westminster High School	148	0.35%	200	0.49%
J C Penney Co	145	0.00%		
Sears	-	0.00%	200	0.49%
Best Buy	-	0.00%	200	0.49%
Lowe's	-	0.00%	200	0.49%
Magnolia Home Theater	-	0.00%	200	0.49%
Piercey Automotive Group	-	0.00%	200	0.49%

"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 employer, prior year number applied

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

Function	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government	35	42	33	30	39	38	32	22	33	39
Public safety	151	148	143	130	142	135	145	141	158	162
Public works	31	32	28	28	30	26	29	28	28	30
Community development	41	34	29	23	24	22	19	22	39	42
Community service	46	67	57	56	59	53	54	49	60	63
Water	26	26	28	25	27	24	24	25	27	28
Total	<u>330</u>	<u>349</u>	<u>318</u>	<u>292</u>	<u>321</u>	<u>298</u>	<u>303</u>	<u>287</u>	<u>345</u>	<u>364</u>

Source: City Finance Department

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

Function	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police:										
Arrests	2,356	2,340	2,262	2,359	2,540	2,646	2,528	2,960	2,513	2,547
Traffic violations	4,945	3,551	3,636	1,067	1,831	2,991	6,424	5,566	8,407	11,106
Parking violations	12,045	13,221	12,952	20,314	21,308	22,965	19,979	12,525	15,193	16,322
Fire:										
Number of calls answered	7,870	7,086	7,669	7,421	7,441	6,880	6,201	6,446	6,006	5,880
Inspections conducted	742	1,520	1,383	1,459	1,694	1,013	1,028	513	1,555	1,945
Public works:										
Street resurfacing (miles)	7.40	6.50	9.40	4.00	4.00	3.10	5.00	5.50	15.00	16.78
Parks and recreation:										
Number of recreation classes	1,372	846	1,239	1,134	1,288	1,347	1,218	1,081	1,143	1,391
Number of facility rentals	74	136	113	106	88	80	59	72	97	87
Water:										
New connections	65	54	71	76	80	43	28	33	30	*3,317
Average daily consumption (in hundred cubic feet)	11,822	11,938	12,676	11,841	11,480	13,678	14,374	14,054	13,724	13,219

*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,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
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	187	180	180	180	180	180	180
Streetlights	4,733	4,733	4,733	4,733	4,733	4,733	4,733	4,733	4,747	4,662
Traffic signals	71	71	71	71	71	68	68	68	68	68
Parks and recreation:										
Parks	23	23	23	23	24	24	24	24	25	25
Community centers	2	2	2	2	2	2	1	1	1	1
Water										
Water mains (miles)	240	240	240	240	235	230	230	230	230	230
Maximum daily capacity (in acre per feet per day)	83	83	83	83	82	90	90	73	73	73

Source: City of Westminster