

City of Westminster, California

Comprehensive Annual Financial Report



Fiscal Year Ended
June 30, 2018



CITY OF WESTMINSTER, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2018

Prepared by the Finance Department

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CITY OF WESTMINSTER, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i - vi
Principal Officials	vii
Organization Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
 FINANCIAL SECTION:	
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Required Supplementary Information)	5 - 18
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20 - 21
 Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	22 - 23
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures and Changes in Fund Balances	26 - 27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
 Proprietary Funds:	
Statement of Net Position	29 - 30
Statement of Revenues, Expenses and Changes in Fund Net Position	31
Statement of Cash Flows	32 - 33
 Fiduciary Funds:	
Statement of Net Position	34
Statement of Changes in Net Position	35
 Notes to Basic Financial Statements	 37 - 94

CITY OF WESTMINSTER, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents

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

CITY OF WESTMINSTER, CALIFORNIA
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
Table of Contents

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

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INTRODUCTORY SECTION

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City of Westminster

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



November 20, 2018

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, 2018. The CAFR is prepared in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with Generally Accepted Auditing Standards (GAAS) by an independent accounting firm of licensed Certified Public Accountants.

The City is committed to transparent financial reporting. To ensure the reliability of the information contained herein, the City contracted with the independent auditing firm of White Nelson Diehl Evans, LLP, to conduct the audit of the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. We are pleased to report that White Nelson Diehl Evans, LLP granted the City an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2018 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

TYLER DIEP
Vice Mayor

SERGIO CONTRERAS
Council Member

KIMBERLY HO
Council Member

MARGIE L. RICE
Council Member

EDDIE MANFRO
City Manager

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report to be filed by March 31, 2019.

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 94,476. In 1996 Westminster was designated an “All-America City” by the National Civic League for civic accomplishments, made possible by the cooperative efforts of business, government, the volunteer sector, and other individuals. Westminster continues to support the needs of a diverse population today and is widely seen as a welcoming community, with many services and venues to serve its citizens and visitors including a 420-seat theater at the Westminster Rose Center, a satellite campus of Coastline Community College, Sid Goldstein Freedom Park, and Westminster Mall.

The City operates under the council-manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of the Mayor and four Council Members. The City Council is elected, at large, on a non-partisan basis. Beginning with the November 2018 General Election the Westminster citizens voted to change the term of the Mayor from a two-year term to a four-year term. Council Members serve four-year staggered terms, with two Council Members elected every two years. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, hiring the City Manager and appointing the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the City’s department heads. 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 biannual 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. The City Council holds public hearings on the proposed budget for a final budget 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 2017-19 Budget was passed on June 28, 2017, and the Revised 2018-19 Budget was passed on May 23, 2018.

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

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.

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

Westminster has a 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, Airstream and Dillon RV. Future and new businesses include: John's Incredible Pizza, Aldi, Carvana Co., and The Habit Burger Grill. This well capitalized and established business community is also supported by a regional mall and growing development demand.

The City's recently adopted General Plan, which governs future land use decisions, positively impacts the local economy through the development opportunities it creates, and will improve the current condition of the City's infrastructure and housing stock. Specifically, six mixed-use districts were identified for intensified development to attract

new investment in Westminster's real estate market. The City is currently developing a Specific Plan for the Westminster Mall, one of the six districts, to support new uses at this very desirable 100-acre site. In addition to new investment at key locations, the turnover of properties will also create the added benefit of resetting the taxable values for property tax purposes.

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

The ongoing recovery from the Great Recession has now entered its ninth year, and Orange County and the City have continued to see the overall economy improving. The City's housing values have finally recovered back to a pre-recession peak price. Unemployment continues to decline. The City has collected on its ballot approved one percent transactions and use tax for the last 15 months. While all this is good news for the City, there are several issues that continue to impact the City's fiscal sustainability: potential State of California (State) takeaways; a sunset clause on the transactions and use tax; increasing pension and other post-employment benefit (OPEB) costs; and a recession is long overdue based on historical data.

The City continues to face a number of budget challenges as State takeaways have impacted the City's ability to address basic city needs. The State legislative action having the most impact on Westminster in recent years dealt with the dissolution of redevelopment throughout California, effective January 31, 2012. This elimination has had a significant impact on the City's ability to fund capital improvement projects and support economic development efforts. As a means to address this lost revenue source, the City recently purchased and resold some previously owned redevelopment land to establish an Economic Development fund with some of these one-time monies. Several projects are currently underway to help bring new development into the City. 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 also came in lower than budgeted, and decreased from the prior year. Some of this can be attributed to the State implementing a new system for collecting sales tax. This resulted in some delayed payment processing that should work itself out in fiscal year 2018-19. In addition, the loss of Sears, J.C. Penney Home Store and Babies "R" Us retail stores due to corporate financial challenges has had an impact on sales tax revenue. The majority of sales tax revenues are from auto dealers and supplies at 27%, followed by general merchandise, and other retail stores at 13% each, and restaurants at 11%.

The City's Transient Occupancy Tax, an 8% tax applied to hotel stays within the City totaled \$860 thousand. Surrounding cities' collections range from 8% to 14.5%. An increase in this rate would require a vote of the Westminster Citizens.

In an effort to address the City's "budget" and "structural" deficits, the City hired an independent financial consultant in 2015 and appointed a five member Financial Task Force in 2016 to evaluate and recommend possible ideas. Several years of budget cuts had taken their toll on the City and in June 2016, the City Council voted to place a 1% transactions and use tax measure on the November 8, 2016 General Election ballot. Measure SS ultimately passed by an over 60% vote of the Westminster Citizens. This tax will be in effect from April 1, 2017 and sunset on December 31, 2022. The collection of this tax enabled the City Council to adopt the first balanced budget (fiscal years 2017-19) without the use of reserves in 10 years. While collections on this tax did allow for a positive change in fund balance for the General Fund in fiscal year 2017-18, the revenue was originally projected at \$13.9 million and actually came in at \$12.1 million. The majority of the shortfall was due to lower than expected vehicle sales to Westminster residents.

Ongoing expenditures continue to grow 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 (73%), 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 2018-19 is budgeted at a positive net change in fund balance of \$203 thousand. This budget does not include any funding for capital projects, however the City was able to pre-fund \$1.5 million from savings in fiscal year 2017-18. Beyond fiscal year 2018-19, the City will have three and a half fiscal years remaining with proceeds from the transactions and use tax. Looking forward those fiscal years will more than likely require the use of reserves while maintaining a status quo budget. Reserves may be built up by fiscal year 2022-23, but with the elimination of the transactions and use tax on December 31, 2022, that budget will be especially challenging.

The City adopted a 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 \$183 million. To help with future payment of these liabilities, the City established two IRS Section 115 Trust Funds. A total of \$4.8 million had been 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.

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, 2017. This was the twenty-third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its biennium budget document dated July 1, 2017. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Sherry Johnson
Finance Director

CITY OF WESTMINSTER

Principal Officials

CITY COUNCIL

TRI TA, Mayor

TYLER DIEP, Vice Mayor

SERGIO CONTRERAS, Council Member

KIMBERLY HO, Council Member

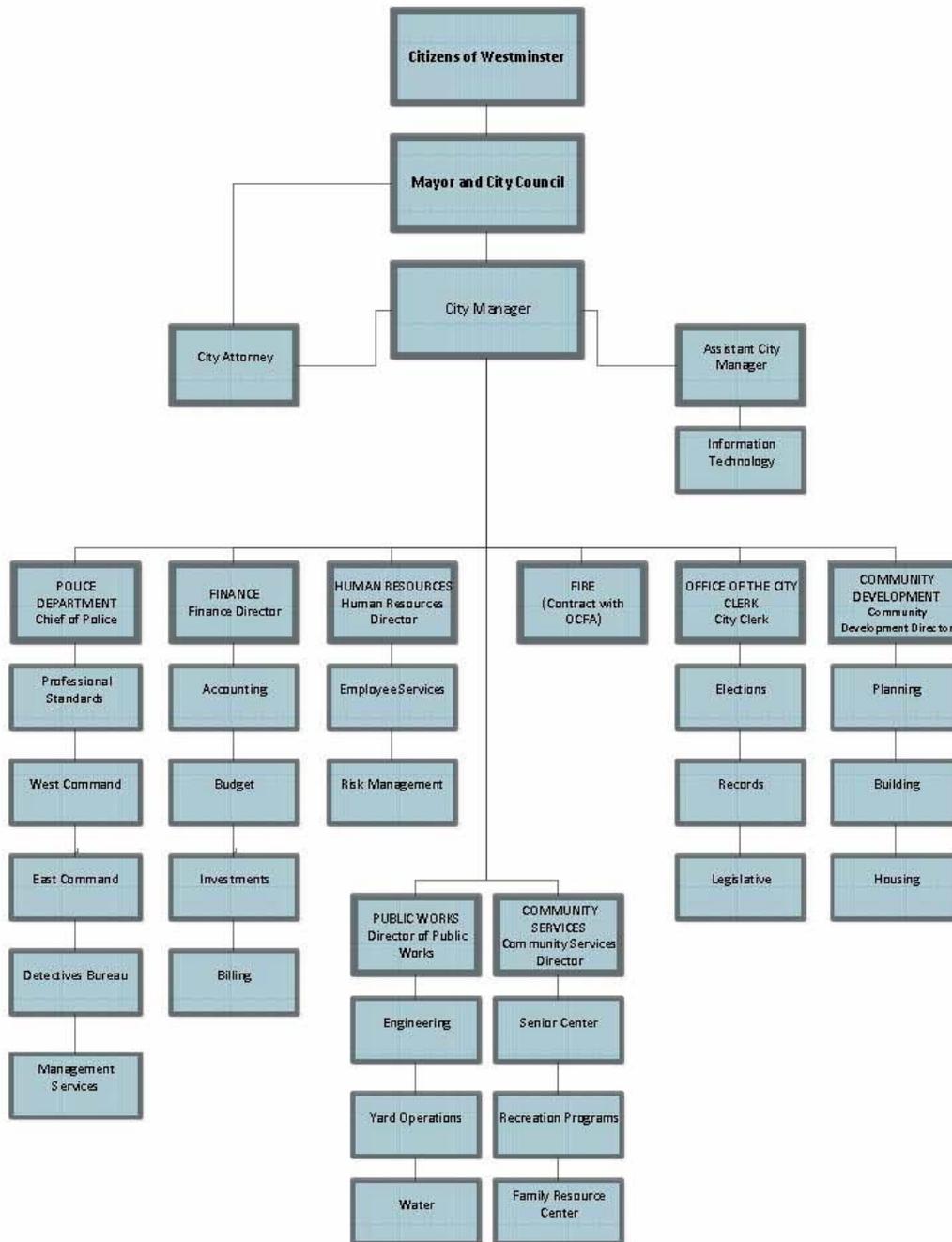
MARGIE L. RICE, Council Member

CITY STAFF

Eddie Manfro	City Manager
Chester Simmons	Assistant City Manager
Richard D. Jones	City Attorney
Ralph Ornelas	Police Chief
Robert Acosta	O.C. Fire Authority Division Chief
Diana Dobbert	Community Services Director
Michael Harary	Human Resources Director
Christine Cordon	City Clerk
Sherry Johnson	Finance Director/City Treasurer
Soroosh Rahbari	Community Development Director
Marwan Youssef	Public Works Director/City Engineer

CITY OF WESTMINSTER

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Westminster
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

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, 2018

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 16 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required retrospective application resulting in a reduction of previously reported net position. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
November 20, 2018

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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, 2018, along with comparisons to the fiscal year ended June 30, 2017. 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 \$183.5 million, a decrease of \$5.2 million or 2.76%. The net position of business-type activity decreased by \$84.8 thousand or 0.28%, while the net position of governmental activities decreased by \$5.1 million or 3.23%. These decreases are primarily due to the increase in the City's net pension liability as a result of changes in the discount rate used by CalPERS.

The net position of \$183.5 million consisted of: \$243.9 million of net investment in capital assets; \$37.1 million of resources that are subject to external restrictions on how they may be used; \$3.4 million that may be used to meet the City's obligations for its business-type activity; and a \$100.9 million deficit related to its governmental activities.

Total revenues were \$86.4 million and total expenses were \$91.6 million. Revenues increased by \$10.0 million, while expenses increased by \$7.2 million. The increase in revenue is due to an increase in unrestricted taxes of \$10.9 million. Other revenue types had gains and losses which mostly offset. Expenses increased for most of the City's programs, with the largest increases in public safety at \$2.6 million; public works at \$2.4 million; and the water enterprise at \$2.3 million. Community development had the largest decrease at \$1.8 million. There were no extraordinary gains this year as compared to \$1.7 million last year.

The City's governmental funds reported a combined ending fund balance of \$83.0 million, an increase of \$9.8 million. Of this amount, \$35.7 million (the sum of assigned and unassigned fund balances) is available for spending at the City's discretion.

Council recently adopted a Reserve Policy with new committed and assigned balances. The Committed fund balance for the General Fund as of June 30, 2018, was \$9.6 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, 2018, was \$2.7 million, while the Unassigned fund balance was \$11.3 million, or 20.17% of total General Fund expenditures. This compares to an Unassigned fund balance of \$8.9 million as of June 30, 2017, which was 16.46% 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 equipment replacement, general benefits, liability administration, information systems and equipment, and government buildings. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found 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 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 \$183.5 million as of June 30, 2018. This is a decrease of \$5.2 million for the year, as the condensed summaries of the statement of net position show on the following pages. Last year, in comparison, the City's net position decreased by \$6.4 million.

Condensed Statement of Net Position Primary Government

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Increase/ (Decrease) From 2017</u>	<u>Percent Increase/ (Decrease)</u>
Assets:				
Current and other assets	\$ 130,749,565	\$ 120,639,899	\$ 10,109,666	8.38%
Capital assets, net of accumulated depreciation	<u>250,633,395</u>	<u>261,586,611</u>	<u>(10,953,216)</u>	-4.19%
Total assets	<u>381,382,960</u>	<u>382,226,510</u>	<u>(843,550)</u>	-0.22%
Deferred Outflows of Resources, as restated:	<u>32,366,132</u>	<u>20,273,203</u>	<u>12,092,929</u>	59.65%
Liabilities:				
Current and other liabilities	18,249,753	18,460,387	(210,634)	-1.14%
Long-term liabilities, as restated	<u>200,635,578</u>	<u>190,177,414</u>	<u>10,458,164</u>	5.50%
Total liabilities	<u>218,885,331</u>	<u>208,637,801</u>	<u>10,247,530</u>	4.91%
Deferred Inflows of Resources:	<u>11,357,122</u>	<u>5,142,567</u>	<u>6,214,555</u>	120.85%
Net position:				
Net investment in capital assets	243,886,235	255,800,265	(11,914,030)	-4.66%
Restricted	37,126,376	27,186,391	9,939,985	36.56%
Unrestricted, as restated	<u>(97,505,972)</u>	<u>(94,267,311)</u>	<u>(3,238,661)</u>	3.44%
Total net position	<u>\$ 183,506,639</u>	<u>\$ 188,719,345</u>	<u>\$ (5,212,706)</u>	-2.76%

At the end of the fiscal year 2018, the City continued to report positive balances in two of the three categories of net position for the government as a whole, as well as for its separate governmental and business-type activities.

The City's total restricted portion of net position for governmental and business-type activities combined (\$37.1 million or 20.23% of total net position) represents resources that are subject to external restrictions on how they may be used. This is a \$9.9 million, or 36.56% increase from prior year.

The largest portion (132.9%) of the City's net position reflects its investment of \$243.9 million in capital assets (net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall decrease of \$11.9 million, or 4.66% from the prior year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position, as restated has a deficit balance of \$97.5 million as of June 30, 2018. 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. During the year, 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. The initial payments were funded 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. Included as part of the \$2.38 million added to the pension trust fund is \$188 thousand in interest expense savings acquired from the City prepaying its annual unfunded accrued liabilities (UAL) obligation. Subject to available funds, the City will continue this practice going forward, as well as contributing budget savings when possible for the OPEB liability trust fund. Subject to available funds, the City will repay the annual unfunded accrued liabilities (UAL) obligation and transfer the savings in interest expense to the trust fund. When annual budget savings allow, an amount will also be transferred to the OPEB liability trust fund.

**Condensed Statement of Net Position
Governmental Activities**

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Increase/ (Decrease) From 2017</u>	<u>Percent Increase/ (Decrease)</u>
Assets:				
Current and other assets	\$ 114,610,536	\$ 106,510,306	\$ 8,100,230	7.61%
Capital assets, net of accumulated depreciation	<u>219,962,476</u>	<u>229,979,534</u>	<u>(10,017,058)</u>	-4.36%
Total assets	<u>334,573,012</u>	<u>336,489,840</u>	<u>(1,916,828)</u>	-0.57%
Deferred Outflows of Resources, as restated:	<u>30,856,819</u>	<u>19,193,760</u>	<u>11,663,059</u>	60.76%
Liabilities:				
Current and other liabilities	16,007,211	15,589,576	417,635	2.68%
Long-term liabilities, as restated	<u>184,877,539</u>	<u>176,102,945</u>	<u>8,774,594</u>	4.98%
Total liabilities	<u>200,884,750</u>	<u>191,692,521</u>	<u>9,192,229</u>	4.80%
Deferred Inflows of Resources:	<u>10,764,466</u>	<u>5,082,569</u>	<u>5,681,897</u>	111.79%
Net position:				
Net investment in capital assets	217,710,821	227,269,999	(9,559,178)	-4.21%
Restricted	37,011,787	27,073,245	9,938,542	36.71%
Unrestricted, as restated	<u>(100,941,993)</u>	<u>(95,434,734)</u>	<u>(5,507,259)</u>	5.77%
Total net position	<u>\$ 153,780,615</u>	<u>\$ 158,908,510</u>	<u>\$ (5,127,895)</u>	-3.23%

Governmental activities show an overall decrease in the total net position of \$5.1 million or 3.23%. Key changes in the Statement of Net Position are as follows:

Deferred outflows of resources increased by \$11.7 million, or 60.76%, and deferred inflows of resources increased by \$5.7 million or 111.79%. The majority of these balances are related to the City’s pension and OPEB plans. \$11.9 million in deferred outflows of resources is related to pension and OPEB contributions made in fiscal year 2017-18 (\$7.1 million for pension and \$4.8 million for OPEB), which is an increase of \$5.4 million when compared to fiscal year 2016-17. These current year contributions will be recognized as a reduction of the net pension and OPEB liabilities in the fiscal year 2018-19. The remaining balance in deferred outflows of resources (\$18.8 million for pension) and the balance in deferred inflows of resources (\$5.7 million for pension and \$5.1 million for OPEB) will be amortized over a number of years and recognized as pension and OPEB expenses. These balances are made up of various components, the largest being the change in assumptions, which increases pension expenses and decreases OPEB expenses in future years. California Public Employees’ Retirement System (CalPERS) decreased the discount rate from 7.65% to 7.15% resulting in an increase to the pension liability, while the discount rate for the OPEB liability increased from 2.85% to 3.58% resulting in a decrease to the OPEB liability. More detailed information can be found in Notes 8 and 9 in the Notes to the Financial Statements.

Net position – Restricted, increased by \$9.9 million or 36.71%. This is due in part to the repayment of \$4.0 million for an advance from the Westminster Housing Authority Special Revenue Fund to the Successor Agency to the Westminster Redevelopment Agency (SAWRA); the newly established pension section 115 trust fund at \$2.5 million, and \$1.0 million change in fund balance in the Municipal Lighting Special Revenue Fund.

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

	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>Increase/ (Decrease) From 2017</u>	<u>Percent Increase/ (Decrease)</u>
Assets:				
Current and other assets	\$ 16,139,029	\$ 13,859,593	\$ 2,279,436	16.45%
Capital assets, net of accumulated depreciation	<u>30,670,919</u>	<u>31,877,077</u>	<u>(1,206,158)</u>	-3.78%
Total assets	<u>46,809,948</u>	<u>45,736,670</u>	<u>1,073,278</u>	2.35%
Deferred Outflows of Resources, as restated:	<u>1,509,313</u>	<u>1,079,443</u>	<u>429,870</u>	39.82%
Liabilities:				
Current and other liabilities	2,242,542	2,870,811	(628,269)	-21.88%
Long-term liabilities, as restated	<u>15,758,039</u>	<u>14,074,469</u>	<u>1,683,570</u>	11.96%
Total liabilities	<u>18,000,581</u>	<u>16,945,280</u>	<u>1,055,301</u>	6.23%
Deferred Inflows of Resources:	<u>592,656</u>	<u>59,998</u>	<u>532,658</u>	887.79%
Net position:				
Net investment in capital assets	26,175,414	28,530,266	(2,354,852)	-8.25%
Restricted	114,589	113,146	1,443	1.28%
Unrestricted, as restated	<u>3,436,021</u>	<u>1,167,423</u>	<u>2,268,598</u>	194.33%
Total net position	<u>\$ 29,726,024</u>	<u>\$ 29,810,835</u>	<u>\$ (84,811)</u>	-0.28%

Business-type activity shows an overall decrease of \$84.8 thousand or 0.28%. Key changes in the net position of business-type activity were as follows:

Deferred outflows of resources increased by \$0.4 million or 39.82%; long-term liabilities increased by \$1.7 million or 11.96%, and deferred inflows of resources increased by \$0.5 million or 887.79%. As noted with the governmental activities, the majority of these changes are attributable to the pension and OPEB liabilities. More detailed information can be found in Notes 8 and 9 in the Notes to the Basic Financial Statements.

Net position – Unrestricted, as restated increased by \$2.3 million or 194.33%. This was somewhat offset by a decrease in Net investment in capital assets of \$2.4 million or 8.25%. As assets are depreciated, and the related associated debt decreases, these changes result in the lowering of the Net investment in capital assets portion of the Total net position and allows for more unrestricted dollars.

Analysis of Activities

The statement of activities shows how the government’s net position changed during the fiscal year 2017-18. The City’s net position decreased by \$5.2 million as shown on the condensed summaries shown below and on the following pages.

Condensed Statement of Activities Primary Government

	<u>For the year ended</u>		Increase/ (Decrease) From 2017	Percent Increase/ (Decrease)
	<u>June 30, 2018</u>	<u>June 30, 2017</u>		
Revenues:				
Program revenues:				
Charges for services	\$ 24,982,863	\$ 22,760,563	\$ 2,222,300	9.76%
Operating grants and contributions	6,950,890	9,141,531	(2,190,641)	-23.96%
Capital grants and contributions	61,823	72,760	(10,937)	-15.03%
General revenues:				
Unrestricted taxes	37,681,895	26,778,315	10,903,580	40.72%
Unrestricted investment earnings	86,816	(30,069)	116,885	-388.72%
Intergovernmental revenue - sales taxes	16,663,263	17,663,949	(1,000,686)	-5.67%
Total Revenues	<u>86,427,550</u>	<u>76,387,049</u>	<u>10,040,501</u>	13.14%
Expenses:				
General government	5,401,118	4,350,036	1,051,082	24.16%
Public safety	46,362,520	43,809,880	2,552,640	5.83%
Public works	13,934,252	11,583,654	2,350,598	20.29%
Community development	5,847,143	7,625,758	(1,778,615)	-23.32%
Community services	3,604,104	2,893,873	710,231	24.54%
Interest on long term debt	114,028	142,150	(28,122)	-19.78%
Water enterprise	16,377,091	14,045,523	2,331,568	16.60%
Total Expenses	<u>91,640,256</u>	<u>84,450,874</u>	<u>7,189,382</u>	8.51%
Excess (Deficit) of Revenues over Expenses	(5,212,706)	(8,063,825)	2,851,119	-35.36%
Extraordinary item	-	1,677,350	(1,677,350)	-100.00%
Change in Net Position	<u>(5,212,706)</u>	<u>(6,386,475)</u>	<u>1,173,769</u>	-18.38%
Net Position - Beginning of Year, as Restated	<u>188,719,345</u>	<u>195,105,820</u>	<u>(6,386,475)</u>	-3.27%
Net Position - End of Year	<u>\$ 183,506,639</u>	<u>\$ 188,719,345</u>	<u>\$ (5,212,706)</u>	-2.76%

**Condensed Statement of Activities
Governmental Activities**

	For the year ended		Increase/ (Decrease) From 2017	Percent Increase/ (Decrease)
	June 30, 2018	June 30, 2017		
Revenues:				
Program revenues:				
Charges for services	\$ 8,783,992	\$ 9,440,646	\$ (656,654)	-6.96%
Operating grants and contributions	6,950,890	9,141,531	(2,190,641)	-23.96%
Capital grants and contributions	61,823	72,760	(10,937)	-15.03%
General revenues:				
Unrestricted taxes	37,681,895	26,778,315	10,903,580	40.72%
Unrestricted investment earnings	(41,593)	(108,819)	67,226	-61.78%
Intergovernmental revenue - sales taxes	16,663,263	17,663,949	(1,000,686)	-5.67%
Total Revenues	<u>70,100,270</u>	<u>62,988,382</u>	<u>7,111,888</u>	11.29%
Expenses:				
General government	5,401,118	4,350,036	1,051,082	24.16%
Public safety	46,362,520	43,809,880	2,552,640	5.83%
Public works	13,934,252	11,583,654	2,350,598	20.29%
Community development	5,847,143	7,625,758	(1,778,615)	-23.32%
Community services	3,604,104	2,893,873	710,231	24.54%
Interest on long term debt	114,028	142,150	(28,122)	-19.78%
Total Expenses	<u>75,263,165</u>	<u>70,405,351</u>	<u>4,857,814</u>	6.90%
Excess (Deficit) of Revenues over Expenses	(5,162,895)	(7,416,969)	2,254,074	-30.39%
Transfers	35,000	35,000	-	0.00%
Extraordinary item	-	1,677,350	(1,677,350)	-100.00%
Change in Net Position	<u>(5,127,895)</u>	<u>(5,704,619)</u>	<u>576,724</u>	-10.11%
Net Position - Beginning of Year, as Restated	<u>158,908,510</u>	<u>164,613,129</u>	<u>(5,704,619)</u>	-3.47%
Net Position - End of Year	<u>\$ 153,780,615</u>	<u>\$ 158,908,510</u>	<u>\$ (5,127,895)</u>	-3.23%

Governmental activities decreased the City's net position by \$5.1 million. Revenues increased by \$7.1 million or 11.29%. The majority of the increase is in general revenues related to unrestricted taxes, which increased by \$10.9 million or 40.72%. The majority of the increase is attributable to the transactions and use tax which increased by \$9.1 million or 296.05%. Last year's collection of this tax contained only one quarter as April 1, 2017, was the implementation date of the tax. With the exception of a slight increase in unrestricted investment earnings, all other revenue categories experienced decreases. The largest decrease was in program revenues related to operating grants and contributions. This revenue source will vary from year to year, depending on the completion of grant-funded projects. General revenues intergovernmental revenue – sales taxes decreased by \$1.0 million or 5.67%. Some of this can be attributed to the State implementing a new system for collecting sales tax. This resulted in some delayed payment processing that should work itself out in the fiscal year 2018-19. In addition, the loss of Sears, JC Penney Home Store and Babies "R" Us retail stores due to corporate financial challenges had an impact on sales tax revenue.

Program expenses increased by \$4.9 million or 6.9%. With the exception of Community development, which showed a decrease of \$1.2 million or 23.32%, and interest on long-term debt with a decrease of \$28.1 thousand or 19.78%, all other expenses increased. Community development had one-time gains of \$4.2 million from the sale of land. Absent this event, this department also showed an increase in expense of \$2.4 million or 31.48%. Contributing to the overall increase in total expenses was a \$0.95 million or 15.52% increase in CalPERS pension costs; \$2.4 million was used to open the IRS Section 115 OPEB trust fund; and an increase of \$1.7 million or 107.43% in risk management costs, as the City, paid the final settlement on its discrimination lawsuit.

In the fiscal year 2017-18, program revenues funded 20.99 % of total expenses, as compared to 26.50% in the fiscal year 2016-17. General revenues were not able to fully fund the balance of expenses not funded from program revenues in both fiscal years resulting in a \$5.2 million deficit of revenues over expenses in the fiscal year 2017-18, and \$7.4 million deficit of revenues over expenses in the fiscal year 2016-17.

The City showed an extraordinary gain of \$1.7 million in governmental activities in the fiscal year 2016-17. This was from the transfer of bond proceeds and property transfers between the City and SAWRA. There were no such activities during the current fiscal year.

**Condensed Statement of Activities
Business-type Activity**

	For the year ended		Increase/ (Decrease)	Percent Increase/ (Decrease)
	June 30, 2018	June 30, 2017		
Revenues:				
Program revenues:				
Charges for services	\$ 16,198,871	\$ 13,319,917	\$ 2,878,954	21.61%
General revenues:				
Unrestricted investment earnings	128,409	78,750	49,659	63.06%
Total Revenues	<u>16,327,280</u>	<u>13,398,667</u>	<u>2,928,613</u>	21.86%
Expenses:				
Water enterprise	<u>16,377,091</u>	<u>14,045,523</u>	<u>2,331,568</u>	16.60%
Total Expenses	<u>16,377,091</u>	<u>14,045,523</u>	<u>2,331,568</u>	16.60%
Excess of Revenues over Expenses	(49,811)	(646,856)	597,045	-92.30%
Transfers	<u>(35,000)</u>	<u>(35,000)</u>	-	0.00%
Change in Net Position	(84,811)	(681,856)	597,045	-87.56%
Net Position - Beginning of Year, as Restated	<u>29,810,835</u>	<u>30,492,691</u>	<u>(681,856)</u>	-2.24%
Net Position - End of Year	<u>\$ 29,726,024</u>	<u>\$ 29,810,835</u>	<u>\$ (84,811)</u>	-0.28%

Business-type activity decreased the City's net position by \$84.8 thousand or 0.28% in the fiscal year 2017-18. Rising pension, OPEB and water production costs contributed to the increase in water enterprise expenses of \$2.3 million or 16.6%. Charges for services increased by \$2.9 million or 21.61%. The City increased water rates in November 2017 to cover overall increasing production and infrastructure costs.

In the fiscal year 2017-18, program revenues funded 98.91% of total expenses, as compared to 94.83% in the fiscal year 2016-17. General revenues were not able to fully fund the balance of expenses not funded from program revenues in both fiscal years resulting in a \$49.8 thousand deficit of revenues over expenses in the fiscal year 2017-18, and a \$646.9 thousand deficit of revenues over expenses in the fiscal year 2016-17.

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 \$9.8 million to governmental fund balances in the fiscal year 2017-18 and a net decrease of \$2.4 million to its proprietary funds' net position.

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

As of June 30, 2018, the City's governmental funds reported combined ending fund balances of \$83.0 million, an increase of \$9.8 million in comparison with the prior year. Of the \$83.0 million, \$73,146 or 0.09% is classified as non-spendable fund balance; \$37.7 million or 45.41%, is classified as restricted fund balance; \$9.6 million or 11.52%, is classified as committed; \$24.8 million or 29.86%, is classified as assigned fund balance; and \$10.9 million or 13.12% 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, 2018, the total fund balance was \$23.7 million. The non-spendable portion of this balance is \$60,471; \$9.6 million is committed for emergency/contingency reserve; \$2.6 million is assigned for the Westminster Redevelopment Agency (WRA) dissolution reserve; the remaining \$11.3 million unassigned fund balance is available for spending at the City's discretion. The unassigned total fund balance represents 20.17% of total General Fund expenditures.

The major factors in fund balance changes are as follows:

Governmental Funds

- The **General Fund** experienced a \$2.8 million increase in fund balance in the fiscal year 2017-18, compared to a \$1.7 million decrease in the fiscal year 2016-17. Revenues were \$60.5 million, an increase of \$9.3 million compared to the fiscal year 2016-17, while expenditures were \$56.2 million, an increase of \$2.1 million from the fiscal year 2016-17. Taxes revenues increased by \$10.6 million, or 42.21%. The majority of the tax revenue increase is attributable to the \$12.1 million received in transactions and use taxes. This is an increase of \$9.1 million or 296.1% as compared to the fiscal year 2016-17. The transactions and use tax measure was passed by the voters in November 2016, and collection began in April 2017. The fiscal year 2017-18 contained a full year's collection.

Although overall expenditures increased by \$2.1 million, cost-cutting measures continued in all departments. Included in this increase are CalPERS rates which continue to grow each year. In the fiscal year 2017-18, costs increased overall by \$942 thousand or 16%. These costs are expected to grow overall by 21% in the fiscal year 2018-19. In addition to these cost increases, the City's contract with the Orange County Fire Authority (OCFA) has mandatory annual increases. Overall fire safety costs increased \$887 thousand or 7% during the year. Excluding the PERS costs, payroll costs increased by \$1.45 million or 6%.

Other financing sources and uses in the General Fund totaled (\$1.4) million. In the fiscal year 2016-17, the City purchased land from SAWRA during the year at \$1.7 million. The land sold for \$6.0 million during the fiscal year 2017-18 and the purchase cost was returned to the General Fund. The profit of \$4.3 million was transferred to the City's recently established Economic Development Capital Improvement Fund and will be used for expenditures related to the implementation of the General Plan and the Economic Development Strategic Plan. The City also transferred \$3.0 million to the Capital Projects Fund for street improvements. With the loss of the WRA, street improvements had been funded with only gas tax monies and grants. With the passage of the transactions and use tax, the City was able to do a one-time transfer to cover some infrastructure work throughout the City.

- The **Westminster Housing Authority Fund** balance declined by \$0.3 million in the fiscal year 2017-18. In the fiscal year 2016-17, the fund held a \$7.3 million long-term receivable from SAWRA. This amount represents prior Supplemental Educational Revenue Augmentation Fund (SERAF) payments made by the former Low to Moderate Income Housing Fund of the predecessor WRA on behalf of the Agency's project funds. This receivable is to be repaid over a number of years from future tax increment funds received by SAWRA. During the fiscal year 2017-18, \$4.0 million of this advance was reimbursed leaving the receivable balance at \$3.3 million at fiscal year-end. The fund's \$26.1 million fund balance is restricted for low and moderate income housing purposes.
- The **Housing and Community Development Fund** had its fund balance decrease by \$0.2 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 an adult exercise equipment project.
- The **Special Gas Tax and Street Improvements Fund** recognized a \$0.3 million decrease in fund balance during the fiscal year 2017-18. Grant-funded projects comprise a significant portion of this fund and many of the projects are reimbursable only upon completion. The fund received \$4.9 million in revenue in the fiscal year 2017-18, compared to expenditures of \$1.9 million. Resources were transferred out in the amount of \$3.3 million. As of June 30, 2018, this fund had a deficit fund balance of \$240 thousand.
- The **Capital Improvements Capital Projects Fund** balance increased by \$6.5 million. There were \$13.1 million in transfers into the fund from various other funds to complete newly approved projects. A total of \$5.5 million was spent on capital outlay during the year. In addition, \$1.1 million in closed or completed projects was transferred back to the source funds. See Note 6 in the Notes to the Basic Financial Statements for additional information.
- **Other Governmental Funds**, which are the City's non-major funds, recognized a combined increase of \$1.3 million to fund balances. These funds are further detailed in the Other Supplementary Information section of this annual report.

Proprietary Funds

- The **Enterprise (Water) Fund** recorded a decrease of \$13,737 to its net position during the fiscal year 2017-18. This is the third year of losses to this fund, which experienced losses of -\$0.8 million in the fiscal year 2016-17, and -\$0.4 million in the fiscal year 2015-16. The majority of the previous two fiscal year's losses can be attributed to an increase in operating expenses (including increases to pass-through water costs), which exceeded the slight gain in of water sales. A water study was performed during the fiscal year 2017-18 that resulted in an increase in water rates that were implemented in November 2017. Going forward this should help to improve the financial stability of this fund.
- The **Internal Service Funds** had its net position decrease by \$2.4 million. These funds had a combined operating loss of \$1.8 million. An effort was made during the fiscal year 2016-17 to make these funds financially secure. Several years of supplementing the General Fund had taken its toll. As a result, the City established a reserve policy for these funds with a target level of \$500,000 each in unrestricted net position. With the exception of the Compensation/Benefits Internal Service Fund, which had a deficit unrestricted fund balance of \$2.6 million as of June 30, 2018, the remaining internal service funds had a combined \$5.7 million in unrestricted net position. The Compensation/Benefits Fund also has a portion of its net position restricted for pension benefits at \$2.5 million for an overall negative net position of \$96,688. Funds were transferred from this fund during the fiscal year to establish the pension and OPEB Section 115 trust funds. Current procedures and budgeting should bring this fund to the targeted rate in the future. A restriction for litigation of \$3.3 million in the Risk Management Internal Service Fund was removed in the current year, as the related judgment has been paid in full. See Note 11 in the Notes to the Basic Financial Statements for additional information. The internal service funds finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis. The City reports four internal service funds in its audited financial statements. These funds are further detailed in the Other Supplementary Information section of this annual report.

BUDGETARY HIGHLIGHTS

When preparing its budget, the City attempts to estimate its revenues using realistic, but conservative methods so as to budget its expenditure appropriations in a prudent manner. Amendments were approved during the year to the adopted budget. The fiscal year 2017-18 General Fund's original (adopted) budget revenue amount was \$61.7 million and the final budget was \$62.2 million, a net increase of \$0.5 million. The majority of this increase was for rental income at \$0.6 million. This revenue source was excluded from the original budget in the anticipation that this revenue source might not be available at some point during the fiscal year. The fiscal year 2017-18 General Fund's original (adopted) budget for expenditures was \$58.0 million and the final budget was \$56.2 million, a net decrease of \$1.8 million.

The General Fund reflected a net total positive budget variance of \$2.4 million when comparing actual amounts to the final amended budget for the current fiscal year. The ending actual revenue shows a negative variance of \$87,805 or -.17% of the final budget. Actual expenditures of \$56.2 million generated budgetary savings of \$1.5 million, or 2.6% of the final budget. Most of the savings were in public safety as a result of both cost savings and unfilled positions. The General Fund budgetary comparison schedule can be found in the Required Supplementary Information section of this annual report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets:

Capital assets (net of accumulated depreciation) as of June 30, 2018, and June 30, 2017, are summarized below:

Capital Assets (net of accumulated depreciation)

	June 30, 2018		
	Governmental Activities	Business-type Activity	Total
Land	\$ 17,146,581	\$ 2,484,846	\$ 19,631,427
Construction in progress	170,405	84,290	254,695
Buildings	94,002,823	11,577	94,014,400
Improvements other than buildings	19,885,740	8,826,976	28,712,716
Water distribution lines	-	15,825,528	15,825,528
Vehicles, machinery and equipment	4,544,399	3,369,450	7,913,849
Office furniture and equipment	3,127,433	68,252	3,195,685
Leased property	454,248	-	454,248
Infrastructure	80,630,847	-	80,630,847
Total capital assets, net	<u>\$ 219,962,476</u>	<u>\$ 30,670,919</u>	<u>\$ 250,633,395</u>
	June 30, 2017		
	Governmental Activities	Business-type Activity	Total
Land	\$ 18,272,581	\$ 2,484,846	\$ 20,757,427
Construction in progress	2,204,280	-	2,204,280
Buildings	96,323,795	12,376	96,336,171
Improvements other than buildings	21,076,974	9,036,015	30,112,989
Water distribution lines	-	16,666,350	16,666,350
Vehicles, machinery and equipment	2,678,959	3,588,628	6,267,587
Office furniture and equipment	3,552,787	88,862	3,641,649
Leased property	479,305	-	479,305
Infrastructure	85,390,853	-	85,390,853
Total capital assets, net	<u>\$ 229,979,534</u>	<u>\$ 31,877,077</u>	<u>\$ 261,856,611</u>

Capital assets as of June 30, 2018, totaled \$250.6 million (net of accumulated depreciation). The total decrease in capital assets for the fiscal year 2017-18 was \$11.2 million, composed of a \$10.0 million or 4.4% decrease for governmental activities and a \$1.2 million or 3.8% decrease for business-type activity. Noteworthy changes to capital assets during the fiscal year 2017-18 included the following:

- The City added \$574 thousand in land purchased from SAWRA as part of the Long Range Property Management Plan and the continuing dissolution of the WRA. An additional \$6.4 million in land was also purchased as part of this plan, and is being held in the capital projects fund under land held for resale.
- Construction in progress decreased by \$1.9 million during the year, as some long-term projects valued at \$2.2 million were completed. The remaining \$170 thousand includes the ongoing Westminster Nature Activity Trail.
- The City added \$2.9 million in Infrastructure. The majority of these projects were paid for with various grant contributions.
- Annual depreciation expense was \$14.2 million - \$12.8 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, 2018, and June 30, 2017, are summarized below:

	Outstanding Debt		
	June 30, 2018		
	Governmental Activities	Business-type Activity	Total
Certificates of participation	\$ 1,620,000	\$ 1,815,000	\$ 3,435,000
Leases payable	728,860	-	728,860
Loans payable	-	2,836,493	2,836,493
Total outstanding debt	<u>\$ 2,348,860</u>	<u>\$ 4,651,493</u>	<u>\$ 7,000,353</u>
	June 30, 2017		
	Governmental Activities	Business-type Activity	Total
Certificates of participation	\$ 2,215,000	\$ 2,075,000	\$ 4,290,000
Leases payable	616,527	-	616,527
Loans payable	-	1,453,790	1,453,790
Total outstanding debt	<u>\$ 2,831,527</u>	<u>\$ 3,528,790</u>	<u>\$ 6,360,317</u>

At the end of the fiscal year 2017-18, the City had total long-term debt (excluding compensated absences and claims, pension and OPEB liabilities) outstanding of \$7.0 million. The total increase in debt for the fiscal year 2018 was \$640 thousand, composed of a decrease of \$482 thousand or 17.1% for governmental activities and an increase of \$1.2 million or 31.8% for business-type activity. The decrease in governmental long-term debt was the result of ongoing debt service payments and leases payable activity related to the City's vehicle fleet. The increase in business-type debt was the result of a new loan at \$1.6 million with the West Orange County Water Board and ongoing debt service payments of \$467 thousand. Additional information can be found in Note 7 in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City continues to manage a structural deficit, and the General Fund ended the fiscal year 2017-18 with total expenditures exceeding total revenues by \$4.2 million. However, with the passage of the 1% transactions and use tax during the latter part of the fiscal year 2016-17, a balanced two year budget has been passed for fiscal years 2017-19 for the first time since the fiscal year 2007-08.

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

	<u>City</u>	<u>Neighboring Cities</u>
Employees per capita (1,000)	3.08	3.55
General Fund costs per capita	\$620	\$774

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 2018-19 includes a General Fund surplus of \$203,545. The budget authorizes \$61.2 million in General Fund expenditures vs. \$61.5 million in estimated revenue and \$146,000 in transfers out to other funds. Expenditures are budgeted at a \$4.9 million or 8.7% increase over the fiscal year 2017-18 actuals, while revenues are budgeted at a \$1.0 million or 1.7% increase over the fiscal year 2017-18 actuals. The General Fund ended the fiscal year 2017-18 with \$11.3 million in unassigned fund balance or approximately 20.17% of actual General Fund expenditures. Based on the adopted budget, the General Fund is projected to end the fiscal year 2018-19 with \$23.9 million in reserves, representing 39.0% 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. The 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, 2018

	Primary Government		Total
	Governmental Activities	Business-type Activity	
ASSETS:			
Cash and investments (Note 2)	\$ 55,795,983	\$ 6,674,131	\$ 62,470,114
Receivables, net of allowances (Note 4)	26,900,877	2,931,915	29,832,792
Prepaid items	73,146	1,505,303	1,578,449
Internal balances	(959,667)	959,667	-
Inventory	14,113	190,882	204,995
Restricted assets:			
Cash and investments (Note 2)	13,978,353	3,762,542	17,740,895
Cash and investments with fiscal agents (Note 2)	6,802,102	114,589	6,916,691
Advance to Successor Agency	3,346,019	-	3,346,019
Land held for resale (Note 5)	8,659,610	-	8,659,610
Capital assets (Note 6):			
Not being depreciated:			
Land	17,146,581	2,484,846	19,631,427
Construction in progress	170,405	84,290	254,695
Being depreciated, net of accumulated depreciation:			
Buildings	94,002,823	11,577	94,014,400
Improvements other than buildings	19,885,740	8,826,976	28,712,716
Water distribution lines	-	15,825,527	15,825,527
Vehicles, machinery and equipment	4,544,399	3,369,451	7,913,850
Office furniture and equipment	3,127,433	68,252	3,195,685
Leased property	454,248	-	454,248
Infrastructure	80,630,847	-	80,630,847
TOTAL ASSETS	334,573,012	46,809,948	381,382,960
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding, net of accumulated amortization	97,201	155,988	253,189
Deferred amounts on pension plans (Note 8)	25,984,928	805,654	26,790,582
Deferred amounts on OPEB plan (Note 9)	4,774,690	547,671	5,322,361
TOTAL DEFERRED OUTFLOWS OF RESOURCES	30,856,819	1,509,313	32,366,132
LIABILITIES:			
Accounts payable and other liabilities	2,670,965	2,215,542	4,886,507
Due to other governments	11,520,899	-	11,520,899
Deposits	1,815,347	27,000	1,842,347
Long-term liabilities:			
Due within one year (Note 7)	5,012,458	2,120,544	7,133,002
Due in more than one year (Note 7)	7,728,443	2,784,830	10,513,273
Due in more than one year - pension liability (Note 8)	111,931,100	3,946,914	115,878,014
Due in more than one year - OPEB liability (Note 9)	60,205,538	6,905,751	67,111,289
TOTAL LIABILITIES	200,884,750	18,000,581	218,885,331
DEFERRED INFLOWS OF RESOURCES:			
Deferred amounts on pension plans (Note 8)	5,688,058	10,377	5,698,435
Deferred amounts on OPEB plans (Note 9)	5,076,408	582,279	5,658,687
TOTAL DEFERRED INFLOWS OF RESOURCES	10,764,466	592,656	11,357,122
NET POSITION:			
Net investment in capital assets	217,710,821	26,175,414	243,886,235
Restricted for:			
Community development	27,677,478	-	27,677,478
Public safety	2,443,999	-	2,443,999
Public works	3,948,166	-	3,948,166
Debt service	481,025	114,589	595,614
Pension benefits	2,461,119	-	2,461,119
Unrestricted	(100,941,993)	3,436,021	(97,505,972)
TOTAL NET POSITION	\$ 153,780,615	\$ 29,726,024	\$ 183,506,639

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF ACTIVITIES
For the year ended June 30, 2018

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,401,118	\$ 1,690,706	\$ 225,769	\$ 61,725
Public safety	46,362,520	3,661,542	501,660	-
Public works	13,934,252	587,671	-	-
Community development	5,847,143	2,641,720	5,886,034	98
Community services	3,604,104	202,353	337,427	-
Interest on long term debt	114,028	-	-	-
Total governmental activities	<u>75,263,165</u>	<u>8,783,992</u>	<u>6,950,890</u>	<u>61,823</u>
Business-type activity:				
Water enterprise	<u>16,377,091</u>	<u>16,198,871</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 91,640,256</u>	<u>\$ 24,982,863</u>	<u>\$ 6,950,890</u>	<u>\$ 61,823</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, as Restated (Note 15)

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activity	Total
\$ (3,422,918)	\$ -	\$ (3,422,918)
(42,199,318)	-	(42,199,318)
(13,346,581)	-	(13,346,581)
2,680,709	-	2,680,709
(3,064,324)	-	(3,064,324)
(114,028)	-	(114,028)
<u>(59,466,460)</u>	<u>-</u>	<u>(59,466,460)</u>
<u>-</u>	<u>(178,220)</u>	<u>(178,220)</u>
<u>(59,466,460)</u>	<u>(178,220)</u>	<u>(59,644,680)</u>
12,138,125	-	12,138,125
17,358,075	-	17,358,075
4,557,811	-	4,557,811
1,359,594	-	1,359,594
1,407,680	-	1,407,680
860,610	-	860,610
(41,593)	128,409	86,816
16,663,263	-	16,663,263
35,000	(35,000)	-
<u>54,338,565</u>	<u>93,409</u>	<u>54,431,974</u>
(5,127,895)	(84,811)	(5,212,706)
<u>158,908,510</u>	<u>29,810,835</u>	<u>188,719,345</u>
<u>\$ 153,780,615</u>	<u>\$ 29,726,024</u>	<u>\$ 183,506,639</u>

CITY OF WESTMINSTER
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
ASSETS			
Cash and investments (Note 2)	\$ 27,193,228	\$ -	\$ 27,620
Receivables, net of allowances (Note 4)	6,133,426	13,061,604	6,167,647
Prepaid items	60,471	-	-
Due from other funds (Note 3)	100,000	-	-
Advance to Successor Agency	-	3,346,019	-
Land held for resale (Note 5)	-	2,259,610	-
Restricted assets:			
Cash and investments (Note 2)	-	7,497,293	-
Cash and investments with fiscal agents (Note 2)	-	-	-
TOTAL ASSETS	\$ 33,487,125	\$ 26,164,526	\$ 6,195,267
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	\$ 1,549,506	\$ 82,193	\$ 56,083
Deposits	1,781,970	-	-
Due to other funds (Note 3)	-	-	600,000
Due to other governments	6,422,354	-	5,098,545
TOTAL LIABILITIES	9,753,830	82,193	5,754,628
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	69,191	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	9,823,021	82,193	5,754,628
FUND BALANCES (NOTE 12):			
Nonspendable	60,471	-	-
Restricted	-	26,082,333	440,639
Committed	9,561,065	-	-
Assigned	2,696,420	-	-
Unassigned	11,346,148	-	-
TOTAL FUND BALANCES	23,664,104	26,082,333	440,639
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 33,487,125	\$ 26,164,526	\$ 6,195,267

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		
\$ 464,435	\$ 9,398,445	\$ 11,134,972	\$ 48,218,700
1,399,734	-	130,139	26,892,550
-	-	12,675	73,146
-	2,000,000	-	2,100,000
-	-	-	3,346,019
-	6,400,000	-	8,659,610
-	-	-	7,497,293
-	4,340,361	622	4,340,983
<u>\$ 1,864,169</u>	<u>\$ 22,138,806</u>	<u>\$ 11,278,408</u>	<u>\$ 101,128,301</u>
\$ 88,221	\$ 306,889	\$ 41,414	\$ 2,124,306
-	-	33,377	1,815,347
1,500,000	-	-	2,100,000
-	-	-	11,520,899
1,588,221	306,889	74,791	17,560,552
516,361	-	5,657	591,209
2,104,582	306,889	80,448	18,151,761
-	-	12,675	73,146
220,056	-	10,940,167	37,683,195
-	-	-	9,561,065
-	21,831,917	245,118	24,773,455
(460,469)	-	-	10,885,679
(240,413)	21,831,917	11,197,960	82,976,540
<u>\$ 1,864,169</u>	<u>\$ 22,138,806</u>	<u>\$ 11,278,408</u>	<u>\$ 101,128,301</u>

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CITY OF WESTMINSTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Fund balances - total governmental funds \$ 82,976,540

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:

Capital assets	\$ 443,350,969	
Accumulated depreciation	<u>(228,467,146)</u>	214,883,823

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 are:

8,616,317

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, 2018 are:

Certificates of participation payable	(1,142,025)	
Accrued interest	<u>(3,763)</u>	(1,145,788)

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 affects only the government-wide statements for governmental activities:

Deferred outflows of resources on pension and OPEB	30,759,618	
Deferred inflows of resources on pension and OPEB	(10,764,466)	
Pension and OPEB liability	<u>(172,136,638)</u>	(152,141,486)

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.

591,209

Net position of governmental activities

\$ 153,780,615

CITY OF WESTMINSTER
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the year ended June 30, 2018

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
REVENUES:			
Taxes	\$ 35,877,419	\$ -	\$ -
Licenses and permits	859,108	-	-
Fines	771,613	-	-
Investment and rental	915,454	114,565	397
Intergovernmental	16,993,712	-	1,296,507
Charges for services	4,625,605	-	-
Other	437,230	1,387	-
TOTAL REVENUES	<u>60,480,141</u>	<u>115,952</u>	<u>1,296,904</u>
EXPENDITURES:			
Current:			
General government	4,316,843	-	-
Public safety	42,598,898	-	-
Public works	4,753,540	-	-
Community development	2,259,524	458,797	918,353
Community services	2,312,752	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>56,241,557</u>	<u>458,797</u>	<u>918,353</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,238,584</u>	<u>(342,845)</u>	<u>378,551</u>
OTHER FINANCING SOURCES (USES):			
Sale of equipment and property	6,007,963	-	-
Transfers in	-	-	-
Transfers out	(7,414,991)	-	(600,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,407,028)</u>	<u>-</u>	<u>(600,000)</u>
NET CHANGE IN FUND BALANCES	2,831,556	(342,845)	(221,449)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>20,832,548</u>	<u>26,425,178</u>	<u>662,088</u>
FUND BALANCES - END OF YEAR	<u>\$ 23,664,104</u>	<u>\$ 26,082,333</u>	<u>\$ 440,639</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		
\$ 3,985,430	\$ -	\$ 1,804,476	\$ 41,667,325
-	-	-	859,108
-	-	-	771,613
45,732	33,987	144,939	1,255,074
554,233	-	1,076,027	19,920,479
120,352	-	719,019	5,464,976
146,457	-	32,632	617,706
<u>4,852,204</u>	<u>33,987</u>	<u>3,777,093</u>	<u>70,556,281</u>
-	-	137,085	4,453,928
-	-	650,663	43,249,561
-	-	-	4,753,540
1,655,577	999,923	1,021,890	7,314,064
-	-	338,269	2,651,021
-	4,509,240	-	4,509,240
191,885	-	227,561	419,446
29,396	-	34,861	64,257
<u>1,876,858</u>	<u>5,509,163</u>	<u>2,410,329</u>	<u>67,415,057</u>
<u>2,975,346</u>	<u>(5,475,176)</u>	<u>1,366,764</u>	<u>3,141,224</u>
-	-	-	6,007,963
773,378	13,135,058	149,991	14,058,427
(4,024,058)	(1,160,167)	(225,000)	(13,424,216)
<u>(3,250,680)</u>	<u>11,974,891</u>	<u>(75,009)</u>	<u>6,642,174</u>
(275,334)	6,499,715	1,291,755	9,783,398
34,921	15,332,202	9,906,205	73,193,142
<u>\$ (240,413)</u>	<u>\$ 21,831,917</u>	<u>\$ 11,197,960</u>	<u>\$ 82,976,540</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, 2018**

Net change in fund balances - total governmental funds \$ 9,783,398

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	\$ 2,260,374	
Depreciation expense	<u>(11,677,292)</u>	(9,416,918)

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		419,446
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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		1,329
--------------------------------	--	-------

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

		(5,984,068)
--	--	-------------

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.

		2,753,701
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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.

		(2,309,965)
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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>(374,818)</u>
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Change in net position of governmental activities		<u><u>\$ (5,127,895)</u></u>
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CITY OF WESTMINSTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 6,674,131	\$ 7,577,283
Receivables, net of allowances	2,931,915	8,327
Prepaid items	1,505,303	-
Inventories	190,882	14,113
Restricted assets:		
Cash and investments	3,762,542	6,481,060
Cash and investments with fiscal agents	114,589	2,461,119
TOTAL CURRENT ASSETS	15,179,362	16,541,902
CAPITAL ASSETS:		
Land	2,484,846	-
Construction in progress	84,290	-
Buildings	101,429	4,464,109
Water distribution lines	46,312,306	-
Improvements other than buildings	11,949,072	622,855
Vehicles	-	2,928,660
Machinery and equipment	13,123,766	858,177
Office furniture, computers and equipment	188,569	2,855,470
Leased property	-	1,623,386
TOTAL CAPITAL ASSETS	74,244,278	13,352,657
Less accumulated depreciation	(43,573,359)	(8,274,004)
NET CAPITAL ASSETS	30,670,919	5,078,653
TOTAL ASSETS	45,850,281	21,620,555
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	155,988	97,201
Deferred amounts on pension plans	805,654	-
Deferred amounts on OPEB plan	547,671	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,509,313	97,201

(Continued)

CITY OF WESTMINSTER
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
June 30, 2018

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 2,215,542	\$ 542,896
Deposits	27,000	-
Claims payable	-	2,054,964
Compensated absences	218,338	1,868,078
Leases payable	-	474,415
Certificates of participation	270,000	181,454
Loans payable	1,632,206	-
TOTAL CURRENT LIABILITIES	4,363,086	5,121,807
LONG-TERM LIABILITIES:		
Claims payable	-	6,164,893
Compensated absences	35,543	304,106
Leases payable	-	254,444
Certificates of participation	1,545,000	296,522
Loans payable	1,204,287	-
OPEB liability	6,905,751	-
Pension liability	3,946,914	-
TOTAL LONG-TERM LIABILITIES	13,637,495	7,019,965
TOTAL LIABILITIES	18,000,581	12,141,772
DEFERRED INFLOWS OF RESOURCES:		
Deferred amounts on pension plans	10,377	-
Deferred amounts on OPEB plan	582,279	-
TOTAL DEFERRED INFLOWS OF RESOURCES	592,656	-
NET POSITION:		
Net investment in capital assets	26,175,414	3,969,021
Restricted:		
Debt service	114,589	-
Pension benefits	-	2,461,119
Unrestricted	2,476,354	3,145,844
TOTAL NET POSITION	28,766,357	\$ 9,575,984
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	959,667	
Net position of business-type activity	\$ 29,726,024	

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, 2018

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 15,982,532	\$ 9,735,150
Other	216,339	359,389
TOTAL OPERATING REVENUES	16,198,871	10,094,539
OPERATING EXPENSES:		
Salaries	3,125,980	1,521,056
Maintenance and operations	4,313,668	3,034,151
Purchased water	3,600,144	-
Pump and basin assessment	3,726,608	-
Insurance premiums and legal fees	5,225	1,816,480
Claims and benefits	-	4,407,283
Depreciation and amortization	1,359,044	1,141,997
TOTAL OPERATING EXPENSES	16,130,669	11,920,967
OPERATING INCOME (LOSS)	68,202	(1,826,428)
NONOPERATING REVENUES (EXPENSES):		
Investment income	128,409	178,405
Interest and fiscal charges	(164,234)	(51,100)
Loss on sale of property and equipment	(11,114)	(82,707)
TOTAL NONOPERATING REVENUES (EXPENSES)	(46,939)	44,598
INCOME (LOSS) BEFORE TRANSFERS	21,263	(1,781,830)
TRANSFERS:		
Transfers in	25,000	386,789
Transfers out	(60,000)	(986,000)
TOTAL TRANSFERS	(35,000)	(599,211)
CHANGE IN NET POSITION	(13,737)	(2,381,041)
NET POSITION - BEGINNING OF YEAR, AS RESTATED (NOTE 15)	28,780,094	11,957,025
NET POSITION - END OF YEAR	\$ 28,766,357	\$ 9,575,984
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	\$ (71,074)	
Change in net position - Enterprise Fund	(13,737)	
Change in net position of business-type activity	\$ (84,811)	

See accompanying notes to basic financial statements.

CITY OF WESTMINSTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended June 30, 2018

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 15,854,156	\$ 10,089,298
Payment to suppliers	(13,177,381)	(14,984,206)
Payment to employees	(3,085,758)	(1,512,029)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(408,983)</u>	<u>(6,406,937)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	25,000	386,789
Cash paid to other funds	(60,000)	(986,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(35,000)</u>	<u>(599,211)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(163,998)	(264,624)
Proceeds from sale of assets	-	78,931
Proceeds from debt	1,589,593	-
Principal payments on capital leases	-	(326,538)
Principal payments on long-term debt	(466,890)	(175,553)
Interest and fiscal charges	(138,243)	(26,309)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>820,462</u>	<u>(714,093)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	128,409	178,405
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	504,888	(7,541,836)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>10,046,374</u>	<u>24,061,298</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,551,262</u>	<u>\$ 16,519,462</u>
CASH AND CASH EQUIVALENTS:		
Current assets:		
Cash and investments	\$ 6,674,131	\$ 7,577,283
Restricted assets:		
Cash and investments	3,762,542	6,481,060
Cash and investments with fiscal agents	114,589	2,461,119
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 10,551,262</u>	<u>\$ 16,519,462</u>

(Continued)

CITY OF WESTMINSTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
For the year ended June 30, 2018

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 68,202	\$ (1,826,428)
Depreciation and amortization	1,359,044	1,141,997
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(344,715)	(5,241)
(Increase) decrease in prepaid items	(1,505,303)	36,478
(Increase) decrease in inventories	4,395	8,859
(Increase) decrease in deferred outflows on pensions and OPEB	(736,282)	-
Increase (decrease) in accounts payable and other liabilities	(30,828)	364,702
Increase (decrease) in claims payable	-	(6,358,592)
Increase (decrease) in deferred inflows on pensions and OPEB	532,657	-
Increase (decrease) in OPEB	(350,466)	-
Increase (decrease) in pension liability	590,247	-
Increase (decrease) in compensated absences payable	4,066	231,288
	<u>4,066</u>	<u>231,288</u>
 NET CASH PROVIDED (USED) BY BY OPERATING ACTIVITIES	 <u>\$ (408,983)</u>	 <u>\$ (6,406,937)</u>

CITY OF WESTMINSTER
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
	<u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 6,717,716	\$ -
Interest receivable	30,078	-
Prepaid items	687,524	-
Due from other governments	6,415,618	-
Restricted assets:		
Cash and investments	-	8,667
Cash and investments with fiscal agents	14,161,297	-
TOTAL ASSETS	<u>28,012,233</u>	<u>\$ 8,667</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	<u>10,847,547</u>	
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	7,102	\$ -
Certificates of participation, current portion	915,000	-
Due to bondholders	-	8,667
Due to other governments	6,400,000	-
Interest payable	808,443	-
TOTAL CURRENT LIABILITIES	<u>8,130,545</u>	<u>8,667</u>
LONG-TERM LIABILITIES:		
Certificates of participation	120,508,130	-
Advance payable to Housing Authority	3,346,019	-
TOTAL LONG-TERM LIABILITIES	<u>123,854,149</u>	<u>-</u>
TOTAL LIABILITIES	<u>131,984,694</u>	<u>\$ 8,667</u>
NET POSITION:		
Net position for private purpose	<u>(93,124,914)</u>	
TOTAL NET POSITION	<u>\$ (93,124,914)</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, 2018

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes and assessments	\$ 8,849,295
Investment and rental	<u>211,008</u>
TOTAL ADDITIONS	<u>9,060,303</u>
DEDUCTIONS:	
General government	460,436
Community development	150,645
Interest and fiscal expense	5,391,297
Loss on sale of land	11,520,216
Contribution to County	<u>6,974,000</u>
TOTAL DEDUCTIONS	<u>24,496,594</u>
CHANGE IN NET POSITION	(15,436,291)
NET POSITION AT BEGINNING OF YEAR	<u>(77,688,623)</u>
NET POSITION AT END OF YEAR	<u><u>\$ (93,124,914)</u></u>

See accompanying notes to basic financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Classifications

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major enterprise fund:

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

Current Year Standards

In fiscal year 2017-2018, the City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position of governmental activities and business-type activity at July 1, 2017 by \$42,542,831 and \$4,879,881, respectively.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the City.

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017, and did not impact the City.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017, and did not impact the City.

Pending Accounting Standards

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

Land Held for Resale

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

Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their acquisition value at the date of acquisition. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of 1 year or more. Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, streetlights, sewers, storm drains, bridges and right-of-way corridors within the City.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Capital Assets (Continued)

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Governmental Funds Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding, net of accumulated amortization reported in the government-wide statement of net position and the proprietary funds financial statements. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension liability and the total OPEB liability, respectively.
- Deferred outflow related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plans fiduciary net position. These amounts are amortized over five years.
- Deferred outflow from pensions resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining service lives of all employees that are provided with pensions through the plans.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

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

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

Net Position Flow Assumptions

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

Long-Term Obligations

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. As of June 30, 2018, all encumbrances at year-end were closed. Unexpended appropriations are reencumbered in the following year after reconsideration, without additional budget appropriation.

Statement of Cash Flows

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

Investments

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

Inventories

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

Property Taxes

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

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

Compensated Absences

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Use of Estimates

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

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

2. CASH AND INVESTMENTS

Cash and Investments

Cash and investments at June 30, 2018 consisted of the following:

	Government Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	<u>\$ 62,470,114</u>	<u>\$ 6,717,716</u>	<u>\$ 69,187,830</u>
Total unrestricted assets	<u>62,470,114</u>	<u>6,717,716</u>	<u>69,187,830</u>
Restricted assets:			
Cash and investments	17,740,895	8,667	17,749,562
Cash and investments with fiscal agents	<u>6,916,691</u>	<u>14,161,297</u>	<u>21,077,988</u>
Total restricted assets	<u>24,657,586</u>	<u>14,169,964</u>	<u>38,827,550</u>
Total cash and investments	<u>\$ 87,127,700</u>	<u>\$ 20,887,680</u>	<u>\$ 108,015,380</u>

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

Primary government:

Petty cash	\$ 4,850
Deposits	3,308,977
Investments	<u>83,813,873</u>
	<u>\$ 87,127,700</u>

Fiduciary funds:

Pooled with the primary government	\$ 8,667
Deposits	145,541
Investments	<u>20,733,472</u>
	<u>\$ 20,887,680</u>

The City follows the practice of pooling cash and investments of all funds except for amounts with fiscal agents, and legally restricted funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Unrestricted assets - cash and investments" or "Restricted assets - cash and investments". Investment income earned on pooled cash and investments is allocated to the various funds based on ending cash and investment balances. Interest from cash and investments of funds excluded from pooled amounts is credited directly to the related fund.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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 Passthrough 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, 2018

2. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

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

Investment Type	Primary Government			Total
	Remaining Maturity (in Months)			
	12 Months or Less	13 - 36 Months	37 - 60 Months	
Local Agency Investment Fund (LAIF)	\$ 22,801,884	\$ -	\$ -	\$ 22,801,884
United States Treasury Obligations	-	8,603,393	6,129,360	14,732,753
Federal National Mortgage Association (FNMA)	-	5,770,723	4,412,291	10,183,014
Federal Home Loan Mortgage Corporation (FHLMC)	-	1,275,681	1,145,173	2,420,854
Federal Home Loan Bank (FHLB)	-	1,874,829	1,100,456	2,975,285
Corporate Medium Term Notes (MTN)	4,573,823	4,210,311	6,098,183	14,882,317
Collateralized Mortgage Obligation	-	305,796	850,330	1,156,126
Asset-Backed Securities	48,645	1,625,993	1,489,688	3,164,326
Supranational	-	1,275,044	1,057,268	2,332,312
Negotiable Certificates of Deposit	2,160,000	-	-	2,160,000
Money Market Mutual Funds	7,005,002	-	-	7,005,002
	<u>\$ 36,589,354</u>	<u>\$ 24,941,770</u>	<u>\$ 22,282,749</u>	<u>\$ 83,813,873</u>

Investment Type	Fiduciary Funds			Total
	Remaining Maturity (in Months)			
	12 Months or Less	13 - 36 Months	37 - 60 Months	
Local Agency Investment Fund (LAIF)	\$ 6,572,175	\$ -	\$ -	\$ 6,572,175
Money Market Mutual Funds	14,161,297	-	-	14,161,297
	<u>\$ 20,733,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,733,472</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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, 2018	Primary Government				
			AAA	AA+	Other	Not Required to be Rated	Not Rated
LAIF	N/A	\$ 22,801,884	\$ -	\$ -	\$ -	\$ -	\$ 22,801,884
U.S. Treasury Obligations	N/A	14,732,753	-	-	-	14,732,753	-
FNMA	N/A	10,183,014	-	9,482,392	-	-	700,622
FHLMC	N/A	2,420,854	-	2,420,854	-	-	-
FHLB	N/A	2,975,285	-	2,975,285	-	-	-
MTN	A	14,882,317	-	-	14,882,317	-	-
Collateralized Mortgage Obligation	N/A	1,156,126	-	305,796	-	-	850,330
Asset-Backed Securities	N/A	3,164,326	1,733,394	-	-	-	1,430,932
Supranational	N/A	2,332,312	1,275,044	-	-	-	1,057,268
Negotiable Certificates of Deposit	A-	2,160,000	-	-	2,160,000	-	-
Money Market Mutual Funds	AAA	7,005,002	7,005,002	-	-	-	-
		<u>\$ 83,813,873</u>	<u>\$ 10,013,440</u>	<u>\$ 15,184,327</u>	<u>\$ 17,042,317</u>	<u>\$ 14,732,753</u>	<u>\$ 26,841,036</u>

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

Investment Type	AAA	AA+	AA-	A+	A	A-	Total
MTN	<u>\$ 265,743</u>	<u>\$ 618,405</u>	<u>\$ 2,888,907</u>	<u>\$ 3,967,599</u>	<u>\$ 5,909,447</u>	<u>\$ 1,232,216</u>	<u>\$ 14,882,317</u>
Negotiable Certificates of Deposit	<u>\$ 520,000</u>	<u>\$ 1,640,000</u>					<u>\$ 2,160,000</u>

Investment Type	Minimum Legal Rating	Total as of June 30, 2018	Fiduciary Funds			
			AAA	AA+	Not Required to be Rated	Not Rated
LAIF	N/A	\$ 6,572,175	\$ -	\$ -	\$ -	\$ 6,572,175
Money Market Mutual Funds	AAA	14,161,297	14,161,297	-	-	-
		<u>\$ 20,733,472</u>	<u>\$ 14,161,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,572,175</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. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Primary Government

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	United States Government Sponsored Agency Securities	\$ 10,183,014

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, 2018, 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.

Investment in Section 115 Pension Trust

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

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

2. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets, and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2018:

Primary Government

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Treasury Obligations	\$ -	\$ 14,732,753	\$ -	\$ 14,732,753
FNMA	-	10,183,014	-	10,183,014
FHLMC	-	2,420,854	-	2,420,854
FHLB	-	2,975,285	-	2,975,285
MTN	-	14,882,317	-	14,882,317
Collateralized Mortgage Obligation	-	1,156,126	-	1,156,126
Asset Backed Securities	-	3,164,326	-	3,164,326
Supranational	-	2,332,312	-	2,332,312
Negotiable Certificates of Deposit	-	2,160,000	-	2,160,000
	<u>\$ -</u>	<u>\$ 54,006,987</u>	<u>\$ -</u>	54,006,987
LAIF*				22,801,884
Money Market Mutual Funds*				<u>7,005,002</u>
				<u>\$ 83,813,873</u>

Fiduciary Funds

LAIF*	\$ 6,572,175
Money Market Mutual Funds*	<u>14,161,297</u>
	<u>\$ 20,733,472</u>

* Not subject to fair value measurements.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2018 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 100,000	\$ -
Special Revenue Funds:		
Housing and Community Development	-	600,000
Special Gas Tax and Street Improvements	-	1,500,000
Capital Projects Fund:		
Capital Improvements	<u>2,000,000</u>	<u>-</u>
	<u>\$ 2,100,000</u>	<u>\$ 2,100,000</u>

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

The compositions of the City's interfund transfer balances as of June 30, 2018 are as follows:

Governmental Activities

	<u>Transfers In</u>			
	<u>Special Gas Tax and Street Improvements</u>	<u>Capital Improvements</u>	<u>Other Governmental</u>	<u>Total</u>
Transfers Out:				
General	\$ -	\$ 7,300,000	\$ 89,991	\$ 7,389,991
Housing and Community Development	-	600,000	-	600,000
Special Gas Tax and Street Improvements	-	4,024,058	-	4,024,058
Capital Improvements	773,378	-	-	773,378
Other Governmental Funds	-	225,000	-	225,000
Water Enterprise	-	-	60,000	60,000
Internal Service	-	986,000	-	986,000
	<u>\$ 773,378</u>	<u>\$ 13,135,058</u>	<u>\$ 149,991</u>	<u>\$ 14,058,427</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (CONTINUED)

Proprietary Funds

	Transfers In		
	Water Enterprise	Internal Service	Total
Transfers Out:			
General	\$ 25,000	\$ -	\$ 25,000
Capital Improvements	-	386,789	386,789
	<u>\$ 25,000</u>	<u>\$ 386,789</u>	<u>\$ 411,789</u>

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

4. RECEIVABLES

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

Governmental Funds

	General	Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Other Governmental	Total
Taxes	\$ 5,351,389	\$ -	\$ -	\$ -	\$ 16,663	\$ 5,368,052
Accounts	359,667	-	-	-	-	359,667
Interest	407,306	-	-	-	-	407,306
Loans	-	5,290,893	4,386,600	-	-	9,677,493
Notes	-	7,770,711	1,561,945	-	-	9,332,656
Due from other governments	<u>15,064</u>	<u>-</u>	<u>219,102</u>	<u>1,399,734</u>	<u>113,476</u>	<u>1,747,376</u>
Net Total Receivables	<u>\$ 6,133,426</u>	<u>\$ 13,061,604</u>	<u>\$ 6,167,647</u>	<u>\$ 1,399,734</u>	<u>\$ 130,139</u>	<u>\$ 26,892,550</u>

Proprietary Funds

	Water Enterprise	Internal Service	Total
Accounts	\$ 2,931,915	\$ 4,406	\$ 2,936,321
Due from other governments	<u>-</u>	<u>3,921</u>	<u>3,921</u>
Net Total Receivables	<u>\$ 2,931,915</u>	<u>\$ 8,327</u>	<u>\$ 2,940,242</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

4. RECEIVABLES (CONTINUED)

Governmental Activities

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

Loans Receivable - Housing and Community Development

Community Development Block Grant - Housing Rehab Loans, due upon sale of property	\$ 450,351
HOME Rehab Loans, due upon sale of property	38,744
HOME Single Residence Loans, due upon sale of property	362,638
HOME Down Payment Assistance Loans, payable in monthly installments, with balance due upon sale of property	181,692
HOME Lease Purchase Program - due upon sale of property. The program is administered by American Family Housing, Inc. or Abrazar, Inc.	<u>3,353,175</u>
Total Loans Receivable - Housing and Community Development	<u>\$ 4,386,600</u>

Loans Receivable - Westminster Housing Authority

Housing Rehab Loans, due upon sale of property	\$ 2,347,489
Housing Single Residence Loans, deferred 35 years, or due upon sale of property	70,000
Housing Lease Purchase Program due upon sale of property. The program is administered by American Family Housing, Inc. or Abrazar, Inc.	2,798,404
Housing First Time Homebuyers Loans, due upon sale of property.	<u>75,000</u>
Total Loans Receivable - Westminster Housing Authority	<u>\$ 5,290,893</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
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CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

4. RECEIVABLES (CONTINUED)

Governmental Activities (Continued)

Notes Receivable - Housing and Community Development (Continued)

\$610,662 note receivable from American Family Housing, dated July 8, 2015. The purpose of the loan is to assist with the developer in the purchase and development of property located at 13811 Locust Street in the City of Westminster, California as a long-term transitional housing project that may be modified to permanent rental housing for persons and families of very low and low income at affordable rent. As of June 30, 2018, \$566,205 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. \$ 566,205

\$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, 2018, \$145,740 has been disbursed to the developer. Repayment of the 55 year, 0% interest loan is to be made in annual payments equal to 50% of the project’s “residual receipts”. The note shall accrue interest at the rate of zero percent. 145,740

Total Notes Receivable – Housing and Community Development \$ 1,561,945

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”. \$ 131,289

\$300,000 note receivable from Coventry Heights dated December 30, 2003. The purpose of the loan is to assist with the development of 76 units of affordable housing for seniors (project). Repayment of the 55 year, 3% simple interest loan is to be made in annual payments equal to 25% of the project’s “residual receipts”. 132,919

\$200,000 note receivable from American Family Housing dated April 25, 2006. The purpose of the loan is to assist with the development of housing units for extremely low income families (project). Repayment of the 30 year, 1% simple interest loan is to be made in monthly payments of principal and interest. On July 27, 2016, this remaining loan balance was amended as part of a new loan paid with Housing and Community Development funds. Payment has been deferred until July 1, 2032 and will be forgiven at that time provided all provisions have been followed. An allowance for the amount of \$137,778 is recorded on this note, as the City expects to forgive this note. -

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

4. RECEIVABLES (CONTINUED)

Governmental Activities (Continued)

Notes Receivable - Westminster Housing Authority (Continued)

\$5,544,000 note receivable from AMCAL Royale Fund, L.P., dated February 2, 2010. The purpose of the loan is to assist with the developer in the purchase and development of property located at 230 Hospital Circle in the City of Westminster, California as a multi-family affordable housing (project). As of June 30, 2018, \$5,128,874 has been disbursed to the developer. Repayment of the 55 year, 3% simple interest loan is to be made in annual payments equal to 50% of the project's "residual receipts".

\$ 5,128,874

\$757,338 note receivable from American Family Housing, dated July 8, 2015. The purpose of the loan is to assist with the developer in the purchase and development of property located at 13811 Locust Street in the City of Westminster, California as a long-term transitional housing project that may be modified to permanent rental housing for persons and families of very low and low income at affordable rent. As of June 30, 2018, \$277,629 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".

277,629

\$2,100,000 note receivable from Affirmed Housing Group, Inc. dated June 30, 2016. The purpose of the loan is to assist with the developer in the purchase and development of property located at 14800 Beach Boulevard in the City of Westminster, California as an affordable apartment community for persons and families of low, very low and extremely low income households. 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".

2,100,000

Total Notes Receivable - Westminster Housing Authority \$ 7,770,711

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, 2017	Additions/ (Deletions)	Balance June 30, 2018
14282 Locust Street	096-162-03	\$ 203,810	\$ -	\$ 203,810
14242 Locust Street	096-162-01	296,400	-	296,400
14262 Locust Street	096-162-02	296,400	-	296,400
8190 13th Street	097-090-50	1,463,000	-	1,463,000
15550 Beach Boulevard	107-721-02	-	6,400,000	6,400,000
		<u>\$ 2,259,610</u>	<u>\$ 6,400,000</u>	<u>\$ 8,659,610</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

6. CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets for the year ended June 30, 2018 is as follows:

Governmental Activities

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 18,272,581	\$ 574,000	\$ (1,700,000)	\$ 17,146,581
Construction in progress	2,204,280	144,370	(2,178,245)	170,405
Total capital assets, not being depreciated	<u>20,476,861</u>	<u>718,370</u>	<u>(3,878,245)</u>	<u>17,316,986</u>
Capital assets, being depreciated:				
Buildings	118,817,967	100,603	(46,203)	118,872,367
Improvements other than buildings	27,282,498	66,832	(25,082)	27,324,248
Vehicles, machinery and equipment	9,179,435	2,648,738	(877,524)	10,950,649
Office furniture and equipment	8,471,753	177,870	(180,429)	8,469,194
Leased property	1,355,809	438,871	(171,292)	1,623,388
Infrastructure	269,280,920	2,865,879	-	272,146,799
Total capital assets, being depreciated	<u>434,388,382</u>	<u>6,298,793</u>	<u>(1,300,530)</u>	<u>439,386,645</u>
Less accumulated depreciation for:				
Buildings	(22,494,172)	(2,394,452)	19,080	(24,869,544)
Improvements other than buildings	(6,205,524)	(1,244,828)	11,844	(7,438,508)
Vehicles, machinery and equipment	(6,500,476)	(551,884)	646,110	(6,406,250)
Office furniture and equipment	(4,918,966)	(558,264)	135,469	(5,341,761)
Leased property	(876,504)	(443,976)	151,340	(1,169,140)
Infrastructure	(183,890,067)	(7,625,885)	-	(191,515,952)
Total accumulated depreciation	<u>(224,885,709)</u>	<u>(12,819,289)</u>	<u>963,843</u>	<u>(236,741,155)</u>
Total capital assets, being depreciated, net	<u>209,502,673</u>	<u>(6,520,496)</u>	<u>(336,687)</u>	<u>202,645,490</u>
Total governmental activities capital assets, net	<u>\$ 229,979,534</u>	<u>\$ (5,802,126)</u>	<u>\$ (4,214,932)</u>	<u>\$ 219,962,476</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

6. CAPITAL ASSETS (CONTINUED)

A summary of changes in the Business-type Activity capital assets for the year ended June 30, 2018 is as follows:

Business-type Activity

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Capital assets, not being depreciated:				
Land and land rights	\$ 2,484,846	\$ -	\$ -	\$ 2,484,846
Construction in progress	-	84,290	-	84,290
Total capital assets, not being depreciated	<u>2,484,846</u>	<u>84,290</u>	<u>-</u>	<u>2,569,136</u>
Capital assets, being depreciated:				
Buildings	101,429	-	-	101,429
Improvements other than buildings	11,913,312	35,760	-	11,949,072
Water distribution lines	46,312,306	-	-	46,312,306
Machinery and equipment	13,113,530	43,949	(33,713)	13,123,766
Office furniture and equipment	193,783	-	(5,214)	188,569
Total capital assets, being depreciated	<u>71,634,360</u>	<u>79,709</u>	<u>(38,927)</u>	<u>71,675,142</u>
Less accumulated depreciation for:				
Buildings	(89,053)	(799)	-	(89,852)
Improvements other than buildings	(2,877,297)	(244,799)	-	(3,122,096)
Water distribution lines	(29,645,956)	(840,823)	-	(30,486,779)
Machinery and equipment	(9,524,902)	(252,564)	23,151	(9,754,315)
Office furniture and equipment	(104,921)	(20,059)	4,663	(120,317)
Total accumulated depreciation	<u>(42,242,129)</u>	<u>(1,359,044)</u>	<u>27,814</u>	<u>(43,573,359)</u>
Total capital assets, being depreciated, net	<u>29,392,231</u>	<u>(1,279,335)</u>	<u>(11,113)</u>	<u>28,101,783</u>
Total business-type activity capital assets, net	<u>\$ 31,877,077</u>	<u>\$ (1,195,045)</u>	<u>\$ (11,113)</u>	<u>\$ 30,670,919</u>

The City maintains a reserve fund for capital improvement designed to encourage and improve on water conservation. At June 30, 2018, the Enterprise Fund's conservation projects reserve account totaled \$3,748,962.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

6. CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General government	\$ 94,323
Public safety	1,359,802
Public works	7,946,330
Community development	1,682,829
Community services	594,008
Internal service funds	<u>1,141,997</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 12,819,289</u></u>

Business-type Activity

Water Fund	<u><u>\$ 1,359,044</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, 2018:

Governmental Activities

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Certificates of participation	\$ 2,215,000	\$ -	\$ 595,000	\$ 1,620,000	\$ 615,000	\$ 1,005,000
Leases payable	616,527	438,871	326,538	728,860	474,415	254,445
Compensated absences	1,940,896	1,616,622	1,385,334	2,172,184	1,868,079	304,105
Claims liabilities (Note 11)	<u>14,578,449</u>	<u>8,650,760</u>	<u>15,009,352</u>	<u>8,219,857</u>	<u>2,054,964</u>	<u>6,164,893</u>
 Total governmental activities	 <u><u>\$ 19,350,872</u></u>	 <u><u>\$ 10,706,253</u></u>	 <u><u>\$ 17,316,224</u></u>	 <u><u>\$ 12,740,901</u></u>	 <u><u>\$ 5,012,458</u></u>	 <u><u>\$ 7,728,443</u></u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

7. LONG-TERM LIABILITIES

Business-type Activity

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Certificates of participation	\$ 2,075,000	\$ -	\$ 260,000	\$ 1,815,000	\$ 270,000	\$ 1,545,000
Loans payable	1,453,790	1,589,593	206,890	2,836,493	1,632,206	1,204,287
Compensated absences	249,815	104,925	100,859	253,881	218,338	35,543
Total business type activity	<u>3,778,605</u>	<u>1,694,518</u>	<u>567,749</u>	<u>4,905,374</u>	<u>2,120,544</u>	<u>2,784,830</u>
City Total	<u>\$ 23,129,477</u>	<u>\$ 12,400,771</u>	<u>\$ 17,883,973</u>	<u>\$ 17,646,275</u>	<u>\$ 7,133,002</u>	<u>\$ 10,513,273</u>

Governmental Activities

Certificates of Participation

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

Principal outstanding at June 30, 2018 \$ 1,620,000

Lease Payable

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

Principal outstanding at June 30, 2018 \$ 728,860

Capital assets acquired through the lease consists of equipment with a net value of \$454,248, which has an original cost of \$1,623,386 less accumulated depreciation of \$1,169,138.

7. LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

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.

Business-type Activity

The Business-type Activity long-term liability transactions at June 30, 2018 are comprised of the following individual items:

Certificates of Participation

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

Principal outstanding at June 30, 2018 \$ 1,815,000

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, 2018

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

Certificates of Participation (Continued)

For the fiscal year ended June 30, 2018, the calculation of the Enterprise Fund’s compliance with the rate coverage covenant is as follows:

Gross revenues:	
Charges for services	\$ 15,982,532
Investment income	128,409
Other	<u>216,339</u>
Total gross revenues	<u>16,327,280</u>
Operating expenses:	
Operating expenses	16,130,669
Depreciation and amortization	(1,359,044)
Vehicle replacement charges	<u>(217,638)</u>
Total operating costs	<u>14,553,987</u>
Net revenues	<u>\$ 1,773,293</u>
Installment payments:	
Principal payments	\$ 326,159
Interest payments	<u>130,394</u>
Total installment payments	<u>\$ 456,553</u>
Net revenues to installment payment coverage ratio	<u>388%</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, 2018, the Enterprise Fund’s capital equipment replacement reserve is as follows:

Capital equipment replacement reserve	<u>\$ 4,231,724</u>
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CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

7. LONG-TERM LIABILITIES (CONTINUED)

Business-type Activity (Continued)

Loans Payable

\$889,355 loan payable to Orange County Water District dated August 1, 2000. The loan was issued as per a conjunctive use well construction program agreement with the Orange County Water District for the completion of a well. The loan is payable in annual installments ranging from \$31,449 to \$60,640 until maturity on February 1, 2020. Interest is payable at a fixed rate of 3.5%. \$ 118,875

\$2,000,000 installment sale agreement payable to California Infrastructure and Economic Development Bank, dated January 28, 2002. The agreement was issued to provide for the financing of a water tank. The project was completed, and the loan was fully funded as of June 30, 2004. The agreement is payable in annual installments ranging from \$40,000 to \$105,000 until maturity on August 1, 2031. Interest is payable at a fixed rate of 3.52% per annum. 1,212,315

\$1,589,593 installment loan payable to West Orange County Water Board dated December 13, 2017. The agreement was issued to provide for the financing of a water line relocation as part of the I-405 widening project. The project will be completed in early fiscal year 2018-19, and the loan was subsequently paid in full on August 27, 2018. 1,505,303

Total Loans Payable \$ 2,836,493

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, 2018

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, 2018, including interest payments are as follows:

Year Ending June 30,	Certificates of Participation Governmental Activities		
	Principal	Interest	Total
2019	615,000	67,350	682,350
2020	320,000	42,750	362,750
2021	335,000	29,550	364,550
2022	350,000	15,313	365,313
	<u>\$ 1,620,000</u>	<u>\$ 154,963</u>	<u>\$ 1,774,963</u>

Year Ending June 30,	Leases Payable Governmental Activities		
	Principal	Interest	Total
2019	\$ 474,415	\$ 9,488	\$ 483,903
2020	101,203	2,024	103,227
2021	153,242	3,065	156,307
	<u>\$ 728,860</u>	<u>\$ 14,577</u>	<u>\$ 743,437</u>

Year Ending June 30,	Certificates of Participation Business-type Activity		
	Principal	Interest	Total
2019	270,000	\$ 76,156	\$ 346,156
2020	285,000	65,356	350,356
2021	295,000	53,600	348,600
2022	310,000	41,431	351,431
2023	320,000	28,256	348,256
2024	335,000	14,656	349,656
	<u>\$ 1,815,000</u>	<u>\$ 279,455</u>	<u>\$ 2,094,455</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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		Total
	Principal	Interest	
2019	\$ 1,632,206	\$ 51,602	\$ 1,683,808
2020	131,359	41,131	172,490
2021	73,395	36,475	109,870
2022	75,978	33,846	109,824
2023	78,652	31,125	109,777
2024-2028	436,792	111,329	548,121
2029-2032	408,111	29,352	437,463
	<u>\$ 2,836,493</u>	<u>\$ 334,860</u>	<u>\$ 3,171,353</u>

Year Ending June 30,	Grand Totals		
	Governmental and Business-type Activities		
	Principal	Interest	Total
2019	\$ 2,991,621	\$ 204,596	\$ 3,196,217
2020	837,562	151,261	988,823
2021	856,637	122,690	979,327
2022	735,978	90,590	826,568
2023	398,652	59,381	458,033
2024-2028	771,792	125,985	897,777
2029-2032	408,111	29,352	437,463
	<u>\$ 7,000,353</u>	<u>\$ 783,855</u>	<u>\$ 7,784,208</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. PENSION PLANS

The following is a summary of pension related items for the year ended June 30, 2018:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 43,854,602	\$ 8,951,709	\$ (115,286)	\$ 6,841,092
CalPERS Safety	70,946,856	17,832,906	(5,583,149)	6,659,922
PARS	1,076,556	5,967	-	1,018
	<u>\$ 115,878,014</u>	<u>\$ 26,790,582</u>	<u>\$ (5,698,435)</u>	<u>\$ 13,502,032</u>

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

a. Public Employees' Retirement System (CalPERS)

General Information about the Pension Plans

Plan Descriptions

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least 5 years of service. PEPR miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. PENSION PLANS (CONTINUED)

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

General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

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

	Miscellaneous		
	Prior to October 22, 2011	October 22, 2011 to December 31, 2012	On or After January 1, 2013
Hire date			
Benefit formula	2.5%@55	2%@60	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	5.75%
Required employer contribution rates:			
Normal cost rate	8.247%	8.247%	5.750%
Payment of unfunded liability	\$ 2,101,110	\$ -	\$ -
	Safety		
	Prior to October 22, 2011	October 22, 2011 to December 31, 2012	On or After January 1, 2013
Hire date			
Benefit formula	3%@50	2%@50	2.7%@57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.00%	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	12.25%
Required employer contribution rates:			
Normal cost rate	21.418%	16.498%	12.729%
Payment of unfunded liability	\$ 3,003,721	\$ 329	\$ 1,687

8. PENSION PLANS (CONTINUED)

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

General Information about the Pension Plans (Continued)

Employees Covered

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

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	254
Inactive employees entitled to but not yet receiving benefits	128
Active employees	<u>126</u>
Total	<u><u>508</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' 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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Projected Salary Increase	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Income	(3)	(3)

(1) Varies by entry age and service.

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

(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

In fiscal year 2017-18, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

8. PENSION PLANS (CONTINUED)

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

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each plan and reflects the long-term expected rate of return for each plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. PENSION PLANS (CONTINUED)

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

Net Pension Liability (Continued)

Discount Rate (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

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

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

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, 2018

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, 2016 (Measurement Date)	<u>\$ 120,912,660</u>	<u>\$ 83,616,364</u>	<u>\$ 37,296,296</u>
Changes in the Year:			
Service cost	1,703,653	-	1,703,653
Interest on the total pension liability	9,000,252	-	9,000,252
Differences between expected and actual experience	(192,143)	-	(192,143)
Changes in assumptions	7,439,826	-	7,439,826
Changes in benefit terms	-	-	-
Plan to plan resource movement	-	-	-
Contribution - employer		2,263,443	(2,263,443)
Contribution - employee (paid by employer)	-	-	-
Contribution - employee	-	481,638	(481,638)
Net investment income	-	8,771,655	(8,771,655)
Administrative expenses	-	(123,454)	123,454
Benefit payments, including refunds of employee contributions	<u>(6,269,057)</u>	<u>(6,269,057)</u>	<u>-</u>
Net Changes	<u>11,682,531</u>	<u>5,124,225</u>	<u>6,558,306</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 132,595,191</u>	<u>\$ 88,740,589</u>	<u>\$ 43,854,602</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. PENSION PLANS (CONTINUED)

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

Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability

As of June 30, 2018, the City reported net pension liabilities for its proportionate share of the net pension liability for the Safety Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Safety	<u>\$ 70,946,856</u>

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2016 and 2017 was as follows:

	<u>Safety</u>
Proportion - June 30, 2016	1.19950%
Proportion - June 30, 2017	1.18735%
Change - Increase (Decrease)	-0.01215%

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. PENSION PLANS (CONTINUED)

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

Changes in the Net Pension Liability (Continued)

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

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

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 61,735,668	\$ 105,184,902
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 43,854,602	\$ 70,946,856
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 29,134,988	\$ 42,958,960

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2018, the City recognized pension expense of \$6,841,094 and \$6,657,922 for the Miscellaneous and Safety Plans, respectively. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>		<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 2,929,826	\$ -	\$ 4,494,635	\$ -
Differences between expected and actual experience	22,879	(115,286)	714,629	(186,323)
Change in assumptions	4,463,896	-	10,363,905	(795,147)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	(4,601,679)
Net differences between projected and actual earnings on plan investments	1,535,108	-	2,259,737	-
Total	<u>\$ 8,951,709</u>	<u>\$ (115,286)</u>	<u>\$ 17,832,906</u>	<u>\$ (5,583,149)</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. PENSION PLANS (CONTINUED)

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

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

\$2,929,826 and \$4,494,635 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, 2019. 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
2019	\$ 2,940,418	\$ 481,652
2020	2,961,982	5,433,449
2021	599,799	3,162,278
2022	(595,602)	(1,322,252)
2023	-	-
Thereafter	-	-

Payable to the Pension Plan

At June 30, 2018, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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

General Information about the Pension Plan

Plan Description and Benefits

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

Contributions

The 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, 2018, the City's contribution was \$56,636.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. PENSION PLANS (CONTINUED)

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

General Information about the Pension Plan (Continued)

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
	<hr/>
Total	<u><u>6</u></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, 2018, using an annual actuarial valuation as of June 30, 2018. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability as of the measurement date of June 30, 2018 was determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method:	
Level percent or level dollar	Level Dollar
Closed, Open, or layered periods	Closed
Amortization period at June 30, 2018	4.0 years
Amortization growth rate	0.00%
Inflation	0.00%
Salary Increases	N/A
Investment Rate of Return	6.00%
Cost of Living Adjustments	2.00%
Withdrawal/Disability	N/A
Mortality	Males: RP-2000 Male Table projected to 2020 using Scale BB (as prescribed by PARS) Females: RP-2000 Female Table projected to 2020 using Scale BB (as prescribed by PARS)
Form of Payment	Monthly as determined by plan document

8. PENSION PLANS (CONTINUED)

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

Net Pension Liability (Continued)

Discount Rate

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

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

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

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

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of June 30, 2018.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. PENSION PLANS (CONTINUED)

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

Net Pension Liability (Continued)

Discount Rate (Continued)

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

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
U.S. Cash	BAML 3 Month T-Bill	4.42%	0.31%	0.31%
U.S. Core Fixed Income	Barclays Aggregate	79.60%	2.14%	2.02%
U.S. Equity Market	Russell 3000	11.97%	4.59%	3.32%
Foreign Developed Equity	MSCI EAFE NR	3.57%	5.52%	3.91%
U.S. Real Estate	FTSE NAREIT Equity REIT	0.44%	5.04%	3.27%
Assumed Inflation - Mean			2.32%	2.30%
Assumed Inflation - Standard Deviation			1.85%	1.85%
Portfolio Real Mean Return			2.49%	2.36%
Portfolio Nominal Mean Return			4.80%	4.71%
30-Year Annualized Return-Standard Deviation				0.80%
Long-Term Expected Rate of Return				6.00%

The discount rate for calculating the total pension liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current retirees. Therefore, the City chose the Bond Buyer General Obligation 20-Bond Index resulting in the use of a 3.87% rate in calculating the pension liability.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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, 2017	\$ 1,214,319	\$ 84,065	\$ 1,130,254
Changes in the Year:			
Service cost	-	-	-
Interest on the total pension liability	42,556	-	42,556
Effect of economic/demographic gains and losses	6,047	-	6,047
Changes in assumptions	(47,938)	-	(47,938)
Changes in benefit terms	-	-	-
Contribution - employer	-	56,636	(56,636)
Contribution - employee (paid by employer)	-	-	-
Contribution - employee	-	-	-
Net investment income	-	745	(745)
Administrative expenses	-	(3,018)	3,018
Benefit payments, including refunds of employee contributions	(51,665)	(51,665)	-
Net Changes	(51,000)	2,698	(53,698)
Balance at June 30, 2018	\$ 1,163,319	\$ 86,763	\$ 1,076,556

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

8. PENSION PLANS (CONTINUED)

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

Changes in the Net Pension Liability (Continued)

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

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

1% Decrease		2.87%
Net Pension Liability	\$	1,255,593
Current Discount Rate		3.87%
Net Pension Liability	\$	1,076,556
1% Increase		4.87%
Net Pension Liability	\$	932,183

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

For the year ended June 30, 2018, the City recognized pension expense of \$1,018. At June 30, 2018, 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
Pension contributions subsequent to measurement date	\$ -	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Net differences between projected and actual earnings on plan investments	5,967	-
Total	<u>\$ 5,967</u>	<u>\$ -</u>

8. PENSION PLANS (CONTINUED)

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

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

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

Year Ending June 30,	Amount
2019	\$ 2,436
2020	1,609
2021	1,049
2022	873
2023	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2018, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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, 2018, the City's payroll covered by the plan was \$1,541,642. Contributions to the plan totaled \$115,623 with employee contributions in the amount of \$92,498 (6.0% of current covered payroll) and City contributions in the amount of \$23,125 (1.5% of current covered payroll).

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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.

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

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

<u>Years of Service</u>	<u>Percentage of Cap</u>
Less than 5	PEMHCA minimum (\$133 in 2018)
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, 2017, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefits	276
Inactive employees or beneficiaries entitled to but not yet receiving benefits	31
Active employees	<u>206</u>
Total	<u><u>513</u></u>

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

a. Plan Description (Continued)

Contributions

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

b. Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017 using standard update procedures. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Contribution Policy	City pays benefits outside trust. Initial trust contribution made in 2017-18.
Actuarial Assumptions:	
Discount Rate	3.58% at June 30, 2017 and 2.85% at June 30, 2016
Inflation	2.75%
Projected Salary Increase	Aggregate - 3%
	Merit - 6/30/16 CalPERS assumptions
Expected Long Term Investment Rate of Return	Not applicable since the City had not established an irrevocable trust for pre-funding the OPEB as of measurement date
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years
	Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076 and later years
Mortality, Retirement, Disability, Termination	CalPERS 1997-2011 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-16

The actuarial assumptions used in the June 30, 2016 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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

b. Total OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.58%. The discount rate was based on a high-quality 20 year tax-exempt general obligation municipal bond index rate, specifically the Bond Buyer 20-Bond GO Index.

Change of Discount Rate

The discount rate as of valuation date June 30, 2016 was 2.85% as compared to the discount rate as of the measurement date June 30, 2017, which was 3.58%. The discount rate was changed to reflect the change in the Bond Buyer 20-Bond GO Index.

c. Changes in the Total OPEB Liability:

The changes in the total OPEB liability are as follows:

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at June 30, 2016	
(Measurement Date)	\$ 73,242,346
Changes in the Year:	
Service cost	1,714,239
Interest on the total OPEB liability	2,097,429
Changes in assumptions	(7,217,554)
Benefit payments	(2,725,171)
Net Changes	<u>(6,131,057)</u>
Balance at June 30, 2017	
(Measurement Date)	<u>\$ 67,111,289</u>

Change of Assumptions

There were no other changes of assumptions other than the change of discount rate.

Change of Benefit Terms

There were no changes of benefit terms.

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, 2018

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

c. Changes in the total OPEB Liability (Continued)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.58%) or 1-percentage point higher (4.58%) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 77,304,500	\$ 67,111,289	\$ 58,865,710

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using medical trend rates that are 1-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%
Total OPEB Liability	\$ 62,869,247	\$ 67,111,289	\$ 72,292,169

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

For the year ended June 30, 2018, the City recognized OPEB expense of \$2,252,801. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 5,322,361	\$ -
Change in assumptions	-	5,658,687
Total	<u>\$ 5,322,361</u>	<u>\$ 5,658,687</u>

The change in assumptions are amortized over the expected average remaining service life. The expected average remaining service life for the 2017 measurement period is 4.63 years.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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

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

\$5,322,361 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (1,558,867)
2020	(1,558,867)
2021	(1,558,867)
2022	(982,086)
2023	-
Thereafter	-

e. Payable to the OPEB Plan

At June 30, 2018, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

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.

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

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 is also a member of the California Insurance Pool Authority (CIPA), a public entity risk pool consisting of 13 member cities which was established to pool resources, share risks, purchase excess insurance, and share costs for professional risk management and claims administration. Portions of general liability and workers compensation claims exceeding the above mentioned amounts are covered by CIPA up to a maximum \$10,000,000 per claim and \$50,000,000 annual aggregate amount for general liability claims. The coverage for workers' compensation extends to statutory limit. Member cities make payments to CIPA based on underwriting estimates and may be assessed the difference between funds available and the \$50,000,000 annual aggregate in proportion to their annual premiums. Additional coverage is maintained through a commercial insurer for claims in excess of the per claim units and the annual aggregate amounts.

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

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, 2018, the Risk Management Fund had a net position of \$2,410,613. Also, at June 30, 2018, the Compensation/Benefits Fund had an accumulated fund deficit of \$96,688. The claims liabilities of \$1,812,336 and \$6,407,521 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2018 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 2018 and 2017 were as follows:

	Risk Management Fund		Compensation/Benefits Fund	
	2018	2017	2018	2017
Beginning-year liability	\$ 7,579,025	\$ 7,339,528	\$ 6,999,424	\$ 6,986,037
Current-year claims and changes in estimates	8,344,099	289,796	306,661	1,056,247
Claim payments	<u>(14,110,788)</u>	<u>(50,299)</u>	<u>(898,564)</u>	<u>(1,042,860)</u>
Balance at fiscal year-end	<u>\$ 1,812,336</u>	<u>\$ 7,579,025</u>	<u>\$ 6,407,521</u>	<u>\$ 6,999,424</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The various fund balance classifications established as of June 30, 2018 were as follows:

	General	Special Revenue Funds			Capital Projects Fund Capital Improvements	Other Governmental	Total
		Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements			
Nonspendable:							
Prepaid items	\$ 60,471	\$ -	\$ -	\$ -	\$ -	\$ 12,675	\$ 73,146
Restricted for:							
Housing authority	-	26,082,333	-	-	-	-	26,082,333
Housing and community development	-	-	440,639	-	-	-	440,639
Debt service	-	-	-	220,056	-	260,969	481,025
Parks	-	-	-	-	-	3,009,995	3,009,995
Special police services	-	-	-	-	-	2,413,025	2,413,025
Municipal lighting	-	-	-	-	-	4,408,635	4,408,635
Other grants	-	-	-	-	-	692,352	692,352
Offside drainage district	-	-	-	-	-	155,191	155,191
Total Restricted	-	26,082,333	440,639	220,056	-	10,940,167	37,683,195
Committed:							
Emergency contingency	9,561,065	-	-	-	-	-	9,561,065
Assigned:							
Capital projects	-	-	-	-	21,831,917	-	21,831,917
Community promotions	-	-	-	-	-	245,118	245,118
RDA dissolution	2,696,420	-	-	-	-	-	2,696,420
Total Assigned	2,696,420	-	-	-	21,831,917	245,118	24,773,455
Unassigned	11,346,148	-	-	(460,469)	-	-	10,885,679
Total Fund Balances	\$ 23,664,104	\$ 26,082,333	\$ 440,639	\$ (240,413)	\$ 21,831,917	\$ 11,197,960	\$ 82,976,540

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

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

Committed - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the City Council. The City Council has authority to establish, modify, or rescind a fund balance commitment through the passage of an ordinance, the City's highest level of decision-making authority. The fund balance committed in the General Fund for emergency contingency is established at 17% of General Fund operating expenditures. This amount can be used for budgeted revenue shortfalls and may include but not limited to: (1) significant decrease in property, sales, or transactions and use tax, or other revenues, (2) reductions in revenue due to actions by the state/federal government, (3) provide temporary resources in the event of an economic downturn while expenditure reductions are implemented, or (4) provide resources to meet emergency expenditures in the case of flood, fire, earthquake, or other disasters.

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED)

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

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

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

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

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances/Net Position

The following Funds have either a deficit fund balance or deficit net position balance at June 30, 2018. The Special Revenue Fund's deficit is primarily the result of cash being transferred to the Capital Projects Fund prior to the funding of projects. As projects are completed and funded, revenues will be accrued in the various Special Revenue Funds. The Internal Service Fund net position deficit is primarily the result of funding the Section 115 pension trust and the CERBT.

Major Fund		
Special Gas Tax and Street Improvements Special Revenue Fund	\$	(240,413)
Internal Service Fund		
Compensation/Benefits		(96,688)

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

14. COMMITMENTS AND CONTINGENCIES

Claims and Judgments

At June 30, 2018, 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.

15. SUCCESSOR AGENCY DISCLOSURES

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

Capital Assets

The Successor Agency sold land with a cost of \$18,494,216 to the City for \$6,974,000.

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance at July 1, 2017	Additions	Reductions	Balance at June 30, 2018	Due Within One Year	Due in More Than One Year
Tax allocation bonds payable	\$ 120,375,000	\$ 15,370,000	\$ 21,090,000	\$ 114,655,000	\$ 915,000	\$ 113,740,000
Unamortized refunding premium	4,720,206	2,236,914	188,990	6,768,130	-	6,768,130
Net Long-Term Debt	<u>\$ 125,095,206</u>	<u>\$ 17,606,914</u>	<u>\$ 21,278,990</u>	<u>\$ 121,423,130</u>	<u>\$ 915,000</u>	<u>\$ 120,508,130</u>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities

Tax Allocation Bonds

<p>\$30,140,000 Westminster Commercial Redevelopment Project No. 1, 2008 Tax Allocation Refunding Bonds dated June 1, 2008. The bonds are payable in annual installments ranging from \$960,000 to \$2,260,000 until maturity on August 1, 2027. Interest is payable bi-annually at an average rate of 4.4%. The 2008 bonds were issued for the purpose of advance refunding \$40,250,000 Westminster Commercial Redevelopment Project No. 1, 1997 Tax Allocation Revenue Refunding Bonds. Proceeds from the 2008 bonds were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the bonds until fully retired. The 1997 bonds are legally defeased and are no longer a liability of the Agency. The 2008 Tax Allocation Refunding Bonds were legally defeased and paid in full on May 10, 2018 and are no longer a liability of the Agency.</p>	<p>\$ -</p>
<p>\$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.</p>	<p>22,185,000</p>
<p>\$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, 2018, the defeased 2009 Bonds have a remaining outstanding balance of \$73,055,000. The City refunded the 2009 Bonds to reduce its total debt service payments over 29 years by \$33,449,533 and to obtain an economic gain (difference between the present values of the old and new debt) of \$20,015,291. The 2016 Bonds were issued for the purpose of refunding the 2009 Subordinate Tax Allocation Bonds.</p>	<p>77,100,000</p>

CITY OF WESTMINSTER, CALIFORNIA
Notes to Basic Financial Statements
June 30, 2018

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)

Long-Term Liabilities (Continued)

Tax Allocation Bonds (Continued)

\$15,370,000 Westminster Commercial Redevelopment Project No. 1, 2018 Tax Allocation Refunding Bonds, dated May 10, 2018. The bonds are payable in annual installments ranging from \$1,400,000 to \$2,060,000 from August 1, 2019 until maturity on August 1, 2027. Interest is payable bi-annually at an average rate of 5.0%. The 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. As of June 30, 2018 the defeased 2008 Bonds have a remaining outstanding balance of \$18,715,000. The City refunded the 2008 Bonds to reduce its total debt service payments over 10 years by \$1,815,381 and to obtain an economic gain (difference between the present values of the old and new debt) of \$1,616,865. The 2018 Bonds were issued for the purpose of refunding the 2008 Tax Allocation Refunding Bonds.

\$ 15,370,000

Total Tax Allocation Bonds

\$ 114,655,000

The annual requirements to amortize the tax allocation bonds outstanding as of June 30, 2018, including interest payments are as follows:

Year Ending June 30,	Tax Allocation Bonds		
	Principal	Interest	Total
2019	\$ 915,000	\$ 4,521,263	\$ 5,436,263
2020	2,350,000	4,663,607	7,013,607
2021	2,455,000	4,556,244	7,011,244
2022	2,570,000	4,434,219	7,004,219
2023	2,695,000	4,306,319	7,001,319
2024-2028	15,625,000	19,327,495	34,952,495
2029-2033	18,460,000	15,088,889	33,548,889
2034-2038	22,940,000	10,567,637	33,507,637
2039-2043	27,635,000	5,866,332	33,501,332
2044-2046	19,010,000	1,029,428	20,039,428
	<u>\$ 114,655,000</u>	<u>\$ 74,361,433</u>	<u>\$ 189,016,433</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, 2018, the aggregate principal amount of Bonds outstanding totaled \$4,432,500.

16. RESTATEMENTS OF NET POSITION

Net Position

Restatement of the Government-Wide financial statements’ net position as of July 1, 2017 is as follows:

	Governmental Activities	Business-type Activity
Net position at July 1, 2017, as originally reported	\$ 201,451,341	\$ 34,690,716
Implementation of GASB 75 to record the net OPEB liability at the beginning of the year	<u>(42,542,831)</u>	<u>(4,879,881)</u>
Net position at July 1, 2017, as restated	<u>\$ 158,908,510</u>	<u>\$ 29,810,835</u>

Net Position

Restatement of the Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds of July 1, 2017 is as follows:

Net Position at July 1, 2017, as originally reported	\$ 33,659,975
Implementation of GASB 75 to record the net OPEB liability at the beginning of the year	<u>(4,879,881)</u>
Net Position at July 1, 2017, as restated	<u>\$ 28,780,094</u>

17. SUBSEQUENT EVENTS

Events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosure as of November 20, 2018, which is the date these financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

Fiscal year ended	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement period	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's proportion of the net pension liability	0.71539%	0.71795%	0.70316%	0.65247%
Plan's proportionate share of the net pension liability	\$ 70,946,856	\$ 62,124,175	\$ 48,264,075	\$ 40,599,811
Plan's covered payroll	\$ 8,535,713	\$ 9,200,544	\$ 9,177,397	\$ 9,232,577
Plan's proportionate share of the net pension liability as a percentage of covered payroll	831.18%	675.22%	525.90%	439.75%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	73.31%	74.06%	78.40%	81.21%
Plan's proportionate share of aggregate employer contributions	\$ 5,996,313	\$ 5,609,271	\$ 5,753,034	\$ 4,966,989

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

The discount rate was reduced from 7.65% to 7.15%

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

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

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

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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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	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	3% at 50 and 2% at 50 and 2.7% at 57**
Mortality	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 four years are shown.

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

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017 and 2018, respectively).

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

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

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

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

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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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	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	2.5% at 55 and 2% at 60 and 2% at 62**
Mortality	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 four years are shown.

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

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

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

Fiscal year ended	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Total Pension Liability:				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest on total pension liability	42,556	38,210	42,261	42,514
Effect of economic/demographic gains or losses	6,047	-	-	-
Differences between expected and actual experience	-	-	6,959	-
Changes in assumptions	(47,938)	(139,101)	229,573	78,569
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(51,665)	(50,652)	(49,658)	(48,685)
Net Change in Total Pension Liability	(51,000)	(151,543)	229,135	72,398
Total Pension Liability - Beginning of Year	1,214,319	1,365,862	1,136,727	1,064,329
Total Pension Liability - End of Year (a)	<u>\$ 1,163,319</u>	<u>\$ 1,214,319</u>	<u>\$ 1,365,862</u>	<u>\$ 1,136,727</u>
Plan Fiduciary Net Position:				
Contributions - employer	\$ 56,636	\$ 55,526	\$ 54,437	\$ 53,370
Contributions - employee	-	-	-	-
Net investment income	745	3,864	1,732	(2,569)
Administrative expenses	(3,018)	(2,957)	(2,899)	-
Benefit payments	(51,665)	(50,652)	(49,658)	(48,685)
Net Change in Plan Fiduciary Net Position	2,698	5,781	3,612	2,116
Plan Fiduciary Net Position - Beginning of Year	84,065	78,284	74,672	72,556
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 86,763</u>	<u>\$ 84,065</u>	<u>\$ 78,284</u>	<u>\$ 74,672</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 1,076,556</u>	<u>\$ 1,130,254</u>	<u>\$ 1,287,578</u>	<u>\$ 1,062,055</u>
Plan fiduciary net position as a percentage of the total pension liability	8.06%	6.92%	5.73%	6.57%
Covered payroll	N/A	N/A	N/A	N/A
Net pension (asset) liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions

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

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

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

Notes to Schedule:

Valuation Date	06/30/2018	06/30/2016
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age
Amortization method	Level dollar
Remaining amortization period	4 years at June 30, 2018
Asset valuation method	None
Inflation	0.00%
Salary increases	N/A
Cost of living adjustment	2.00%
Investment rate of return	6%
Mortality	Males: RP-2000 Male Table projected to 2020 using Scale BB (as prescribed by PARS). Females: RP-2000 Female Table projected to 2020 using Scale BB (as prescribed by PARS)

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

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

Fiscal year end	<u>6/30/2018</u>
Measurement date	<u>6/30/2017</u>
Total OPEB Liability:	
Service cost	\$ 1,714,239
Interest on total OPEB liability	2,097,429
Assumption changes	(7,217,554)
Benefit payments, including refunds of	<u>(2,725,171)</u>
Net Change in Total OPEB Liability	(6,131,057)
Total OPEB Liability - Beginning of Year	<u>73,242,346</u>
Total OPEB Liability - End of Year (a)	<u>\$ 67,111,289</u>

Plan fiduciary net position as a percentage of the total OPEB liability 0.00%

Covered - employee payroll \$ 22,417,562

Net OPEB liability as percentage of covered - employee payroll 299.37%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

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CITY OF WESTMINSTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 36,524,086	\$ 36,524,086	\$ 35,877,419	\$ (646,667)
Licenses and permits	832,000	832,000	859,108	27,108
Fines	916,000	916,000	771,613	(144,387)
Investment and rental	975,066	1,660,066	915,454	(744,612)
Intergovernmental	17,694,398	17,695,902	16,993,712	(702,190)
Charges for services	4,309,083	4,247,083	4,625,605	378,522
Other	426,434	366,934	437,230	70,296
TOTAL REVENUES	61,677,067	62,242,071	60,480,141	(1,761,930)
EXPENDITURES:				
Current:				
General government	4,797,772	4,517,772	4,316,843	200,929
Public safety	43,406,276	43,406,276	42,598,898	807,378
Public works	4,920,965	4,928,965	4,753,540	175,425
Community development	2,306,734	2,314,254	2,259,524	54,730
Community services	2,573,682	2,573,682	2,312,752	260,930
TOTAL EXPENDITURES	58,005,429	57,740,949	56,241,557	1,499,392
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,671,638	4,501,122	4,238,584	(262,538)
OTHER FINANCING SOURCES (USES):				
Sale of equipment and property	-	6,006,500	6,007,963	1,463
Transfers out	(1,614,991)	(7,414,991)	(7,414,991)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,614,991)	(1,408,491)	(1,407,028)	1,463
NET CHANGE IN FUND BALANCE	2,056,647	3,092,631	2,831,556	(261,075)
FUND BALANCE - BEGINNING OF YEAR	20,832,548	20,832,548	20,832,548	-
FUND BALANCE - END OF YEAR	\$ 22,889,195	\$ 23,925,179	\$ 23,664,104	\$ (261,075)

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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 20,000	\$ 20,000	\$ 114,565	\$ 94,565
Other	1,387	1,387	1,387	-
TOTAL REVENUES	21,387	21,387	115,952	94,565
EXPENDITURES:				
Current:				
Community development	702,383	1,292,392	458,797	833,595
TOTAL EXPENDITURES	702,383	1,292,392	458,797	833,595
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(680,996)	(1,271,005)	(342,845)	928,160
FUND BALANCE - BEGINNING OF YEAR	26,425,178	26,425,178	26,425,178	-
FUND BALANCE - END OF YEAR	\$ 25,744,182	\$ 25,154,173	\$ 26,082,333	\$ 928,160

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Investment and rental	-	-	397	397
Intergovernmental	2,023,698	2,023,698	1,296,507	(727,191)
TOTAL REVENUES	2,025,698	2,025,698	1,296,904	(728,794)
EXPENDITURES:				
Current:				
Community development	1,416,962	1,563,736	918,353	645,383
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	608,736	461,962	378,551	(83,411)
OTHER FINANCING SOURCES (USES):				
Transfers out	(550,000)	(600,000)	(600,000)	-
NET CHANGE IN FUND BALANCE	58,736	(138,038)	(221,449)	(83,411)
FUND BALANCE - BEGINNING OF YEAR	662,088	662,088	662,088	-
FUND BALANCE - END OF YEAR	\$ 720,824	\$ 524,050	\$ 440,639	\$ (83,411)

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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 3,552,810	\$ 3,688,941	\$ 3,985,430	\$ 296,489
Investment and rental	17,000	17,000	45,732	28,732
Intergovernmental	3,100,739	2,165,608	554,233	(1,611,375)
Charges for services	50,000	110,000	120,352	10,352
Other	-	-	146,457	146,457
TOTAL REVENUES	<u>6,720,549</u>	<u>5,981,549</u>	<u>4,852,204</u>	<u>(1,129,345)</u>
EXPENDITURES:				
Current:				
Community development	1,887,332	1,890,332	1,655,577	234,755
Debt service:				
Principal retirement	191,886	191,885	191,885	-
Interest and fiscal charges	29,396	29,396	29,396	-
TOTAL EXPENDITURES	<u>2,108,614</u>	<u>2,111,613</u>	<u>1,876,858</u>	<u>234,755</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,611,935</u>	<u>3,869,936</u>	<u>2,975,346</u>	<u>(894,590)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	773,378	773,378	-
Transfers out	(4,572,960)	(4,024,058)	(4,024,058)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(4,572,960)</u>	<u>(3,250,680)</u>	<u>(3,250,680)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	38,975	619,256	(275,334)	(894,590)
FUND BALANCE - BEGINNING OF YEAR	<u>34,921</u>	<u>34,921</u>	<u>34,921</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 73,896</u>	<u>\$ 654,177</u>	<u>\$ (240,413)</u>	<u>\$ (894,590)</u>

See accompanying note to required supplementary information.

1. BUDGETS AND BUDGETARY ACCOUNTING:

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

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

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OTHER SUPPLEMENTAL INFORMATION

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Other Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Community Promotion Fund - accounts for the assets generated by the sale of the City's cable franchise. Interest earnings and the proceeds of the sale are used to fund the repayment of the 2008 Certificates of Participation related to the Rose Center and 800 mhz.

**CITY OF WESTMINSTER
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2018**

	Special Revenue Funds		
	Parks Dedication	Special Police Services	Municipal Lighting
ASSETS			
Cash and investments	\$ 3,010,115	\$ 2,399,296	\$ 4,397,655
Receivables, net of allowance:			
Taxes	-	-	16,663
Due from other governments	-	63,176	-
Prepaid items		12,675	
Restricted assets:			
Cash and investments with fiscal agents	-	-	-
TOTAL ASSETS	\$ 3,010,115	\$ 2,475,147	\$ 4,414,318
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	\$ 120	\$ 16,070	\$ 26
Deposits	-	33,377	-
TOTAL LIABILITIES	120	49,447	26
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	-	-	5,657
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	120	49,447	5,683
FUND BALANCES:			
Nonspendable	-	12,675	-
Restricted for:			
Parks	3,009,995	-	-
Special police services	-	2,413,025	-
Municipal lighting	-	-	4,408,635
Other grants	-	-	-
Offsite drainage district	-	-	-
Debt service	-	-	-
Assigned:			
Community promotions	-	-	-
TOTAL FUND BALANCES	3,009,995	2,425,700	4,408,635
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,010,115	\$ 2,475,147	\$ 4,414,318

Special Revenue Funds (Continued)			Total
Other	Offsite	Community	Other
Grants	Drainage	Promotion	Governmental
	District		Funds
\$ 667,250	\$ 155,191	\$ 505,465	\$ 11,134,972
-	-	-	16,663
50,300	-	-	113,476
-	-	-	12,675
-	-	622	622
<u>\$ 717,550</u>	<u>\$ 155,191</u>	<u>\$ 506,087</u>	<u>\$ 11,278,408</u>
\$ 25,198	\$ -	\$ -	\$ 41,414
-	-	-	33,377
25,198	-	-	74,791
-	-	-	5,657
25,198	-	-	80,448
-	-	-	12,675
-	-	-	3,009,995
-	-	-	2,413,025
-	-	-	4,408,635
692,352	-	-	692,352
-	155,191	-	155,191
-	-	260,969	260,969
-	-	245,118	245,118
692,352	155,191	506,087	11,197,960
<u>\$ 717,550</u>	<u>\$ 155,191</u>	<u>\$ 506,087</u>	<u>\$ 11,278,408</u>

CITY OF WESTMINSTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the year ended June 30, 2018

	Special Revenue Funds		
	Parks Dedication	Special Police Services	Municipal Lighting
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,804,476
Investment and rental	42,686	29,506	57,769
Intergovernmental	-	408,632	-
Charges for services	712,125	4,068	-
Other	-	10,000	-
TOTAL REVENUES	<u>754,811</u>	<u>452,206</u>	<u>1,862,245</u>
EXPENDITURES:			
Current:			
General government	-	-	-
Public safety	-	650,663	-
Community development	45,241	-	809,624
Community services	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>45,241</u>	<u>650,663</u>	<u>809,624</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>709,570</u>	<u>(198,457)</u>	<u>1,052,621</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	49,000	-
Transfers out	<u>(195,000)</u>	<u>-</u>	<u>(30,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(195,000)</u>	<u>49,000</u>	<u>(30,000)</u>
NET CHANGE IN FUND BALANCES	514,570	(149,457)	1,022,621
FUND BALANCES - BEGINNING OF YEAR	<u>2,495,425</u>	<u>2,575,157</u>	<u>3,386,014</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,009,995</u>	<u>\$ 2,425,700</u>	<u>\$ 4,408,635</u>

Special Revenue Funds (Continued)			Total
Other	Offsite	Community	Other
Grants	Drainage	Promotion	Governmental
	District		Funds
\$ -	\$ -	\$ -	\$ 1,804,476
8,264	2,054	4,660	144,939
667,395	-	-	1,076,027
-	2,826	-	719,019
22,632	-	-	32,632
<u>698,291</u>	<u>4,880</u>	<u>4,660</u>	<u>3,777,093</u>
137,085	-	-	137,085
-	-	-	650,663
165,930	243	852	1,021,890
338,269	-	-	338,269
-	-	227,561	227,561
-	-	34,861	34,861
<u>641,284</u>	<u>243</u>	<u>263,274</u>	<u>2,410,329</u>
<u>57,007</u>	<u>4,637</u>	<u>(258,614)</u>	<u>1,366,764</u>
40,991	-	60,000	149,991
-	-	-	(225,000)
<u>40,991</u>	<u>-</u>	<u>60,000</u>	<u>(75,009)</u>
97,998	4,637	(198,614)	1,291,755
594,354	150,554	704,701	9,906,205
<u>\$ 692,352</u>	<u>\$ 155,191</u>	<u>\$ 506,087</u>	<u>\$ 11,197,960</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 10,000	\$ 10,000	\$ 42,686	\$ 32,686
Charges for services	100,000	800,000	712,125	(87,875)
Other	5,000	5,000	-	(5,000)
TOTAL REVENUES	115,000	815,000	754,811	(60,189)
EXPENDITURES:				
Current:				
Community development	5,750	50,750	45,241	5,509
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	109,250	764,250	709,570	(54,680)
OTHER FINANCING USES:				
Transfers out	(195,000)	(195,000)	(195,000)	-
NET CHANGE IN FUND BALANCE	(85,750)	569,250	514,570	(54,680)
FUND BALANCE - BEGINNING OF YEAR	2,495,425	2,495,425	2,495,425	-
FUND BALANCE - END OF YEAR	<u>\$ 2,409,675</u>	<u>\$ 3,064,675</u>	<u>\$ 3,009,995</u>	<u>\$ (54,680)</u>

**CITY OF WESTMINSTER
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL POLICE SERVICES SPECIAL REVENUE FUND
For the year ended June 30, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 10,400	\$ 10,400	\$ 29,506	\$ 19,106
Intergovernmental	155,000	376,996	408,632	31,636
Charges for services	2,000	2,000	4,068	2,068
Other	100,000	100,000	10,000	(90,000)
TOTAL REVENUES	<u>267,400</u>	<u>489,396</u>	<u>452,206</u>	<u>(37,190)</u>
EXPENDITURES:				
Current:				
Public safety	<u>972,143</u>	<u>1,157,285</u>	<u>650,663</u>	<u>506,622</u>
TOTAL EXPENDITURES	<u>972,143</u>	<u>1,157,285</u>	<u>650,663</u>	<u>506,622</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(704,743)	(667,889)	(198,457)	469,432
OTHER FINANCING SOURCES:				
Transfers in	<u>49,000</u>	<u>49,000</u>	<u>49,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(655,743)	(618,889)	(149,457)	469,432
FUND BALANCE - BEGINNING OF YEAR	<u>2,575,157</u>	<u>2,575,157</u>	<u>2,575,157</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,919,414</u>	<u>\$ 1,956,268</u>	<u>\$ 2,425,700</u>	<u>\$ 469,432</u>

CITY OF WESTMINSTER
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL LIGHTING SPECIAL REVENUE FUND
For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,546,788	\$ 1,546,788	\$ 1,804,476	\$ 257,688
Investment and rental	20,000	20,000	57,769	37,769
TOTAL REVENUES	<u>1,566,788</u>	<u>1,566,788</u>	<u>1,862,245</u>	<u>295,457</u>
EXPENDITURES:				
Current:				
Community development	<u>970,339</u>	<u>970,339</u>	<u>809,624</u>	<u>160,715</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	596,449	596,449	1,052,621	456,172
OTHER FINANCING SOURCES:				
Transfers out	<u>(70,000)</u>	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	526,449	566,449	1,022,621	456,172
FUND BALANCE - BEGINNING OF YEAR	<u>3,386,014</u>	<u>3,386,014</u>	<u>3,386,014</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,912,463</u>	<u>\$ 3,952,463</u>	<u>\$ 4,408,635</u>	<u>\$ 456,172</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 4,000	\$ 4,000	\$ 8,264	\$ 4,264
Intergovernmental	689,132	690,430	667,395	(23,035)
Other	6,000	6,000	22,632	16,632
TOTAL REVENUES	699,132	700,430	698,291	(2,139)
EXPENDITURES:				
Current:				
General government	42,500	226,497	137,085	89,412
Community development	226,223	226,223	165,930	60,293
Community services	333,139	333,139	338,269	(5,130)
TOTAL EXPENDITURES	601,862	785,859	641,284	144,575
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	97,270	(85,429)	57,007	142,436
OTHER FINANCING SOURCES (USES):				
Transfers in	40,991	40,991	40,991	-
NET CHANGE IN FUND BALANCE	138,261	(44,438)	97,998	142,436
FUND BALANCE - BEGINNING OF YEAR	594,354	594,354	594,354	-
FUND BALANCE - END OF YEAR	\$ 732,615	\$ 549,916	\$ 692,352	\$ 142,436

**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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 1,000	\$ 1,000	\$ 2,054	\$ 1,054
Charges for services	2,000	4,000	2,826	(1,174)
TOTAL REVENUES	<u>3,000</u>	<u>5,000</u>	<u>4,880</u>	<u>(120)</u>
EXPENDITURES:				
Current:				
Community development	<u>150</u>	<u>250</u>	<u>243</u>	<u>7</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,850	4,750	4,637	(113)
FUND BALANCE - BEGINNING OF YEAR	<u>150,554</u>	<u>150,554</u>	<u>150,554</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 153,404</u>	<u>\$ 155,304</u>	<u>\$ 155,191</u>	<u>\$ (113)</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, 2018**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 4,000	\$ 4,000	\$ 4,660	\$ 660
TOTAL REVENUES	4,000	4,000	4,660	660
EXPENDITURES:				
Current:				
Community development	2,000	2,000	851	1,149
Debt service:				
Principal retirement	227,562	227,562	227,562	-
Interest and fiscal charges	34,861	34,861	34,861	-
TOTAL EXPENDITURES	264,423	264,423	263,274	1,149
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(260,423)	(260,423)	(258,614)	1,809
OTHER FINANCING SOURCES (USES):				
Transfers in	60,000	60,000	60,000	-
NET CHANGE IN FUND BALANCE	(200,423)	(200,423)	(198,614)	1,809
FUND BALANCE - BEGINNING OF YEAR	704,701	704,701	704,701	-
FUND BALANCE - END OF YEAR	\$ 504,278	\$ 504,278	\$ 506,087	\$ 1,809

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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, 2018**

	Risk Management	Compensation/ Benefits
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 2,410,613	\$ 2,533,840
Accounts receivable	-	-
Other receivables	-	2,226
Inventories	-	-
	<u>2,410,613</u>	<u>2,536,066</u>
TOTAL CURRENT ASSETS	2,410,613	2,536,066
RESTRICTED ASSETS:		
Cash and investments	2,156,524	3,383,108
Cash and investments with fiscal agent	-	2,461,119
	<u>2,156,524</u>	<u>5,844,227</u>
TOTAL RESTRICTED ASSETS	2,156,524	5,844,227
CAPITAL ASSETS:		
Buildings	-	-
Improvements other than buildings	-	-
Vehicles	-	-
Machinery and equipment	-	-
Office furniture, computers and equipment	-	-
Leased property	-	-
	<u>-</u>	<u>-</u>
TOTAL CAPITAL ASSETS	-	-
Less accumulated depreciation	-	-
	<u>-</u>	<u>-</u>
NET CAPITAL ASSETS	-	-
TOTAL ASSETS	4,567,137	8,380,293
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	-	-
	<u>-</u>	<u>-</u>

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 1,786,694	\$ 846,136	\$ 7,577,283
5,703	398	6,101
-	-	2,226
14,113	-	14,113
<u>1,806,510</u>	<u>846,534</u>	<u>7,599,723</u>
699,902	241,526	6,481,060
-	-	2,461,119
<u>699,902</u>	<u>241,526</u>	<u>8,942,179</u>
-	4,464,109	4,464,109
585,555	37,300	622,855
2,928,660	-	2,928,660
775,036	83,141	858,177
2,565,979	289,491	2,855,470
1,623,386	-	1,623,386
<u>8,478,616</u>	<u>4,874,041</u>	<u>13,352,657</u>
<u>(6,220,725)</u>	<u>(2,053,279)</u>	<u>(8,274,004)</u>
<u>2,257,891</u>	<u>2,820,762</u>	<u>5,078,653</u>
<u>4,764,303</u>	<u>3,908,822</u>	<u>21,620,555</u>
<u>4,010</u>	<u>93,191</u>	<u>97,201</u>

**CITY OF WESTMINSTER
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS (CONTINUED)
June 30, 2018**

	Risk Management	Compensation/ Benefits
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 344,188	\$ 10,661
Claims payable	453,084	1,601,880
Compensated absences	-	1,770,567
Leases payable	-	-
Certificates of participation	-	-
TOTAL CURRENT LIABILITIES	797,272	3,383,108
LONG-TERM LIABILITIES:		
Claims payable	1,359,252	4,805,641
Compensated absences	-	288,232
Leases payable	-	-
Certificates of participation	-	-
TOTAL LONG-TERM LIABILITIES	1,359,252	5,093,873
TOTAL LIABILITIES	2,156,524	8,476,981
NET POSITION:		
Net investment in capital assets	-	-
Restricted for pension benefits	-	2,461,119
Unrestricted	2,410,613	(2,557,807)
TOTAL NET POSITION	\$ 2,410,613	\$ (96,688)

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 127,982	\$ 60,065	\$ 542,896
-	-	2,054,964
76,406	21,105	1,868,078
474,415	-	474,415
21,099	160,355	181,454
<u>699,902</u>	<u>241,525</u>	<u>5,121,807</u>
-	-	6,164,893
12,438	3,436	304,106
254,444	-	254,444
34,478	262,044	296,522
<u>301,360</u>	<u>265,480</u>	<u>7,019,965</u>
<u>1,001,262</u>	<u>507,005</u>	<u>12,141,772</u>
1,477,466	2,491,555	3,969,021
-	-	2,461,119
2,289,585	1,003,453	3,145,844
<u>\$ 3,767,051</u>	<u>\$ 3,495,008</u>	<u>\$ 9,575,984</u>

CITY OF WESTMINSTER
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the year ended June 30, 2018

	Risk Management	Compensation/ Benefits
OPERATING REVENUES:		
Charges for services	\$ 2,017,000	\$ 1,617,779
Other	-	326,002
TOTAL OPERATING REVENUES	2,017,000	1,943,781
OPERATING EXPENSES:		
Salaries	-	-
Maintenance and operations	27,018	79,139
Insurance premiums and legal fees	1,642,298	174,182
Claims and benefits	1,544,099	2,863,184
Depreciation and amortization	-	-
TOTAL OPERATING EXPENSES	3,213,415	3,116,505
OPERATING INCOME (LOSS)	(1,196,415)	(1,172,724)
NONOPERATING REVENUES (EXPENSES):		
Investment income	-	84,838
Interest and fiscal charges	-	-
Loss on sale of property and equipment	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	84,838
NET INCOME (LOSS) BEFORE TRANSFERS	(1,196,415)	(1,087,886)
TRANSFERS:		
Transfers in	-	-
Transfers out	-	-
TOTAL TRANSFERS	-	-
CHANGE IN NET POSITION	(1,196,415)	(1,087,886)
NET POSITION - BEGINNING OF YEAR	3,607,028	991,198
NET POSITION - END OF YEAR	\$ 2,410,613	\$ (96,688)

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 3,819,171	\$ 2,281,200	\$ 9,735,150
25,106	8,281	359,389
<u>3,844,277</u>	<u>2,289,481</u>	<u>10,094,539</u>
952,484	568,572	1,521,056
1,569,954	1,358,040	3,034,151
-	-	1,816,480
-	-	4,407,283
<u>988,445</u>	<u>153,552</u>	<u>1,141,997</u>
<u>3,510,883</u>	<u>2,080,164</u>	<u>11,920,967</u>
<u>333,394</u>	<u>209,317</u>	<u>(1,826,428)</u>
67,424	26,143	178,405
(4,067)	(47,033)	(51,100)
<u>(66,510)</u>	<u>(16,197)</u>	<u>(82,707)</u>
<u>(3,153)</u>	<u>(37,087)</u>	<u>44,598</u>
<u>330,241</u>	<u>172,230</u>	<u>(1,781,830)</u>
253,743	133,046	386,789
<u>(650,000)</u>	<u>(336,000)</u>	<u>(986,000)</u>
<u>(396,257)</u>	<u>(202,954)</u>	<u>(599,211)</u>
(66,016)	(30,724)	(2,381,041)
<u>3,833,067</u>	<u>3,525,732</u>	<u>11,957,025</u>
<u>\$ 3,767,051</u>	<u>\$ 3,495,008</u>	<u>\$ 9,575,984</u>

CITY OF WESTMINSTER
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the year ended June 30, 2018

	Risk Management	Compensation/ Benefits
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customer	\$ 2,017,000	\$ 1,941,555
Payment to suppliers	(8,711,078)	(3,461,190)
Payment to employees	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	(6,694,078)	(1,519,635)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
Proceeds from sale of assets	-	-
Principal payments on capital leases	-	-
Principal payments on bonds	-	-
Interest and fiscal charges	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	84,838
NET (INCREASE) DECREASE IN CASH AND CASH EQUIVALENTS	(6,694,078)	(1,434,797)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	11,261,215	9,812,864
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,567,137	\$ 8,378,067
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (1,196,415)	\$ (1,172,724)
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	-	(2,226)
(Increase) decrease in prepaid items	-	27,763
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and other liabilities	269,026	10,661
Increase (decrease) in claims payable	(5,766,689)	(591,903)
Increase (decrease) in compensated absences payable	-	208,794
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (6,694,078)	\$ (1,519,635)

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 3,841,262	\$ 2,289,481	\$ 10,089,298
(1,457,539)	(1,354,399)	(14,984,206)
<u>(952,985)</u>	<u>(559,044)</u>	<u>(1,512,029)</u>
<u>1,430,738</u>	<u>376,038</u>	<u>(6,406,937)</u>
253,743	133,046	386,789
<u>(650,000)</u>	<u>(336,000)</u>	<u>(986,000)</u>
<u>(396,257)</u>	<u>(202,954)</u>	<u>(599,211)</u>
(201,579)	(63,045)	(264,624)
78,931	-	78,931
(326,538)	-	(326,538)
(20,413)	(155,140)	(175,553)
<u>(3,059)</u>	<u>(23,250)</u>	<u>(26,309)</u>
<u>(472,658)</u>	<u>(241,435)</u>	<u>(714,093)</u>
<u>67,424</u>	<u>26,143</u>	<u>178,405</u>
629,247	(42,208)	(7,541,836)
<u>1,857,349</u>	<u>1,129,870</u>	<u>24,061,298</u>
<u>\$ 2,486,596</u>	<u>\$ 1,087,662</u>	<u>\$ 16,519,462</u>
\$ 333,394	\$ 209,317	\$ (1,826,428)
988,445	153,552	1,141,997
(3,015)	-	(5,241)
8,715	-	36,478
8,859	-	8,859
76,610	8,405	364,702
-	-	(6,358,592)
<u>17,730</u>	<u>4,764</u>	<u>231,288</u>
<u>\$ 1,430,738</u>	<u>\$ 376,038</u>	<u>\$ (6,406,937)</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, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
ASSETS:				
Restricted cash and investments	<u>\$ 8,621</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 8,667</u>
LIABILITIES:				
Due to bondholders	<u>\$ 8,621</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 8,667</u>

STATISTICAL SECTION

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Description of Statistical Section Contents June 30, 2018

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	134 - 143
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City’s most significant local revenue sources.	144 - 157
<u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	158 - 164
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	165 - 166
<u>Operating Information</u> these schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	167 - 169

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

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
Governmental activities:				
Invested in capital assets, net of related debt	\$ 217,710,821	\$ 227,269,999	\$ 232,222,529	\$ 205,398,439
Restricted	37,011,787	27,073,245	18,560,287	18,906,200
Unrestricted	<u>(100,941,993)</u>	<u>(52,891,903)</u>	<u>(45,089,856)</u>	<u>(38,262,036)</u>
Total governmental activities net assets:	<u>\$ 153,780,615</u>	<u>\$ 201,451,341</u>	<u>\$ 205,692,960</u>	<u>\$ 186,042,603</u>
Business-type activity:				
Invested in capital assets, net of related debt	\$ 26,175,414	\$ 28,530,266	\$ 29,107,174	\$ 28,666,666
Restricted	114,589	113,146	112,665	112,548
Unrestricted	<u>3,436,021</u>	<u>6,047,304</u>	<u>6,152,733</u>	<u>7,379,655</u>
Total business-type activity net assets:	<u>\$ 29,726,024</u>	<u>\$ 34,690,716</u>	<u>\$ 35,372,572</u>	<u>\$ 36,158,869</u>
Primary government:				
Invested in capital assets, net of related debt	\$ 243,886,235	\$ 255,800,265	\$ 261,329,703	\$ 234,065,105
Restricted	37,126,376	27,186,391	18,672,952	19,018,748
Unrestricted	<u>(97,505,972)</u>	<u>(46,844,599)</u>	<u>(38,937,123)</u>	<u>(30,882,381)</u>
Total primary government net assets:	<u>\$ 183,506,639</u>	<u>\$ 236,142,057</u>	<u>\$ 241,065,532</u>	<u>\$ 222,201,472</u>

Source: City Finance Department

Fiscal Year Ended June 30,					
2014	2013	2012	2011	2010	2009
\$ 212,179,772	\$ 233,128,695	\$ 224,286,618	\$ 130,622,799	\$ 115,917,966	\$ 100,104,347
20,922,791	18,418,248	14,770,657	81,222,098	88,669,819	99,106,443
47,925,059	59,794,122	63,601,972	58,305,385	57,608,308	63,917,681
<u>\$ 281,027,622</u>	<u>\$ 311,341,065</u>	<u>\$ 302,659,247</u>	<u>\$ 270,150,282</u>	<u>\$ 262,196,093</u>	<u>\$ 263,128,471</u>
\$ 28,061,606	\$ 27,137,496	\$ 27,240,106	\$ 27,813,299	\$ 28,200,770	\$ 28,951,409
113,103	113,158	113,158	113,160	113,911	335,645
7,704,313	7,390,477	8,209,794	5,392,113	3,408,574	2,017,567
<u>\$ 35,879,022</u>	<u>\$ 34,641,131</u>	<u>\$ 35,563,058</u>	<u>\$ 33,318,572</u>	<u>\$ 31,723,255</u>	<u>\$ 31,304,621</u>
\$ 240,241,378	\$ 260,266,191	\$ 251,526,724	\$ 158,436,098	\$ 144,118,736	\$ 129,055,756
21,035,894	18,531,406	14,883,815	81,335,258	88,783,730	99,442,088
55,629,372	67,184,599	71,811,766	63,697,498	61,016,882	65,935,248
<u>\$ 316,906,644</u>	<u>\$ 345,982,196</u>	<u>\$ 338,222,305</u>	<u>\$ 303,468,854</u>	<u>\$ 293,919,348</u>	<u>\$ 294,433,092</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,			
	2018	2017	2016	2015
Expenses:				
Governmental activities:				
General government	\$ 5,401,118	\$ 4,350,036	\$ 3,595,489	\$ 3,280,458
Public safety	46,362,520	43,809,880	44,860,014	40,616,802
Public works	13,934,252	11,583,654	11,596,949	11,358,510
Community development	5,847,143	7,625,758	8,276,191	8,417,841
Community services	3,604,104	2,893,874	3,021,121	2,854,580
Interest on long-term debt	114,028	142,149	164,648	185,852
Total governmental activities expenses	<u>75,263,165</u>	<u>70,405,351</u>	<u>71,514,412</u>	<u>66,714,043</u>
Business-type activity:				
Water enterprise	<u>16,377,091</u>	<u>14,045,523</u>	<u>13,600,864</u>	<u>13,625,444</u>
Total business-type activity expenses	<u>16,377,091</u>	<u>14,045,523</u>	<u>13,600,864</u>	<u>13,625,444</u>
Total primary government expenses	<u>91,640,256</u>	<u>84,450,874</u>	<u>85,115,276</u>	<u>80,339,487</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	1,690,706	1,231,459	1,494,713	1,708,850
Public safety	3,661,542	3,487,204	2,816,217	2,901,892
Public works	587,671	951,852	1,267,530	1,535,590
Community development	2,641,720	3,546,329	3,219,518	2,583,435
Community services	202,353	223,802	280,281	351,225
Operating grants and contributions	6,950,890	9,141,531	6,984,437	8,827,408
Capital grants and contributions	61,823	72,760	7,548,627	16,638,708
Total governmental activities program revenues	<u>15,796,705</u>	<u>18,654,937</u>	<u>23,611,323</u>	<u>34,547,108</u>
Business-type activities:				
Charges for services:				
Water enterprise	<u>16,198,871</u>	<u>13,319,917</u>	<u>12,731,731</u>	<u>14,202,098</u>
Total business-type activity program revenues	<u>16,198,871</u>	<u>13,319,917</u>	<u>12,731,731</u>	<u>14,202,098</u>
Total primary government program revenues	<u>31,995,576</u>	<u>31,974,854</u>	<u>36,343,054</u>	<u>48,749,206</u>
Net revenues (expenses):				
Governmental activities	(59,466,460)	(51,750,414)	(47,903,089)	(32,166,935)
Business-type activity	<u>(178,220)</u>	<u>(725,606)</u>	<u>(869,133)</u>	<u>576,654</u>
Total net revenues (expenses)	<u>(59,644,680)</u>	<u>(52,476,020)</u>	<u>(48,772,222)</u>	<u>(31,590,281)</u>

Source: City Finance Department

Fiscal Year Ended June 30,					
2014	2013	2012	2011	2010	2009
\$ 3,312,809	\$ 3,145,098	\$ 1,904,232	\$ 11,836,459	\$ 21,335,005	\$ 9,175,952
44,091,261	38,072,257	39,706,407	37,050,903	36,313,972	37,564,132
12,016,265	11,889,094	12,138,788	10,839,138	10,041,239	10,263,012
7,843,505	5,393,309	11,110,694	14,699,366	12,043,058	12,693,678
2,863,068	2,722,324	2,874,153	2,977,448	2,979,397	3,050,217
201,770	218,241	4,624,156	6,135,877	6,027,294	2,812,049
<u>70,328,678</u>	<u>61,440,323</u>	<u>72,358,430</u>	<u>83,539,191</u>	<u>88,739,965</u>	<u>75,559,040</u>
<u>12,879,866</u>	<u>12,204,823</u>	<u>12,072,927</u>	<u>12,264,194</u>	<u>11,910,470</u>	<u>12,215,154</u>
<u>12,879,866</u>	<u>12,204,823</u>	<u>12,072,927</u>	<u>12,264,194</u>	<u>11,910,470</u>	<u>12,215,154</u>
<u>83,208,544</u>	<u>73,645,146</u>	<u>84,431,357</u>	<u>95,803,385</u>	<u>100,650,435</u>	<u>87,774,194</u>
1,723,410	1,332,542	1,393,011	947,291	871,954	859,442
3,152,528	2,392,084	2,399,733	2,963,243	3,178,152	2,949,945
1,505,347	1,529,292	1,911,770	1,301,079	1,104,193	684,585
2,253,350	2,192,448	1,367,032	1,638,817	1,707,098	1,677,390
358,651	328,483	378,061	388,247	394,655	353,094
8,656,867	7,357,298	9,931,063	11,945,008	7,167,620	8,990,834
3,435,672	13,785,183	8,122,092	1,171,634	1,277,811	410,664
<u>21,085,825</u>	<u>28,917,330</u>	<u>25,502,762</u>	<u>20,355,319</u>	<u>15,701,483</u>	<u>15,925,954</u>
<u>14,742,082</u>	<u>14,805,527</u>	<u>14,842,016</u>	<u>14,374,002</u>	<u>12,704,027</u>	<u>11,190,581</u>
<u>14,742,082</u>	<u>14,805,527</u>	<u>14,842,016</u>	<u>14,374,002</u>	<u>12,704,027</u>	<u>11,190,581</u>
<u>35,827,907</u>	<u>43,722,857</u>	<u>40,344,778</u>	<u>34,729,321</u>	<u>28,405,510</u>	<u>27,116,535</u>
(49,242,853)	(32,522,993)	(46,855,668)	(63,183,872)	(73,038,482)	(59,633,086)
1,862,216	2,600,704	2,769,089	2,109,808	793,557	(1,024,573)
<u>(47,380,637)</u>	<u>(29,922,289)</u>	<u>(44,086,579)</u>	<u>(61,074,064)</u>	<u>(72,244,925)</u>	<u>(60,657,659)</u>

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

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
General revenues and other changes in net assets:				
Governmental revenues:				
Unrestricted taxes:				
Transactions and use taxes	\$ 12,138,125	\$ 3,064,761	\$ -	\$ -
Property taxes, levied for general purposes	17,358,075	15,727,357	15,186,466	13,867,837
Utility users taxes	4,557,811	4,496,482	4,595,948	4,917,994
Motor vehicle taxes	-	-	-	38,642
Other taxes	3,627,884	3,489,715	3,558,019	3,340,556
Unrestricted investment earnings	(41,593)	(108,819)	965,817	550,512
Intergovernmental revenue - sales taxes	16,663,263	17,663,949	16,044,115	15,749,960
Transfers	35,000	35,000	35,000	(4,525,088)
Extraordinary item	-	1,677,350	27,168,081	(16,963,040)
Total governmental activities	<u>54,338,565</u>	<u>46,045,795</u>	<u>67,553,446</u>	<u>16,977,373</u>
Business-type activity:				
Unrestricted investment earnings	128,409	78,750	117,837	108,353
Miscellaneous	-	-	-	-
Transfers	(35,000)	(35,000)	(35,000)	4,525,088
Total business-type activity	<u>93,409</u>	<u>43,750</u>	<u>82,837</u>	<u>4,633,441</u>
Total primary government	<u>54,431,974</u>	<u>46,089,545</u>	<u>67,636,283</u>	<u>21,610,814</u>
Changes in net assets				
Governmental activities	(5,127,895)	(5,704,619)	19,650,357	(15,189,562)
Business-type activity	<u>(84,811)</u>	<u>(681,856)</u>	<u>(786,296)</u>	<u>5,210,095</u>
Total primary government	<u>\$ (5,212,706)</u>	<u>\$ (6,386,475)</u>	<u>\$ 18,864,061</u>	<u>\$ (9,979,467)</u>

Source: City Finance Department

Fiscal Year Ended June 30,					
2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13,038,715	16,304,916	25,159,373	47,004,633	47,264,839	48,096,950
5,063,905	4,928,588	5,020,744	5,082,094	5,010,797	5,478,092
40,004	48,337	46,649	1,214,413	274,349	319,341
3,205,784	3,110,512	3,020,103	2,199,984	2,825,328	3,098,184
632,038	(222,757)	1,266,006	1,885,429	3,949,401	5,926,914
15,523,825	13,931,661	12,994,495	13,164,455	12,212,474	13,238,135
660,654	3,385,481	597,070	587,053	568,916	(741,732)
(19,235,515)	-	31,260,193	-	-	-
<u>18,929,410</u>	<u>41,486,738</u>	<u>79,364,633</u>	<u>71,138,061</u>	<u>72,106,104</u>	<u>75,415,884</u>
36,327	86,479	72,467	72,561	26,318	47,566
-	-	-	-	167,675	46,308
(660,654)	(3,385,481)	(597,070)	(587,052)	(568,916)	741,732
(624,327)	(3,299,002)	(524,603)	(514,491)	(374,923)	835,606
<u>18,305,083</u>	<u>38,187,736</u>	<u>78,840,030</u>	<u>70,623,570</u>	<u>71,731,181</u>	<u>76,251,490</u>
(30,313,443)	8,963,745	32,508,965	7,954,189	(932,378)	15,782,798
1,237,889	(698,298)	2,244,486	1,595,317	418,634	(188,967)
<u>\$(29,075,554)</u>	<u>\$ 8,265,447</u>	<u>\$ 34,753,451</u>	<u>\$ 9,549,506</u>	<u>\$ (513,744)</u>	<u>\$ 15,593,831</u>

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

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
General fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Debt service fund	-	-	-	-
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General fund:				
Nonspendable	\$ 60,471	\$ 33,695	\$ 27,125	\$ 47,687
Committed	9,561,065	9,197,836	-	-
Assigned	2,696,420	2,696,420	-	-
Unassigned	11,346,148	8,904,597	22,473,917	22,069,159
Total general fund	<u>\$ 23,664,104</u>	<u>\$ 20,832,548</u>	<u>\$ 22,501,042</u>	<u>\$ 22,116,846</u>
All other governmental funds:				
Nonspendable	\$ 12,675	\$ -	\$ -	\$ -
Restricted	37,683,195	36,772,473	33,487,248	32,727,621
Assigned	22,077,035	15,774,481	18,513,114	20,118,196
Unassigned	(460,469)	(186,360)	(1,894,658)	(261,909)
Total all other governmental funds	<u>\$ 59,312,436</u>	<u>\$ 52,360,594</u>	<u>\$ 50,105,704</u>	<u>\$ 52,583,908</u>

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

Source: City Finance Department

Fiscal Year Ended June 30,					
2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 8,006	\$ 71,467
-	-	-	-	27,419,072	25,838,264
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,427,078</u>	<u>\$ 25,909,731</u>
\$ -	\$ -	\$ -	\$ -	\$ 40,314,773	\$ 36,271,246
-	-	-	-	(4,615,396)	(3,258,634)
-	-	-	-	4,090,059	19,877,443
-	-	-	-	117,835,083	134,679,128
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,624,519</u>	<u>\$ 187,569,183</u>
\$ 52,290	\$ 33,750	\$ 39,055	\$ 9,944	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>24,105,648</u>	<u>25,881,185</u>	<u>26,842,509</u>	<u>27,320,296</u>	<u>-</u>	<u>-</u>
<u>\$ 24,157,938</u>	<u>\$ 25,914,935</u>	<u>\$ 26,881,564</u>	<u>\$ 27,330,240</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 25,919,581	\$ 27,491,378	\$ 27,633,116	\$ 27,768,885	\$ -	\$ -
9,454,051	7,015,881	5,761,682	109,183,565	-	-
22,643,343	21,114,572	19,901,437	22,253,296	-	-
(753,634)	-	(1,391,240)	(6,145,831)	-	-
<u>\$ 57,263,341</u>	<u>\$ 55,621,831</u>	<u>\$ 51,904,995</u>	<u>\$ 153,059,915</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
Revenues:				
Taxes	\$ 41,667,325	\$ 30,849,080	\$ 27,374,545	\$ 25,593,873
Licenses and permits	859,108	847,246	924,622	841,683
Fines	771,613	888,134	981,486	1,054,360
Investment and rental	1,255,074	849,487	1,895,092	1,461,106
Intergovernmental	19,920,479	21,766,716	19,286,430	21,163,169
Charges for services	5,464,976	6,798,588	7,223,368	7,053,125
Other	617,706	1,071,736	648,332	499,627
Total revenues	<u>70,556,281</u>	<u>63,070,987</u>	<u>58,333,875</u>	<u>57,666,943</u>
Expenditures				
Current:				
General government	4,453,928	4,193,584	2,854,956	2,837,553
Public safety	43,249,561	40,378,014	39,667,745	38,154,641
Public works	4,753,540	4,163,081	4,120,634	4,059,709
Community development	7,314,064	6,464,433	7,152,897	7,352,977
Community services	2,651,021	2,456,758	2,548,588	2,350,030
Capital outlay	4,509,240	7,443,447	9,043,703	4,565,323
Debt service:				
Principal retirement	419,446	401,823	384,200	370,100
Interest and fiscal charges	65,257	84,348	99,875	114,819
Bond issuance cost	-	-	-	-
Total expenditures	<u>67,416,057</u>	<u>65,585,488</u>	<u>65,872,598</u>	<u>59,805,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,140,224</u>	<u>(2,514,501)</u>	<u>(7,538,723)</u>	<u>(2,138,209)</u>
Other financing sources (uses):				
Sale of equipment and property	6,007,963	6,233	8,073	10,414
Issuance of notes and bonds	-	-	-	-
Refunding bonds issued	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers in	14,058,427	8,875,548	6,281,711	11,444,395
Transfers out	(13,424,216)	(8,921,234)	(6,181,505)	(16,037,125)
Total other financing sources (uses)	<u>6,642,174</u>	<u>(39,453)</u>	<u>108,279</u>	<u>(4,582,316)</u>
Net change in fund balances, before extraordinary item	9,782,398	(2,553,954)	(7,430,444)	(6,720,525)
Extraordinary item	-	1,677,350	5,336,436	-
Net change in fund balances	<u>\$ 9,782,398</u>	<u>\$ (876,604)</u>	<u>\$ (2,094,008)</u>	<u>\$ (6,720,525)</u>
Debt service as a percentage of noncapital expenditures	0.8%	0.8%	0.9%	0.9%

Source: City Finance Department

Fiscal Year Ended June 30,					
2014	2013	2012	2011	2010	2009
\$ 24,223,416	\$ 27,359,600	\$ 35,569,671	\$ 60,339,619	\$ 57,632,018	\$ 59,699,114
590,133	562,390	534,216	530,628	620,236	541,564
1,056,336	842,025	880,510	1,110,773	933,524	1,204,324
1,530,365	642,884	2,310,873	2,490,896	4,484,131	6,576,597
20,579,512	18,818,714	20,999,775	20,743,088	17,735,715	19,919,937
7,374,392	6,465,147	6,695,115	7,329,150	8,159,633	7,147,861
814,517	537,382	1,759,189	822,043	699,080	600,436
<u>56,168,671</u>	<u>55,228,142</u>	<u>68,749,349</u>	<u>93,366,197</u>	<u>90,264,337</u>	<u>95,689,833</u>
2,645,794	2,731,616	2,038,157	12,752,912	22,574,407	10,202,999
36,080,703	35,564,705	36,150,994	35,095,326	35,994,815	35,678,439
3,988,725	4,143,916	4,193,485	3,461,921	3,526,715	3,894,763
6,246,260	4,890,935	9,904,011	11,816,018	11,791,113	11,387,018
2,198,832	2,091,606	2,149,528	2,315,418	2,370,867	2,345,372
5,875,873	5,977,328	20,989,342	66,502,982	35,440,808	18,211,162
356,001	345,427	1,829,853	1,766,260	1,548,636	567,487
125,661	136,065	3,638,255	5,718,439	6,359,141	998,797
-	-	-	772,601	-	4,684,354
<u>57,517,849</u>	<u>55,881,598</u>	<u>80,893,625</u>	<u>140,201,877</u>	<u>119,606,502</u>	<u>87,970,391</u>
<u>(1,349,178)</u>	<u>(653,456)</u>	<u>(12,144,276)</u>	<u>(46,835,680)</u>	<u>(29,342,165)</u>	<u>7,719,442</u>
7,202	10,275	14,813	1,846,367	5,602	6,034
-	-	-	40,265,000	-	73,055,000
-	-	-	-	-	-
-	-	-	-	-	-
11,883,373	12,236,170	28,706,358	49,301,182	34,907,052	44,647,832
<u>(11,453,494)</u>	<u>(8,842,784)</u>	<u>(26,190,975)</u>	<u>(48,926,310)</u>	<u>(34,309,807)</u>	<u>(47,558,167)</u>
<u>437,081</u>	<u>3,403,661</u>	<u>2,530,196</u>	<u>42,486,239</u>	<u>602,847</u>	<u>70,150,699</u>
(912,097)	2,750,205	(9,614,080)	(4,349,441)	(28,739,318)	77,870,141
796,610	-	(91,989,516)	-	-	-
<u>\$ (115,487)</u>	<u>\$ 2,750,205</u>	<u>\$ (101,603,596)</u>	<u>\$ (4,349,441)</u>	<u>\$ (28,739,318)</u>	<u>\$ 77,870,141</u>
0.9%	1.0%	9.1%	11.2%	9.4%	9.0%

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

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City Direct Rate:										
City basic rate	0.09443	0.09443	0.09443	0.09443	0.09443	0.09443	0.09443	0.09443	0.17142	0.09443
Redevelopment agency	0.00066	0.00066	0.00066	0.00066	0.00066	0.48930	0.48394	0.47443	0.39240	0.48403
Total City Direct Rate	0.09509	0.09509	0.09509	0.09509	0.09509	0.58373	0.57837	0.56886	0.56382	0.57846
Overlapping Rates:										
Special Districts	0.04400	0.04380	0.04380	0.04400	0.04400	0.04400	0.04380	0.04400	0.04300	0.04400
County of Orange	0.15277	0.15487	0.15487	0.15277	0.15277	0.15277	0.15490	0.15277	0.15277	0.15277
School Districts	0.70980	0.70690	0.70690	0.70980	0.70980	0.70980	0.70690	0.70980	0.70980	0.70980
Total Direct Rate	1.00100	1.00000	1.00000	1.00100	1.00100	1.00100	1.00003	1.00100	1.07699	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 2017/2018 Annual Tax Increment Tables
HdL, Coren & Cone

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

Taxpayer	2018		2009	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Westminster Mall LLC	\$ 136,198,138	1.53%	\$ -	0.00%
WRI West Gate South LP	73,110,263	0.82%	51,603,101	0.76%
PK I Pavilions Place LP	68,452,320	0.77%	27,268,757	0.40%
Land Partners	66,744,269	0.75%	-	0.00%
An Tang Dao Trust	48,137,336	0.54%	-	0.00%
Jasmine Place Associates LLC	46,155,201	0.52%	-	0.00%
WRW Properties LLC	45,276,598	0.51%	-	0.00%
Turbulent Enterprises LP	42,840,000	0.48%	-	0.00%
Villa Pacific Townhomes Investment LP	36,299,248	0.41%	-	0.00%
VJK Properties LLC	34,689,422	0.39%	-	0.00%
Retail Property Trust	-	0.00%	94,827,859	1.40%
Dayton-Hudson Corporation	-	0.00%	31,117,438	0.46%
CPII Park Lane LLC	-	0.00%	27,071,962	0.40%
Asian Garden Limited	-	0.00%	25,817,821	0.38%
Avalon Center at Garden Grove	-	0.00%	25,654,699	0.38%
Macys California Realty	-	0.00%	25,378,695	0.37%
Mary Warne-Parks Trust-Bolsa-Bushard	-	0.00%	25,205,758	0.37%
Delma Corporation	-	0.00%	20,119,992	0.30%
	<u>\$ 597,902,795</u>	<u>6.72%</u>	<u>\$ 354,066,082</u>	<u>5.22%</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
2018	2,510,143	2,481,863	98.87%	2,481,863	98.87%
2017	2,508,326	2,461,818	98.15%	2,461,818	98.15%
2016	2,505,497	2,452,411	97.88%	2,452,411	97.88%
2015	2,484,435	2,423,695	97.56%	2,423,695	97.56%
2014	2,486,017	2,459,754	98.94%	2,459,754	98.94%
2013	2,478,261	2,446,175	98.71%	2,446,175	98.71%
2012	2,482,399	2,444,304	98.47%	2,444,304	98.47%
2011	2,474,791	2,441,784	98.67%	2,441,784	98.67%
2010	2,474,260	2,448,073	98.94%	2,448,073	98.94%
2009	2,486,095	2,466,393	99.21%	2,466,393	99.21%

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	
2018	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2017	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2016	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2015	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2014	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2013	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2012	3,064,980,617	101,438,368	82,540,972	3,083,878,013
2011	3,069,535,195	101,438,368	82,540,972	3,088,432,591
2010	3,067,626,290	101,438,368	82,540,972	3,086,523,686
2009	3,067,626,290	101,438,368	82,540,972	3,086,523,686

Notes:

Exemptions are netted directly against the individual property categories.

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

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

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

Redevelopment Agency

Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
8,863,834,129	207,351,283	155,854,634	8,915,330,778	0.09509% *
8,367,114,668	174,986,973	142,653,259	8,399,448,382	0.09509% *
8,132,917,882	265,498,056	136,841,764	8,261,574,174	0.09509% *
7,524,637,360	232,501,482	135,957,596	7,621,181,246	0.09509% *
7,126,139,657	179,837,353	133,206,501	7,172,770,509	0.09509% *
6,918,154,624	217,478,421	120,375,213	7,015,257,832	0.58373%
6,810,028,867	260,385,471	135,330,222	6,935,084,116	0.57837%
6,671,290,676	234,915,169	127,617,865	6,778,587,980	0.56886%
6,475,021,589	223,131,714	85,047,489	6,613,105,814	0.56382%
6,640,331,942	246,139,801	115,830,355	6,770,641,388	0.57846%

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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
2018	\$ 16,663,263	\$ 12,138,125	\$ 17,358,075	\$ 4,557,811	\$ 1,359,594	\$ 1,407,680	\$ 860,610	\$ 54,345,158
2017	17,663,949	3,064,761	15,727,357	4,496,482	1,381,319	1,241,700	866,696	44,442,264
2016	16,044,115	-	15,186,466	4,595,948	1,388,612	1,367,801	801,606	39,384,548
2015	15,749,960	-	13,867,837	4,917,994	1,216,170	1,410,626	713,760	37,876,347
2014	15,523,825	-	13,038,715	5,063,905	1,240,779	1,356,397	608,608	36,832,229
2013	13,931,661	-	16,304,916	4,928,588	1,205,111	1,312,251	593,150	38,275,677
2012	12,994,495	-	25,159,373	5,020,744	1,212,032	1,297,359	510,712	46,194,715
2011	13,164,455	-	47,004,633	5,082,094	1,214,413	1,273,931	496,321	68,235,847
2010	12,212,474	-	47,264,839	5,010,797	1,167,267	1,206,421	451,640	67,313,438
2009	13,238,135	-	48,096,950	5,478,092	1,237,147	1,337,974	523,063	69,911,361

*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			
	2017	2016	2015	2014
Apparel Stores	\$ 63,690	\$ 69,140	\$ 73,464	\$ 76,392
General Merchandise	218,329	228,548	209,505	214,955
Food Stores	43,091	42,871	53,081	53,540
Eating and Drinking Places	181,705	169,097	156,426	149,203
Building Materials	115,488	95,709	89,206	75,359
Auto Dealers and Supplies	447,846	453,527	414,952	339,238
Service Stations	103,602	96,476	117,269	144,835
Other Retail Stores	219,999	225,719	199,631	196,295
All Other Outlets	283,308	299,604	281,864	260,003
	<u>\$ 1,677,058</u>	<u>\$ 1,680,691</u>	<u>\$ 1,595,398</u>	<u>\$ 1,509,820</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%

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

Calendar Years					
2013	2012	2011	2010	2009	2008
\$ 76,962	\$ 68,687	\$ 68,208	\$ 66,348	\$ 67,837	\$ 69,491
225,171	228,174	237,195	238,551	240,647	247,629
52,739	51,389	50,988	48,122	48,507	48,471
139,919	126,781	116,638	112,311	111,107	115,219
70,754	65,478	82,061	88,210	95,453	105,446
356,999	294,170	227,061	213,918	240,762	311,356
149,039	153,277	143,165	122,507	113,161	154,832
197,312	198,453	198,004	189,422	194,923	207,502
232,985	196,519	182,074	177,957	179,518	214,723
<u>\$ 1,501,880</u>	<u>\$ 1,382,928</u>	<u>\$ 1,305,394</u>	<u>\$ 1,257,346</u>	<u>\$ 1,291,915</u>	<u>\$ 1,474,669</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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

Category	Calendar Year 2017			Calendar Year 2008		
	Taxable Sales	Rank	Percent of Total City Taxable Sales	Taxable Sales	Rank	Percent of Total City Taxable Sales
Auto Dealers and Supplies	\$ 447,846	1	26.65%	\$ 310,109	1	18.82%
All Other Outlets	283,308	2	16.86%	214,156	4	13.00%
Other Retail Stores	219,999	3	13.09%	218,622	3	13.27%
General Merchandise	218,329	4	12.99%	247,882	2	15.04%
Eating and Drinking Places	181,705	5	10.81%	115,676	6	7.02%
Building Materials	115,488	6	6.87%	105,027	7	6.37%
Service Stations	103,602	7	6.16%	154,832	5	9.40%
Apparel Stores	63,690	8	3.79%	69,561	8	4.22%
Food Stores	43,091	9	2.56%	39,259	9	2.38%

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

CITY OF WESTMINSTER
WATER CUSTOMERS
Current Year and Nine Years Ago

Water Customer	2018		2009	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
City of Westminster	\$ 303,645	1.99%	\$ 151,949	1.36%
Westminster School District	201,575	1.32%	92,914	0.83%
Arnel Management	199,176	1.31%	139,114	1.25%
Los Alisos	174,606	1.15%	-	0.00%
Huntington Beach Union High School	122,551	0.80%	-	0.00%
Garden Grove Unified	120,245	0.79%	84,289	0.76%
Westminster Village HOA	106,328	0.70%	70,454	0.63%
LLC Site #4842, Westminster Mall	99,555	0.65%	-	0.00%
Mission del Amo Mobile Home Park	70,987	0.47%	47,239	0.42%
Mobile Community Mgt Co	61,842	0.41%	-	0.00%
Prado Verde Estates	60,180	0.39%	-	0.00%
Windmill Landmark LLC	57,684	0.38%	-	0.00%
Dover II Ltd	54,558	0.36%	-	0.00%
Rancho del Sol	52,987	0.35%	34,845	0.31%
Tres Vidas Apartments	50,496	0.33%	40,119	0.36%
Busch Carr & Mc Adoo	-	0.00%	35,317	0.32%
Jow Investment LLC	-	0.00%	-	0.00%
Birmingham Realty Services	-	0.00%	47,074	0.42%
Pembrook Management Inc.	-	0.00%	39,299	0.35%
Park Lane Town Home	-	0.00%	36,957	0.33%
Total	<u>\$ 1,736,415</u>		<u>\$ 819,570</u>	
Total Metered Water Sales	<u>\$ 15,237,468</u>		<u>\$ 11,154,302</u>	

Source: City of Westminster

CITY OF WESTMINSTER
WATER RATES
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Monthly Base Rate	Rate per 1,000 Gallons
2018	\$ 8.39	\$ 2.92
2017	7.30	2.54
2016	7.30	2.36
2015	7.30	2.30
2014	7.30	2.30
2013	6.52	2.30
2012	6.52	2.30
2011	6.52	2.25
2010	5.78	1.97
2009	5.21	1.56

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					
	Residential	Industrial	Commercial	Military	Government	Total
2018	\$ 11,271,646	\$ 120,976	\$ 2,690,775	\$ -	\$ 103,406	\$ 14,186,803
2017	10,276,682	109,734	2,275,296	-	100,155	12,761,867
2016	9,953,572	97,688	2,135,545	-	104,795	12,291,600
2015	11,312,453	108,947	2,501,890	-	101,055	14,024,345
2014	11,918,276	121,814	2,657,925	-	106,287	14,804,302
2013	12,038,551	111,678	2,564,280	-	98,127	14,812,636
2012	11,620,170	119,472	2,561,499	-	104,206	14,405,347
2011	11,304,445	120,700	2,311,541	-	96,485	13,833,171
2010	10,159,526	122,059	2,027,216	-	111,499	12,420,300
2009	9,125,193	105,137	1,750,138	-	106,469	11,086,937

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
2018	\$ -	\$ 728,860	\$ 1,620,000	\$ -	\$ 2,348,860
2017	-	616,527	2,215,000	-	2,831,527
2016	-	711,330	2,785,000	-	3,496,330
2015	-	479,507	3,330,000	-	3,809,507
2014	-	552,088	3,855,000	-	4,407,088
2013	-	-	4,360,000	-	4,360,000
2012	-	-	4,850,000	-	4,850,000
2011	141,340,000	-	5,054,255	300,000	146,694,255
2010	102,235,000	-	5,889,463	300,000	108,424,463
2009	103,195,000	-	6,699,671	300,000	110,194,671

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
\$ 1,815,000	\$ 1,632,206	\$ 3,447,206	\$ 5,796,066	0.26%	\$ 61
2,075,000	1,453,790	3,528,790	6,360,317	0.30%	68
2,325,000	1,572,231	3,897,231	7,393,561	0.36%	79
2,565,000	1,686,655	4,251,655	8,061,162	0.42%	88
2,800,000	1,797,198	4,597,198	9,004,286	0.50%	98
3,030,000	1,903,992	4,933,992	9,293,992	0.55%	102
3,250,000	2,007,163	5,257,163	10,107,163	0.61%	111
3,377,067	2,106,835	5,483,902	152,178,157	9.80%	1,692
3,806,075	2,203,126	6,009,201	114,433,664	7.76%	1,214
4,220,083	2,296,152	6,516,235	116,710,906	7.99%	1,251

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		
2018	\$ -	\$ -	\$ -	0.00%	\$ -
2017	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2013	-	-	-	0.00%	-
2012	-	-	-	0.00%	-
2011	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2009	-	-	-	0.00%	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds

Source: City Finance Department

CITY OF WESTMINSTER
DIRECT AND OVERLAPPING DEBT
June 30, 2018

2017-18 Assessed Valuation:

\$ 8,907,507,276

	Percentage Applicable (1)	Total Debt 6/30/2018	City's Share of Debt 6/30/18
<u>Overlapping Tax and Assessment Debt:</u>			
Metropolitan Water District	0.324%	\$ 60,600,000	\$ 196,344
Coast Community College District	6.717%	781,334,504	52,482,239
Garden Grove Unified School District	9.263%	328,540,160	30,432,675
Huntington Beach Union High School District	12.550%	187,014,998	23,470,382
Ocean View School District	5.334%	45,000,000	2,400,300
Westminster School District	61.884%	91,569,939	56,667,141
Total Overlapping Tax and Assessment Debt		<u>\$ 1,494,059,601</u>	<u>\$ 165,649,081</u>

Direct and Overlapping General Fund Debt:

Orange County General Fund Obligations	1.597%	\$ 210,347,000	\$ 3,359,242
Orange County Pension Obligations	1.597%	383,564,389	6,125,523
Orange County Board of Education Certificates of Participation	1.597%	13,990,000	223,420
Coast Community College District Certificates of Participation	6.717%	3,285,000	220,653
Huntington Beach Union High School District Certificates of Participation	12.550%	63,556,090	7,976,289
Ocean View School District Certificates of Participation	5.334%	22,545,000	1,202,550
Westminster School District Certificates of Participation	61.884%	42,856,659	26,521,415
City of Westminster Certificates of Participation	100.000%	1,620,000	1,620,000
City of Westminster Leases Payable	100.000%	728,860	728,860
Total Gross Direct and Overlapping General Fund Debt		<u>\$ 742,492,998</u>	\$ 47,977,952
Less: MWDOC Water Facilities Corporation (100% self-supporting)			-
Total Net Direct and Overlapping General Fund Debt			<u>\$ 47,977,952</u>

Overlapping Tax Increment Debt: (Successor Agency):

100.000% \$ 114,655,000 114,655,000

Total Direct Debt

\$ 2,348,860

Total Gross Overlapping Debt

\$ 325,933,173

Total Net Overlapping Debt

\$ 325,933,173

Gross Combined Total Debt

\$ 328,282,033 (2)

Net Combined Total Debt

\$ 328,282,033

(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 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.86%
Total Direct Debt (\$2,348,860)	0.03%
Gross Combined Total Debt	3.69%
Net Combined Total Debt	3.69%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$5,741,088,291):

Total Overlapping Tax Increment Debt	2.00%
--------------------------------------	-------

Source: California Municipal Statistics

CITY OF WESTMINSTER
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2018	2017	2016	2015
Assessed valuation	\$ 8,907,507,276	\$ 8,410,334,862	\$ 8,279,643,537	\$ 7,628,668,713
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	\$ 2,226,876,819	\$ 2,102,583,716	\$ 2,069,910,884	\$ 1,907,167,178
Debt limit percentage	15%	15%	15%	15%
Debt limit	334,031,523	315,387,557	310,486,633	286,075,077
Total net debt applicable to limitation: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 334,031,523</u>	<u>\$ 315,387,557</u>	<u>\$ 310,486,633</u>	<u>\$ 286,075,077</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,					
2014	2013	2012	2011	2010	2009
\$ 7,176,140,802	\$ 7,023,383,445	\$ 3,170,973,563	\$ 3,168,813,154	\$ 3,169,064,658	\$ 3,171,067,155
25%	25%	25%	25%	25%	25%
\$ 1,794,035,201	\$ 1,755,845,861	\$ 792,743,391	\$ 792,203,289	\$ 792,266,165	\$ 792,766,789
15%	15%	15%	15%	15%	15%
269,105,280	263,376,879	118,911,509	118,830,493	118,839,925	118,915,018
-	-	-	-	-	-
<u>\$ 269,105,280</u>	<u>\$ 263,376,879</u>	<u>\$ 118,911,509</u>	<u>\$ 118,830,493</u>	<u>\$ 118,839,925</u>	<u>\$ 118,915,018</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF WESTMINSTER
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Certificates of Participation					Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2018	\$ 16,327,280	\$ 14,517,831	\$ 1,809,449	\$ 326,159	\$ 130,394	3.96
2017	13,398,669	12,462,923	935,746	313,910	142,683	2.05
2016	12,849,568	11,596,914	1,252,654	301,737	154,495	2.75
2015	14,310,451	11,794,202	2,516,249	294,637	166,031	5.46
2014	14,778,409	11,214,695	3,563,714	287,609	175,282	7.70
2013	14,892,006	10,626,700	4,265,306	275,651	183,875	9.28
2012	14,914,482	10,533,453	4,381,029	518,758	199,751	6.10
2011	14,446,563	10,623,725	3,822,838	506,930	215,261	5.29
2010	12,730,344	10,334,102	2,396,242	490,165	230,258	3.33
2009	11,238,147	10,284,546	953,601	473,459	243,728	1.33

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

Source: City Finance Department

CITY OF WESTMINSTER
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Population (1)</u>	<u>Personal Income (billions)(2)*</u>	<u>Per Capita Personal Income (2)*</u>	<u>Unemployment Rate (3)</u>
2018	94,476	220.4	65,031	3.70%
2017	93,533	214.7	62,063	5.50%
2016	94,073	205.0	61,663	6.10%
2015	92,106	191.7	60,013	6.20%
2014	91,652	180.4	57,573	7.50%
2013	91,169	169.8	56,519	9.20%
2012	90,677	166.6	55,540	11.20%
2011	89,937	155.3	53,270	12.70%
2010	94,294	147.4	52,414	13.20%
2009	93,284	146.0	52,864	10.00%

Sources:

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

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

Employer	2018		2009	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Carroll Hospital Center	1,400	3.32%	-	0.00%
Westminster School District	1,085	2.57%	1,150	2.73%
Kindred Hospital-Westminster	500	1.18%	450	1.07%
Target	357	0.85%	210	0.50%
City of Westminster	346	0.82%	397	0.94%
Walmart	320	0.76%	350	0.83%
Macy's	300	0.71%	-	0.00%
Westminster High School	225	0.53%	250	0.59%
Honda World	206	0.49%	-	0.00%
JC Penney Co	190	0.45%	-	0.00%
Southern California Edison	-	-	603	1.43%
Ito Farms	-	-	600	1.43%
BE Aerospace Manufacturing	-	-	350	0.83%
Sears	-	-	300	0.71%
LBS Financial Credit Union	-	-	225	0.53%

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

Sources: Avenu Insights & Analytics
EDD Labor Force Data

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

Function	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government	33	30	39	38	32	22	33	39	47	49
Public safety	143	130	142	135	145	141	158	162	167	171
Public works	28	28	30	26	29	28	28	30	29	34
Community development	29	23	24	22	19	22	39	42	43	40
Community service	57	56	59	53	54	49	60	63	68	74
Water	<u>28</u>	<u>25</u>	<u>27</u>	<u>24</u>	<u>24</u>	<u>25</u>	<u>27</u>	<u>28</u>	<u>28</u>	<u>29</u>
Total	<u>318</u>	<u>292</u>	<u>321</u>	<u>298</u>	<u>303</u>	<u>287</u>	<u>345</u>	<u>364</u>	<u>382</u>	<u>397</u>

Source: City Finance Department

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

Function	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Arrests	2,262	2,359	2,540	2,646	2,528	2,960	2,513	2,547	2,553	2,092
Traffic violations	3,636	1,067	1,831	2,991	6,424	5,566	8,407	11,106	11,432	6,662
Parking violations	12,952	20,314	21,308	22,965	19,979	12,525	15,193	16,322	15,504	19,102
Fire:										
Number of calls answered	7,669	7,421	7,441	6,880	6,201	6,446	6,006	5,880	5,781	5,835
Inspections conducted	1,383	1,459	1,694	1,013	1,028	513	1,555	1,945	1,347	1,820
Public works:										
Street resurfacing (miles)	9.40	4.00	4.00	3.10	5.00	5.50	15.00	16.78	18.00	15.00
Parks and recreation:										
Number of recreation classes	1,239	1,134	1,288	1,347	1,218	1,081	1,143	1,391	532	786
Number of facility rentals	113	106	88	80	59	72	97	87	80	80
Water:										
New connections	71	76	80	43	28	33	30	*3,317	*3,725	*4,214
Average daily consumption (in hundred cubic feet)	12,676	11,841	11,480	13,678	14,374	14,054	13,724	13,219	13,477	14,678

*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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	180	180	180	180	180	180	180	180
Streetlights	4,733	4,733	4,733	4,733	4,733	4,733	4,747	4,662	4,697	4,697
Traffic signals	71	71	71	68	68	68	68	68	66	66
Parks and recreation:										
Parks	23	23	24	24	24	24	25	25	25	25
Community centers	2	2	2	2	1	1	1	1	1	1
Water										
Water mains (miles)	240	240	235	230	230	230	230	230	230	230
Maximum daily capacity (in acre per feet per day)	83	83	82	90	90	73	73	73	76	76

Source: City of Westminster