City of Westminster, California

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2011

CITY OF WESTMINSTER, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

YEAR ENDED JUNE 30, 2011

Prepared by:

Department of Finance

Eddie Manfro
Assistant City Manager

CITY OF WESTMINSTER

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INTRODUCTORY SECTION

City of Westminster

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

MARGIE L. RICE
Mayor

TYLER DIEP
Mayor Pro Tem

FRANK G. FRY
Council Member

TRI TA
Council Member

ANDY QUACH
Council Member

J. MITCHELL WALLER
City Manager

December 1, 2011

To the Honorable Mayor, Members of the City Council and Citizens of the City of Westminster:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Westminster for the fiscal year ended June 30, 2011

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

The City of Westminster's financial statements have been audited by White Nelson Diehl Evans, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Westminster for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Westminster's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP require 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 MD&A and should be read in conjunction with it. The City of Westminster's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Westminster

The City of Westminster, incorporated in 1957, is located in the northeast corner of Orange County. The City of Westminster currently occupies a land area of 10.6 square miles and serves a population of 89,937.

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

The City of Westminster provides a full range of services, including police, fire protection (as a contract member of the Orange County Fire Authority), water utility, street and infrastructure maintenance and construction, recreational and cultural services, planning and community development and general administration. The City of Westminster also is financially accountable for the legally separate Westminster Redevelopment Agency and the Westminster Financing Authority. The City has accounted for the Agency and Authority as "blended" component units and therefore they have been included as an integral part of the City of Westminster's financial statements. The annual budget serves as the foundation for the City of Westminster's financial planning and control. All departments of the City of Westminster are required to submit requests for appropriation to the City Manager each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, the close of the City of Westminster's fiscal year.

The appropriated budget is prepared by fund (e.g., general), department (e.g., public works), and program (e.g., engineering). Department heads 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, however, require approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 83 as part of the required supplementary information portion of the basic financial statements for the governmental funds. For other funds with appropriated annual budgets, this comparison is presented beginning on page 88 of this report.

Factors Affecting Financial Condition

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

Local Economy. The downturn in the economy and the affects it's had on real estate and retail sectors have negatively impacted the State of California and local jurisdictions within Orange County. Substantial revenue declines have led to a surge in job losses at both private and public sectors. Economists expect California will continue to experience a sluggish economic recovery. The current economic downturn and the poor economic conditions that have existed for the past four years have started to erode the City of Westminster's general fund and reserve balances. Actual general fund revenues have declined from last year's general fund revenues by $434 thousand (or 1.0%). While this is a much less severe decline than the 2010 decline of $3.0 (or 6.7%), the revenues of $41 million is significantly below our peak of $48 million in 2008. While taxes actually increased for the first time in three years by $1.4 million (or 4.8%), most other revenues declined with the largest decrease in investment and rental revenue, which saw a significant decline at $1.2 million (or 55.7%).

To help mitigate the decline in general fund revenues, staff reduced the operating budget by implementing a golden handshake program to its employees as an incentive for early retirement. As a result of this two year offering staff was able to reduce salaries by $917 thousand city wide in 2011 and $459 thousand city wide in 2010. In addition to this salary savings, staff also provided operating cuts to the general fund budget. As a result of this effort, the general fund expenditures decreased by $2.1 million (or 4.6%). In spite of these expenditure reductions, the overall actual general fund expenditures exceed general fund revenues by $2.7 million for the fiscal year 2010-11.

As with other municipalities, the City of Westminster, has been continually burdened by the financial pressures and demands of impacts imposed by Federal, State and County Governments. Since the 1980's these governmental units have passed on to municipalities a myriad of un-funded mandates or service/regulatory requirements and also, have eliminated or redistributed significant sources of revenue.

For example, in May of last year the Agency was required to pay over $12 million dollars to the County of Orange due to the Supplemental Educational Revenue Augmentation Fund shift imposed by the State of California. This year's payment amounted to over $2.5 million. The outpouring of money will continue into the future as the Governor of the State of California passed additional legislature which will require the City to pay an initial amount of $14.4 million in 2012 and an estimated $3.1 million due annually thereafter. See note 15 of these financial statements for more information. In spite of these demands, the City continues to meet these challenges to ensure a high level of service to our residents.

The City also enjoys its position as the internationally recognized social, cultural, and retail hub of the Vietnamese American community. With the continued development of Little Saigon into a destination retail attraction, the City expects to increase its amount of captured retail sales. This national and international marketplace serves as an important economic engine and is bolstered by the fact that it is an authentic cultural retail center, which is unique in Orange County. This coupled with the real estate demands in the area provides retailers 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.

While Westminster is already a successful home to many national retailers including Lexus, Toyota, Honda, Infinity, Wal-Mart, Home Depot, Best Buy, Target, and the Westminster Mall, there is still room for growth. With an average market demand for 55,000 square feet of new retail and a demand for more than 70,000 square feet of restaurants alone over the next five years, it is easy to see the opportunity for continued expansion within the local economy. Since the level of demand is distributed across all retail sectors, Westminster enjoys a full array of strategic options in terms of additional economic development.

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

Long Term Financial Planning and Policies. The City's continued control over expenditure growth has been and will continue to be a key factor in maintaining the City's strong financial position and healthy fund balance reserves. The Mayor and City Council has benefited from the past years financial prosperity to secure the future stability of the City. On an ongoing basis, funds have been set aside as reserves for building maintenance, capital replacement, vehicle replacement, and the replacement of the City's water systems infrastructure.

In order to protect against the budgetary and liquidity level problems of the past years, the City has committed to a series of policy issues, including:

- A 1% budget contingency in various funds.
- Reorganization of the Police Department to comply with the current policy to not fill existing vacant positions. It is estimated that a new methodology will save the City $1.06 million annually by keeping existing vacancies vacant.
- Change in the City's computer replacement policy that is estimated to save the City $65 thousand on an annual basis.
- Change in the City's vehicle and equipment policy that is estimated to save the City $302 thousand annually.

In addition, the City is in the process of establishing a reserve policy to restrict or commit a portion of the currently unassigned reverses.

Decisions on utilizing municipal financing techniques are based on specific projects and financial considerations, including:

- Long-term financing is limited to funding of capital improvement projects and equipment or other long-term obligations. The use of long term borrowing for ongoing operations is prohibited.
- The term of the financing shall not exceed the expected useful life of the capital improvement or equipment being financed
- A recommended financing plan must also include the resources available to meet the annual obligation, the percentage of annual resources available to meet the obligation, and a projection of resource availability for the term of the financing.
- Financing obligations are met in a timely and efficient manner.
- The City shall comply with all issuance covenants.
- Refunding techniques may be used where appropriate to allow for the restructuring of its current outstanding debt in order to remove or change restrictive covenants, reduce annual debt service costs in an amount sufficient to justify the costs of the refunding/reissuance and other purposes that can be clearly shown to be cost effective and in the City's best interest.

State Budget. Sales tax revenue has continued to be impacted due to the approval of Proposition 57 and the "triple flip". The City receives a "sales tax in-lieu" payment, for the City's share of local sales tax dollars to the State on a dollar-per-dollar basis. The impact to the City has been a cash flow issue because of how the "sales-tax-in-lieu" has been paid. The "sales-tax-in-lieu" is paid on the same schedule as property tax with the majority paid in January and May, rather than on a monthly basis. Sales tax revenue accounts for 32% of the City's total General Fund Revenues.

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, 2010. This was the sixteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its budget document dated July 1, 2010. 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. We would like to express our 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 Council Members for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Westminster's finances.

Respectfully submitted,

J. Mitchell Waller
City Manager

Eddie Manfro
Assistant City Manager

CITY OF WESTMINSTER

Principal Officials

CITY COUNCIL

MARGIE L. RICE, Mayor

TYLER DIEP, Mayor Pro Tem

FRANK G. FRY, Council Member

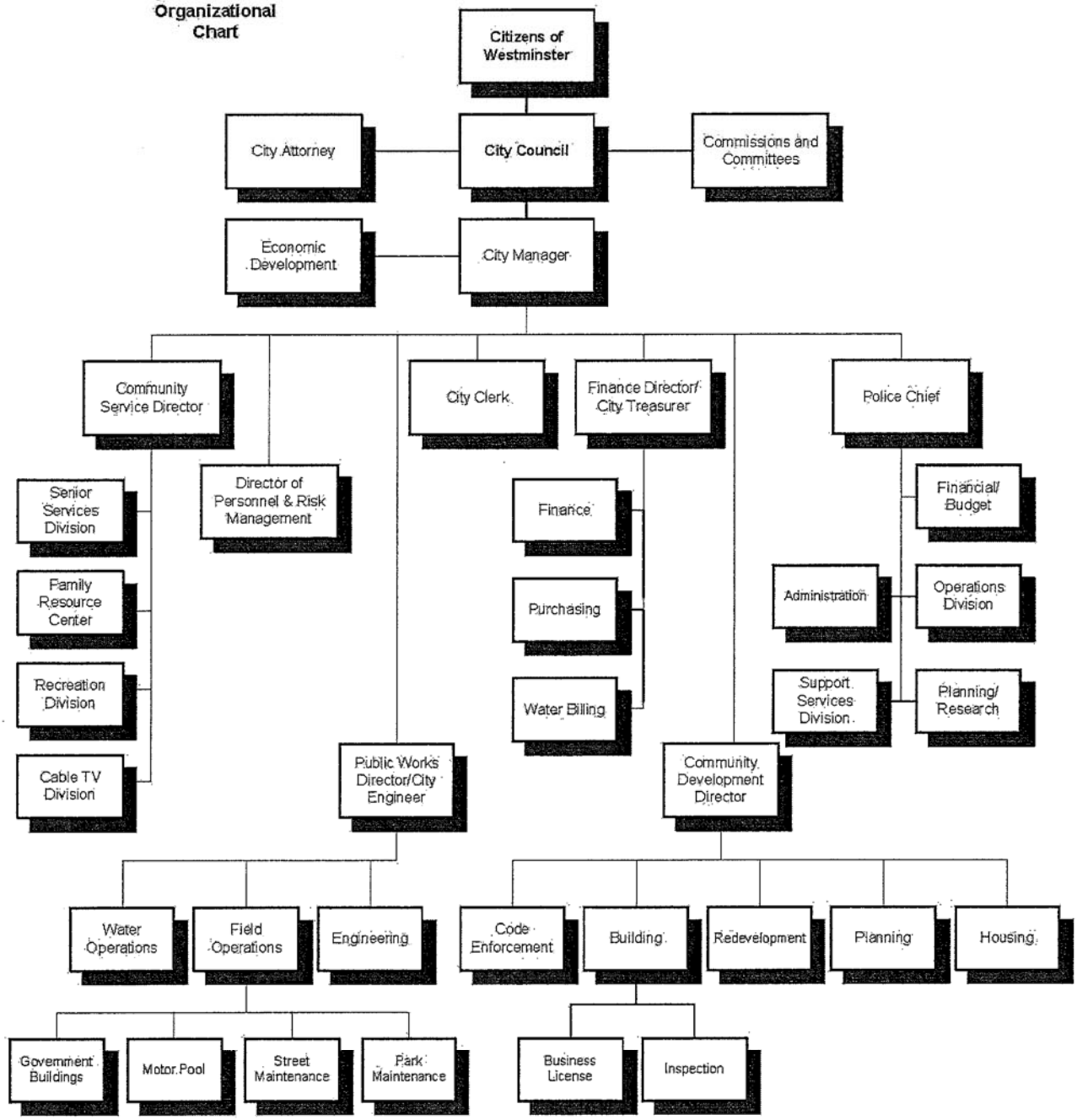
ANDY QUACH, Council Member

TRI TA, Council Member

CITY STAFF

J. Mitchell Waller	City Manager
Eddie Manfro	Assistant City Manager
Richard D. Jones	City Attorney
Doug McIsaac	Community Development Director
Ron Coopman	Police Chief
Marwan Youssef	Public Works Director/City Engineer
Robin Roberts	City Clerk
Diana Dobbert	Community Services Director

City of Westminster Organizational Chart



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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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FINANCIAL SECTION

CITY OF WESTMINSTER

Comprehensive Annual Financial Report

June 30, 2011

Financial Section

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WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

City Council Members
City of Westminster
Westminster, California

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, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Westminster's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13, the City has implemented the provisions of Governmental Accounting Standards Board Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions", for the year ended June 30, 2011

As explained further in Note 15, the California State Legislature has enacted legislation that is intended to provide for the dissolution of redevelopment agencies in the State of California. The effects of this legislation are uncertain pending the result of certain lawsuits that have been initiated to challenge the constitutionality of this legislation.

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Offices located in Orange and San Diego Counties

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2011 on our consideration of the City of Westminster's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedules of funding progress and budgetary comparison schedules, as listed in the table of contents as required supplementary information, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. This information is 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 management's discussion and analysis and the schedules of funding progress 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 management's discussion and analysis and the schedules of funding progress because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules and related note have 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 of the City of Westminster 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westminster's basic financial statements as a whole. The introductory section, supplementary information and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

White Nelson Diehl Evans LLP

November 25, 2011
Irvine, California

CITY OF WESTMINSTER

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Westminster (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011, along with comparisons to the fiscal year ended June 30, 2010. 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.

FINANCIAL HIGHLIGHTS

- The total assets of the City exceeded its liabilities by $303.5 million (net assets) as of June 30, 2011. Of this amount, $63.7 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's net assets increased by $9.5 million or 3.3 percent. Revenues increased by $5.2 million, while expenses decreased $4.8 million. The revenue increase is mostly due to increases of $1.7 million in the water enterprise charges for services, and an increase of $4.8 million in operating grants and contributions. Most expenses increased slightly with the largest exception in general government which decreased by $9.5 million largely due to a decrease of $9.6 million in the payment made to the State of California for the Redevelopment Agency's SERAF obligation. Additional information can be found in Note 15 in the notes to the basic financial statements.

- As of June 30, 2011 the City's governmental funds reported a combined ending fund balance of $180.4 million, a decrease of $4.3 million. $21.2 million is unassigned and is available for spending at the City's discretion.

- Unassigned fund balance for the General Fund was $27.3 million, or 62 percent of total General Fund expenditures.

- Total City debt (excluding compensated absences and claims liabilities) increased by $37.7 million, or 33 percent. Changes in debt consisted of bond issuances, principal reduction payments, and $50,783 in amortized bond costs.

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.

See accompanying independent auditor's report.

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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets 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 financial 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 and the Westminster Redevelopment Agency, a blended component unit, 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 can be found on pages 21-23 of this report.

Fund Financial Statements

Fund financial statements are designed to report information about groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. City funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

See accompanying independent auditor's report.

The City maintains several individual governmental funds organized by their type (special revenue, debt service and capital projects 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, RDA Low and Moderate Income Housing, Housing and Community Development, Special Gas Tax and Street Improvements Special Revenue Funds, Westminster Redevelopment Agency Debt Service, and Westminster Redevelopment Agency Capital Projects, 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 beginning on page 93 of 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. These statements begin on page 87 of this report. The basic governmental fund financial statements can be found on pages 24-30 of this report.

Proprietary funds are generally used to account for services for which the City charges outside customers, or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide statements, only in more detail. The City maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the operations of water.

- **Internal service funds** are used to report activities that provide internal services for the City. The City uses internal service funds to account for its equipment replacement, general benefits, liability administration, information systems and equipment, and government buildings. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements beginning on page 107 of this report.

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The basic fiduciary fund financial statements can be found on page 36 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37-83 of this report.

See accompanying independent auditor's report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which includes the Schedules of Funding Progress and the Budgetary Comparison Schedules for the General and Major Special Revenue Funds. Required supplementary information can be found on pages 85-91 of this report.

Combining statements and individual fund statements for other governmental funds, debt service fund, internal service funds and the agency fund are presented immediately following the required supplementary information, and can be found on pages 93-118 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The City has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34 (GASB 34), Basic Financial Statements – and Management's Discussion and Analysis (MD&A) – for State and Local Governments.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. City assets exceeded liabilities by $303.5 million at June 30, 2011. This is an increase of $9.5 million as summarized below and on the following pages:

Statement of Net Assets*

	Governmental Activities			
	June 30, 2011	June 30, 2010	Increase/ (Decrease) From 2010	Percent Increase/ (Decrease)
Assets:				
Current and other assets	$ 229,173,909	$ 229,728,345	$ (554,436)	-0.24%
Capital assets, net of accumulated depreciation	224,949,120	172,044,553	52,904,567	30.75%
Total assets	454,123,029	401,772,898	52,350,131	13.03%
Liabilities:				
Current and other liabilities	26,528,927	24,372,883	2,156,044	8.85%
Long-term liabilities	157,443,820	115,203,922	42,239,898	36.67%
Total liabilities	183,972,747	139,576,805	44,395,942	31.81%
Net assets:***				
Invested in capital assets, net of related debt	130,622,799	115,917,966	14,704,833	12.69%
Restricted	81,222,098	88,669,819	(7,447,721)	-8.40%
Unrestricted	58,305,385	57,608,308	697,077	1.21%
Total net assets**	$ 270,150,282	$ 262,196,093	$ 7,954,189	3.03%

* A more detailed statement of net assets is shown on page 21 of this report.
** As restated, see Note 16 on page 83 of this report.
*** Includes a reclassification for current year comparisons.

See accompanying independent auditor's report.

Governmental activities had the greatest changes occur in "Capital assets, net of accumulated depreciation", "Long-term liabilities" and "Invested in capital assets, net of related debt". The majority of these changes are a result of the City's completing construction work on the new headquarters for the Westminster Police Department. The increase in "Capital assets, net of accumulated depreciation" of $52.9 million or 30.75 percent occurred in part, due to the decrease of $31.3 million in "Construction in Progress", and an increase of $52.1 million in "Buildings". The majority of these amounts are also related to the new police facility. In addition, the City acquired $30.5 million in "Land".

"Long-term liabilities" increased by $42.2 million or 36.67 percent due mostly to the issuance of $40.3 million in bonds for the construction of a Civic Center parking facility and various other city improvements. Additional information can be found in Note 6 in the notes to the basic financial statements.

"Invested in capital assets, net of related debt" increased by $14.7 million or 12.69 percent. As with the previously noted changes, the majority of this is related to the completion of the police facility, and the issuance of bonds for a Civic Center parking structure and various other city improvement projects. This total increased due to payments on the related debt associated with assets, and the overall increase in those capital assets.

Statement of Net Assets*

	Business-type Activity			
	June 30, 2011	June 30, 2010	Increase/ (Decrease) From 2010	Percent Increase/ (Decrease)
Assets:				
Current and other assets	$ 7,112,368	$ 5,296,879	$ 1,815,489	34.27%
Capital assets, net of accumulated depreciation	33,297,202	34,209,972	(912,770)	-2.67%
Total assets	40,409,570	39,506,851	902,719	2.28%
Liabilities:				
Current and other liabilities	2,171,768	2,325,686	(153,918)	-6.62%
Long-term liabilities	4,919,230	5,457,910	(538,680)	-9.87%
Total liabilities	7,090,998	7,783,596	(692,598)	-8.90%
Net assets:				
Invested in capital assets, net of related debt	27,813,299	28,200,770	(387,471)	-1.37%
Restricted	113,160	113,911	(751)	-0.66%
Unrestricted	5,392,113	3,408,574	1,983,539	58.19%
Total net assets	$ 33,318,572	$ 31,723,255	$ 1,595,317	5.03%

* A more detailed statement of net assets is shown on page 21 of this report.

See accompanying independent auditor's report.

Business-type activity remained fairly static for fiscal years 2011 and 2010. The City has seen slight increases in net assets over the last two years (5.03 percent in 2011, and 1.34 percent in 2010). The greatest changes occurred in "Current and other assets", and "Net assets – unrestricted". The majority of these changes are a result of an increase in "Cash and investments" of $1.8 million and a "Change in net assets" of $1.6 million. The City continues to make efforts to maintain customer service and keep costs down.

Statement of Net Assets*

	Primary Government			
	June 30, 2011	June 30, 2010	Increase/ (Decrease) From 2010	Percent Increase/ (Decrease)
Assets:				
Current and other assets	$ 236,286,277	$ 235,025,224	$ 1,261,053	0.54%
Capital assets, net of accumulated depreciation	258,246,322	206,254,525	51,991,797	25.21%
Total assets	494,532,599	441,279,749	53,252,850	12.07%
Liabilities:				
Current and other liabilities	28,700,695	26,698,569	2,002,126	7.50%
Long-term liabilities	162,363,050	120,661,832	41,701,218	34.56%
Total liabilities	191,063,745	147,360,401	43,703,344	29.66%
Net assets:***				
Invested in capital assets, net of related debt	158,436,098	144,118,736	14,317,362	9.93%
Restricted	81,335,258	88,783,730	(7,448,472)	-8.39%
Unrestricted	63,697,498	61,016,882	2,680,616	4.39%
Total net assets**	$ 303,468,854	$ 293,919,348	$ 9,549,506	3.25%

* A more detailed statement of net assets is shown on page 21 of this report.
** As restated, see Note 16 on page 83 of this report.
*** Includes a reclassification for current year comparisons.

The City's restricted portion of net assets ($81.3 million or 26.8 percent) represents resources that are subject to external restrictions on how they may be used. This is a $7.4 million, or 8.39 percent decrease from prior year.

Unrestricted net assets ($63.7 million or 21.0 percent) increased $2.7 million or 4.39 percent from the prior year. These funds may be used to meet the government's ongoing obligations to citizens, creditors, and City imposed designations (e.g., reserves, pending litigations, contingencies, capital projects).

The largest portion (52.2 percent) of the City's net assets reflects its investment of $158.4 million in capital assets (land, buildings and improvements, equipment, infrastructure, and construction in progress, net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall increase of $14.3 million, or 9.93 percent 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.

See accompanying independent auditor's report.

At the end of fiscal year 2011, the City shows positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities and business-type activity.

Statement of Activities

The statement of activities shows how the government's net assets changed during fiscal year 2011. The City's net assets increased overall by $9.5 million as summarized below and on the following pages:

Statement of Activities*

	Governmental Activities			
	For the year ended		Increase/	Percent
	June 30, 2011	June 30, 2010	(Decrease) From 2010	Increase/ (Decrease)
Revenues:				
Program revenues:				
Charges for services	$ 7,238,677	$ 7,256,052	$ (17,375)	-0.24%
Operating grants and contributions	11,945,008	7,167,620	4,777,388	66.65%
Capital grants and contributions	1,171,634	1,277,811	(106,177)	-8.31%
General revenues:				
Taxes	68,665,579	67,587,787	1,077,792	1.59%
Unrestricted investment earnings	1,885,430	3,949,401	(2,063,971)	-52.26%
Total Revenues	90,906,328	87,238,671	3,667,657	4.20%
Expenses:***				
General government	11,836,459	21,335,005	(9,498,546)	-44.52%
Public safety	37,050,903	36,313,972	736,931	2.03%
Public works	10,839,138	10,041,239	797,899	7.95%
Community development**	14,699,366	12,043,058	2,656,308	22.06%
Community services	2,977,448	2,979,397	(1,949)	-0.07%
Interest on long term debt	6,135,877	6,027,294	108,583	1.80%
Total Expenses	83,539,191	88,739,965	(5,200,774)	-5.86%
Increase (decrease) in net assets before transfers	7,367,137	(1,501,294)	8,868,431	-590.72%
Transfers	587,052	568,916	18,136	3.19%
Increase (decrease) in net assets	7,954,189	(932,378)	8,886,567	-953.11%
Net assets - Beginning of Year**	262,196,093	263,128,471	(932,378)	-0.35%
Net assets - End of Year	$ 270,150,282	$ 262,196,093	$ 7,954,189	3.03%

* A more detailed statement of activities is shown on pages 22-23 of this report.
** As restated, see Note 16 on page 83 of this report.
*** Includes a reclassification for current year comparisons.

See accompanying independent auditor's report.

Governmental activities increased the City's net assets by $8.0 million. Public safety remains the largest expense function (44.4 percent), followed by community development (17.6 percent), general government (14.1 percent), public works (13.0 percent), interest on long term debt (7.3 percent) and community services (3.6 percent). General revenues such as property and sales tax are not shown by program, but are effectively used to support program activities citywide.

Operating expenses decreased most significantly in "General government", which decreased by $9.5 million (44.52 percent). The majority of this decrease is due to a reduction of $9.6 million for the payment to the State of California for the Westminster Redevelopment Agency's SERAF payment. The SERAF payments due in fiscal years 2011 and 2010 were $2.5 million and $12.1 million respectively. "Community development" increased by $2.7 million (22.06 percent). The City increased the amounts spent in this area during the year as they tried to complete projects that had been ongoing in the Redevelopment Agency. The remaining expense categories increased or decreased slightly. The increases are due mainly to the cost of the City's post-retirement benefits which continue to increase as more retirees become eligible, as well as the continuing increase in the PERS employer rates for retirement costs. The costs for both the Miscellaneous Plan and Safety Plan increased to 10.17 percent and 20.88 percent respectively in fiscal year 2011. This is an increase from fiscal year 2010's 9.80 percent for the Miscellaneous Plan and 19.80 percent for the Safety Plan.

"Operating grants and contributions" had an increase of $4.8 million (66.65 percent). This revenue source will vary from year to year, depending on the completion of grant funded projects.

"Unrestricted investment earnings" decreased by $2.1 million (52.26 percent). While overall cash has remained static the decrease is due to the continuing decline in interest rates. The City is currently examining different investment vehicles with the goal of increasing returns on these funds. See the "Cash Management" section on the following pages as well as Note 2 in the notes to the basic financial statements for more information.

See accompanying independent auditor's report.

Statement of Activities*

	Business-type Activity			
	For the year ended		Increase/	Percent
	June 30, 2011	June 30, 2010	(Decrease) From 2010	Increase/ (Decrease)
Revenues:				
Program revenues:				
Charges for services	$ 14,374,002	$ 12,704,027	$ 1,669,975	13.15%
General revenues:				
Unrestricted investment earnings	72,561	26,318	46,243	175.71%
Other	-	167,675	(167,675)	-
Total Revenues	14,446,563	12,898,020	1,548,543	12.01%
Expenses:				
Water enterprise	12,264,194	11,910,470	353,724	2.97%
Total Expenses	12,264,194	11,910,470	353,724	2.97%
Increase (decrease) in net assets before transfers	2,182,369	987,550	1,194,819	120.99%
Transfers	(587,052)	(568,916)	(18,136)	3.19%
Increase (decrease) in net assets	1,595,317	418,634	1,176,683	281.08%
Net assets - Beginning of Year	31,723,255	31,304,621	418,634	1.34%
Net assets - End of Year	$ 33,318,572	$ 31,723,255	$ 1,595,317	5.03%

* A more detailed statement of activities is shown on pages 22-23 of this report.

Business-type activities increased the City's net assets by $1.6 million. The Water Utility Fund implemented a utility rate increase during the year, resulting in an increase of revenue of $1.7 million or 13.15 percent. The increase of $46 thousand or 175.71 percent in "Unrestricted investment earnings" is due an overall increase in cash of $1.8 million. Operating expenses remained fairly static with an increase of $354 thousand or 2.97 percent. For the water utility, fees provide the largest share of revenues (99.50 percent).

The Water Utility transferred $200 thousand to the capital projects fund for phase five of a five phase meter exchange project. This project was instated in accordance with manufacturer recommendations and industry standards for small meters which state that they have a reliable service life of ten years. The cost of repairs and maintenance proved to be much greater than replacing the meter. The replacements will insure more accurate reads and should help in future planning of water demands.

See accompanying independent auditor's report.

Statement of Activities*

	Primary Government			
	For the year ended		Increase/	Percent
	June 30, 2011	June 30, 2010	(Decrease) From 2010	Increase/ (Decrease)
Revenues:				
Program revenues:				
Charges for services	$ 21,612,679	$ 19,960,079	$ 1,652,600	8.28%
Operating grants and contributions	11,945,008	7,167,620	4,777,388	66.65%
Capital grants and contributions	1,171,634	1,277,811	(106,177)	-8.31%
General revenues:				
Taxes	68,665,579	67,587,787	1,077,792	1.59%
Unrestricted investment earnings	1,957,991	3,975,719	(2,017,728)	-50.75%
Other	-	167,675	(167,675)	--
Total Revenues	105,352,891	100,136,691	5,216,200	5.21%
Expenses:***				
General government	11,836,459	21,335,005	(9,498,546)	-44.52%
Public safety	37,050,903	36,313,972	736,931	2.03%
Public works	10,839,138	10,041,239	797,899	7.95%
Community development**	14,699,366	12,043,058	2,656,308	22.06%
Community services	2,977,448	2,979,397	(1,949)	-0.07%
Interest on long term debt	6,135,877	6,027,294	108,583	1.80%
Water enterprise	12,264,194	11,910,470	353,724	2.97%
Total Expenses	95,803,385	100,650,435	(4,847,050)	-4.82%
Increase (decrease) in net assets	9,549,506	(513,744)	10,063,250	-1958.81%
Net assets - Beginning of Year**	293,919,348	294,433,092	(513,744)	-0.17%
Net assets - End of Year	$ 303,468,854	$ 293,919,348	$ 9,549,506	3.25%

* A more detailed statement of activities is shown on pages 22-23 of this report.
** As restated, see Note 16 on page 83 of this report.
*** Includes reclassifications for current year comparisons.

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 decrease of $4.3 million to fund balances.

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. During the year, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The objective of the Statement is to enhance the usefulness of fund balances information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement establishes 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. Refer to pages 24-30 of this report for more detail on governmental funds.

See accompanying independent auditor's report.

As of June 30, 2011, the City's governmental funds reported combined ending fund balances of $180.4 million, a decrease of $4.3 million in comparison with the prior year. Of the $180.4 million, $27.8 million, or 15.4 percent, is classified as nonspendable fund balance, $109.2 million, or 60.5 percent, is classified as restricted fund balance, $22.3 million or 12.3 percent, is classified as assigned fund balance, and $21.2 million or 11.8 percent is classified as unassigned fund balance. For a more detailed description of these classifications see Note 13 in the notes to the basic financial statements.

The General Fund is the chief operating fund of the City. As of June 30, 2011, the total fund balance was $27.3 million. The nonspendable portion of this balance is $10 thousand. The remaining unassigned fund balance is available for spending at the City's discretion. The City is in the process of adopting a reserve policy to restrict or commit a portion of fund balance for future costs. Total fund balance represents 62.4 percent of total General Fund expenditures.

The major factors in fund balance changes are as follows:

Governmental Funds

- The **General Fund** recognized a $97 thousand decrease. Revenue remained fairly static while expenditures decreased by $2.1 million, as overall cost cutting measures, including "golden handshakes" and unfilled vacancies, were implemented by all departments.

- The **RDA Low and Moderate Income Housing Fund** recognized a $734 thousand increase due to revenues and total other financing sources greater than expenditures. "Transfers Out" is mainly related to rehab loans and grants. $12.3 million in rehab loans and grants were transferred to the newly created Westminster Housing Authority Fund. "Transfers In" are unexpended amounts from the Capital Projects fund which have been reclassified back to the source fund.

- The **Housing and Community Development Fund** recognized a $959 thousand increase. This is a grant program which is reimbursed periodically throughout the year. The majority of the current year's "Transfers Out" was to the Capital Projects Fund for various street projects.

- The **Special Gas Tax and Street Improvements Fund** recognized a $2.2 million increase. This is grant funded and many of the projects are reimbursable only upon completion. The fund received $2.4 million in "Intergovernmental" income in fiscal year 2011. This program's deficit should continue to decrease as the City is working towards completing the various reimbursable projects.

- The **Debt Service Fund** recognized a $3.3 million increase due to revenues greater than expenses of $10.5 million. A "Transfers Out" of $13.5 million was made to the Redevelopment Capital Projects Fund for cash flow purposes. In addition a payment of $2.5 million was made to the State of California for the Agency's share of the SERAF contribution. In fiscal year 2012 a payment of $14.4 million is due to the State of California under Assembly Bill AB1x 27. See Note 15 in the notes to the basic financial statements for additional information. In fiscal year 2011 the fund received $5.8 million in bond proceeds. See Note 6 in the notes to the basic financial statements for additional information.

See accompanying independent auditor's report.

- The **Redevelopment Capital Projects Funds** recognized a decrease in fund balance of $21.7 million. This is mainly due to completing construction of the police facility. A total of $63.4 million was spent on capital projects during the year. The funds received $34.5 million in bond proceeds. See Notes 4 and 6 in the notes to the basic financial statements for additional information.

- **Other Governmental Funds**, which are non-major funds, recognized a combined increase of $10.3 million. "Transfers In" included $12.3 million in rehab loans and grants transferred in from the RDA Low and Moderate Housing program. "Transfers Out" consists mainly of amounts transferred to the Capital Projects Fund. These funds are further detailed beginning on page 93 of this report.

Proprietary Funds

- The **Enterprise Water Fund** recognized an increase of $1.6 million during fiscal year 2011 due to revenues exceeding expenditures. The majority of the $963 thousand "Transfers Out" was to the Capital Projects fund for various repair/replace type projects.

- The **Internal Service Funds** recognized a $1.2 million increase in fund balance. These 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. The City has four internal service funds. These funds are further detailed beginning on page 107 of this report.

CASH MANAGEMENT

The City follows the practice of pooling cash and investments of all funds except for amounts with fiscal agents, and legally restricted funds. Additional information can be found in Note 2 in the notes to the basic financial statements. The 2011 fiscal year ended with an increase in the City's average portfolio balance. Average total cash and investment balances for the past ten years are noted below:

Cash and Investments

Fiscal Year	Average Balance (in millions)	% Change
2002	62.1	---
2003	70.3	13.2%
2004	83.4	18.6%
2005	92.5	10.9%
2006	97.6	5.5%
2007	111.7	14.4%
2008	132.0	18.2%
2009	143.0	8.3%
2010	140.5	-1.7%
2011	146.2	4.1%

Since 2002, the City's average portfolio balance has increased by $84.1 million, or 135%.

See accompanying independent auditor's report.

BUDGETARY HIGHLIGHTS

The General Fund reflected a net total positive budget variance of $1.7 million when comparing actual amounts to the final budget for the current fiscal year. 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. In comparing the 2010-11 General Fund's original (adopted) budget revenue amount of $41.7 million to the final budgeted revenue amount of $41.9 million shows a net $190 thousand increase. The majority of the increase was due to additional grant funds and a rental agreement acquired during the fiscal year. The ending actual revenue shows a negative variance of $897 thousand, or 2.1 percent of the budget. The largest negative variances occurred in "Investment and rentals", and "Charges for services" at $773 thousand and $857 thousand, respectively, and the largest positive variance occurred in "Taxes" at $644 thousand.

Comparing the 2010-11 General Fund's original (adopted) budget expenditure amount of $46.0 million to the final budget expenditure amount of $46.4 million shows a net $401 thousand increase. The ending actual expenditure savings were $2.6 million. This savings is spread throughout the City, and is mainly represented by salary savings, as the City made an effort to reduce these costs during the year. The majority of the savings is in "Public Safety", at $1.8 million.

Controlling employee growth has been a key to cost controls. The City continues to provide full services at ratios equal to or exceeding other "full service" cities while maintaining a ratio for employees per capita that is equal to the County average and a general fund costs per capita ratio that is substantially below that of comparable cities.

	City	County Average
Employees per capita (1,000)	4.50	4.50
General Fund costs per capita	$456	$650

The City continues to dedicate itself to cost-effective service, without sacrificing the quality of service levels so important to the overall quality of life, health and safety of the community. The General Fund budget to actual report can be found on page 87 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets:

Capital investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounted to $258 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, infrastructure, and construction in progress. The total increase in capital assets for fiscal year 2011 was $51.7 million, which represents a $52.6 million or 30.5 percent increase for governmental activities and a $913 thousand or 2.7 percent decrease for business-type activity.

Additional information on the City's capital assets can be found in Note 5 in the notes to the basic financial statements.

See accompanying independent auditor's report.

Capital assets (net of accumulated depreciation) at June 30, 2011 and June 30, 2010 are summarized below:

Capital Assets (net of accumulated depreciation)

	June 30, 2011		
	Governmental Activities	Business-type Activity	Total
Land	$ 34,754,706	$ 2,484,846	$ 37,239,552
Construction in progress	4,765,214	-	4,765,214
Buildings	73,656,260	4,445	73,660,705
Improvements other than buildings	5,517,942	10,349,482	15,867,424
Water distribution lines	-	15,717,870	15,717,870
Vehicles, machinery and equipment	4,562,388	4,711,577	9,273,965
Office furniture and equipment	2,233,739	28,982	2,262,721
Infrastructure	99,458,871	-	99,458,871
Total capital assets, net	$ 224,949,120	$ 33,297,202	$ 258,246,322

	June 30, 2010		
	Governmental Activities	Business-type Activity	Total
Land	$ 6,240,528	$ 2,484,846	$ 8,725,374
Construction in progress	31,647,887	-	31,647,887
Buildings	22,576,020	4,751	22,580,771
Improvements other than buildings	5,273,639	10,587,382	15,861,021
Water distribution lines	-	16,350,165	16,350,165
Vehicles, machinery and equipment	5,165,975	4,763,152	9,929,127
Office furniture and equipment	1,633,287	19,676	1,652,963
Infrastructure	99,819,218	-	99,819,218
Total capital assets, net	$ 172,356,554	$ 34,209,972	$ 206,566,526

Major capital asset events during fiscal year 2011 included the following:

- The City added $5.8 million in infrastructure.
- The City completed work on the new $49.2 million police facility and transferred $28.4 million out of "Construction in Progress" as part of this new asset.
- The City began construction on a Civic Center parking structure and various other city improvement projects and added $4.5 million to "Construction in Progress" as a result.
- The City purchased $30.5 million in land to house lessee's as well as to improve the City yard facility, add a police shooting and training facility, and an evidence storage unit.

See accompanying independent auditor's report.

Long-term debt:

At the end of fiscal year 2011, the City had total debt (excluding compensated absences and claims liabilities) outstanding of $152.2 million. Additional information can be found on Note 6 in the notes to the basic financial statements. Long-term debt for June 30, 2011 and June 30, 2010 is summarized below:

Outstanding Debt

	June 30, 2011		
	Governmental Activities	Business-type Activity	Total
Tax allocation bonds payable	$ 141,340,000	$ -	$ 141,340,000
Certificates of participation	5,054,254	3,377,067	8,431,321
Loans payable	300,000	2,106,835	2,406,835
Total outstanding debt	$ 146,694,254	$ 5,483,902	$ 152,178,156

	June 30, 2010		
	Governmental Activities	Business-type Activity	Total
Tax allocation bonds payable	$ 102,235,000	$ -	$ 102,235,000
Certificates of participation	5,889,463	3,806,075	9,695,538
Loans payable	300,000	2,203,127	2,503,127
Total outstanding debt	$ 108,424,463	$ 6,009,202	$ 114,433,665

The City's total debt increased by $37.7 million or 33.0 percent, during fiscal year 2011. The change in governmental debt consisted of the following:

- The issuance of a $24.3 million tax allocation bond for the construction of a Civic Center parking facility and a police evidence storage facility.
- The issuance of a $10.4 million tax allocation bond for the purpose of financing improvements to City's administrative center and to certain City parks to provide for certain economic development grants.
- The issuance of a $5.6 million tax allocation bond for the purpose of acquiring property for economic development.
- Ongoing debt service payments on tax allocation bonds and certificates of participation.

The change in business-type debt consisted of the following:

- Ongoing debt service payments on certificates of participation and loans payable.

See accompanying independent auditor's report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

After several years of stable financial growth and prosperity, the City of Westminster is experiencing a fourth consecutive year of impacts from the economic recession. A decline in our major revenues sources coupled with a continued increase in expenses has led to a projected recurring General Fund deficit of $6.5 million for fiscal year 2011-12. To help mitigate this staff has endeavored to reduce the General Fund deficit. Through staff's continued efforts the City's General Fund's deficit was reduced from $6.5 million to $1.7 million.

The City continues to maintain its equipment replacement and repair programs. The City also maintains a vehicle replacement program, as well as modest maintenance and replacement programs in building maintenance and information systems. These programs will help protect the City's operating efficiency.

The City continues to strive to provide the highest quality of services by taking into consideration the concerns and interests of the past year, and integrating these into a vision dedicated to meeting the needs of our citizens. This is accomplished by making fiscally responsible decisions (structuring a solid forecasting model) that will ultimately strengthen the organization, and improve the financial integrity of the City.

Future Issues

There are a number of future issues that are cause for serious concern. These concerns include:

- Revenue Stability

  Sales Taxes continue to represent the largest revenue source in the City's General Fund. Fiscal year 2010-11 has shown a slight increase of $952 thousand or 7.8 percent from the prior fiscal year. The fiscal year 2010-11 marks the first time in five years that the City has experienced an increase in sales taxes. While this is hopeful, sales taxes, property taxes, and utility taxes comprise over 70% of the total general fund revenues and are prone to Proposition 218 initiatives. Sales tax is projected to reflect a slight increase in the 2011-12 Budget. This is based on estimates prepared by the City's sales tax consultant and is mostly a result of anticipated increases in sales from fuel and service stations expected from the increase in fuel costs as well as sales from new autos from the City's new Infiniti car dealer.

  Every budget includes a number of estimates and assumptions about what revenues will be available and what conditions will affect the City's operations during the budget year. The revenue assumptions used to prepare the 2011-12 Budget were:

  - Sales taxes revenues of $13.4 million.
  - Total Property tax revenues of $9.9 million.
  - Utility Users tax revenues of $5.3 million.

  If a revenue source is decreased or eliminated, expenditures should be reduced in response.

See accompanying independent auditor's report.

A downturn in the economy had been anticipated for some time and most local agencies projected their 2010-11 sales taxes accordingly. However, the current finance/credit turmoil and ensuing panic adds a new level of uncertainty that will take months to sort out. In most cases the downturn has been more severe than previously anticipated and the decline is expected to stretch out longer than was predicted just a few weeks ago. In the end, the economy is still about people and bad news tends to compound cutbacks in consumer spending and business investment.

- State Actions

As with the 2010-11 Budget, the 2011-12 Budget was prepared during an, as of yet, unsolved State budget crisis that has put local government revenues at risk of "take-aways" by the Legislature and Governor to help compensate for declining State revenues and increased State spending. Over the past two years, the City/Agency has paid over $14 million for the Supplemental Education Revenue Augmentation Fund shift. Additionally, the Legislature recently passed Assembly Bills 1x 26 and 27. Should these bills be upheld, the City/Agency will be required to pay $14.4 million to the State in the coming year, and approximately $3.1 million annually thereafter. In addition, many of the transfers and administrative costs paid by the Redevelopment Agency to the City are currently in question. Should these need to be reversed or eliminated, it would greatly impact the City. As a result, the City is currently working with all departments to reduce dependence on redevelopment dollars for funding interdepartmental charges and certain salaries. As clearer direction and legislation by the state and/or rulings from the courts become known the 2011-12 Budget will need to be revisited and potentially revised. More detail on this issue can be found in Note 15 "Commitments and Contingencies" in the notes to the basic financial statements.

- GASB 45

With the implementation of Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)", planning for the OPEB liability will continue to be a high priority for the City. For the City, the accrued expense of OPEB obligations for current and future retirees will create a significant, unfunded liability in the financial statements. This unfunded liability is disclosed in Note 10 "Other Post-Employment Benefits (OPEB)" in the notes to the basic financial statements. In the upcoming year, the City will carefully consider whether to "assign" or "commit" fund balance to this growing liability.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of City finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Assistant City Manager, City of Westminster, 8200 Westminster Boulevard, City of Westminster, California 92683, or call (714) 898-3311.

See accompanying independent auditor's report.

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BASIC FINANCIAL STATEMENTS

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS

June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	$ 109,442,317	$ 2,437,294	$ 111,879,611
Receivables, net of allowances (Note 4)	25,830,062	2,530,525	28,360,587
Prepaid items	35,337	-	35,337
Internal balances	(1,676,806)	1,676,806	-
Inventory	53,266	112,320	165,586
Deferred charges	6,937,481	242,263	7,179,744
Restricted assets:			
Cash and investments (Note 2)	37,484,685	-	37,484,685
Cash and investments with fiscal agents (Note 2)	51,067,567	113,160	51,180,727
Capital assets (Note 5):			
Not being depreciated:			
Land	34,754,706	2,484,846	37,239,552
Construction in progress	4,765,214	-	4,765,214
Being depreciated (net of accumulated depreciation):			
Buildings	73,656,260	4,445	73,660,705
Improvements other than buildings	5,517,942	10,349,482	15,867,424
Water distribution lines	-	15,717,870	15,717,870
Vehicles, machinery and equipment	4,562,388	4,711,577	9,273,965
Office furniture and equipment	2,233,739	28,982	2,262,721
Infrastructure	99,458,871	-	99,458,871
TOTAL ASSETS	454,123,029	40,409,570	494,532,599
LIABILITIES:			
Accounts payable and other liabilities	9,901,790	1,422,597	11,324,387
Due to other governments	12,258,013	-	12,258,013
Unearned revenue	106,346	-	106,346
Deposits	252,184	19,000	271,184
Long-term liabilities:			
Due within one year (Note 6)	4,010,594	730,171	4,740,765
Due in more than one year (Notes 6 and 10)	157,443,820	4,919,230	162,363,050
TOTAL LIABILITIES	183,972,747	7,090,998	191,063,745
NET ASSETS:			
Invested in capital assets, net of related debt	130,622,799	27,813,299	158,436,098
Restricted for:			
Community development	67,212,926	-	67,212,926
Public safety	760,441	-	760,441
Public works	1,826,048	-	1,826,048
Debt service	11,422,683	113,160	11,535,843
Unrestricted	58,305,385	5,392,113	63,697,498
TOTAL NET ASSETS	$ 270,150,282	$ 33,318,572	$ 303,468,854

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2011

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 11,836,459	$ 947,291	$ 112,870	$ -
Public safety	37,050,903	2,963,243	1,518,534	-
Public works	10,839,138	1,301,079	-	-
Community development	14,699,366	1,638,817	10,104,165	1,171,634
Community services	2,977,448	388,247	209,439	-
Interest on long term debt	6,135,877	-	-	-
Total governmental activities	83,539,191	7,238,677	11,945,008	1,171,634
Business-type activity:				
Water enterprise	12,264,194	14,374,002	-	-
Total	$ 95,803,385	$ 21,612,679	$ 11,945,008	$ 1,171,634

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

Total general revenues and transfers

Change in net assets

Net assets - Beginning of Year, as Restated (Note 16)

Net assets - End of Year

See accompanying independent auditors' report and notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activity	Total
$ (10,776,298)	$ -	$ (10,776,298)
(32,569,126)	-	(32,569,126)
(9,538,059)	-	(9,538,059)
(1,784,750)	-	(1,784,750)
(2,379,762)	-	(2,379,762)
(6,135,877)	-	(6,135,877)
(63,183,872)	-	(63,183,872)
-	2,109,808	2,109,808
(63,183,872)	2,109,808	(61,074,064)
13,164,455	-	13,164,455
47,004,633	-	47,004,633
5,082,094	-	5,082,094
1,214,413	-	1,214,413
1,273,931	-	1,273,931
496,321	-	496,321
429,732	-	429,732
1,885,430	72,561	1,957,991
587,052	(587,052)	-
71,138,061	(514,491)	70,623,570
7,954,189	1,595,317	9,549,506
262,196,093	31,723,255	293,919,348
$ 270,150,282	$ 33,318,572	$ 303,468,854

CITY OF WESTMINSTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

		Special Revenue Funds	
	General	RDA Low and Moderate Income Housing	Housing and Community Development
ASSETS			
Cash and investments (Note 2)	$ 24,175,011	$ -	$ 66,683
Receivables, net of allowances (Note 4)	3,744,818	172,924	7,388,792
Prepaid items	9,944	-	-
Due from other funds (Note 3)	2,304,535	-	-
Restricted assets:			
Cash and investments (Note 2)	-	19,091,423	-
Cash and investments with fiscal agents (Note 2)	-	-	-
Advances to other funds (Note 3)	-	14,645,760	-
TOTAL ASSETS	$ 30,234,308	$ 33,910,107	$ 7,455,475
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	$ 1,832,727	$ 445,870	$ 51,013
Deposits	213,953	-	-
Deferred revenue	849,059	-	-
Due to other funds (Note 3)	-	-	1,825,000
Due to other governments	8,329	-	5,150,684
Advances from other funds (Note 3)	-	-	-
TOTAL LIABILITIES	2,904,068	445,870	7,026,697
FUND BALANCES (DEFICIT) (NOTE 13):			
Nonspendable	9,944	14,645,760	850,000
Restricted	-	18,818,477	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	27,320,296	-	(421,222)
TOTAL FUND BALANCES (DEFICIT)	27,330,240	33,464,237	428,778
TOTAL LIABILITIES AND FUND BALANCES	$ 30,234,308	$ 33,910,107	$ 7,455,475

See accompanying independent auditors' report and notes to basic financial statements.

Special Revenue Funds (Continued)		Capital Projects Fund		
Special Gas Tax and Street Improvements	Debt Service	Redevelopment Projects	Other Governmental Funds	Total Governmental Funds
$ 155,448	$ 28,120,919	$ 26,986,595	$ 11,105,427	$ 90,610,083
563,222	797,075	380,000	12,710,572	25,757,403
-	-	-	740	10,684
-	-	-	6,250,000	8,554,535
-	500,000	5,112,073	10,091,314	34,794,810
-	5,284,662	45,782,892	13	51,067,567
-	-	-	-	14,645,760
$ 718,670	$ 34,702,656	$ 78,261,560	$ 40,158,066	$ 225,440,842
$ 61,675	$ 134,972	$ 4,520,185	$ 1,344,746	$ 8,391,188
-	-	-	38,231	252,184
-	98,772	-	1,176	949,007
6,250,000	-	429,535	50,000	8,554,535
-	7,099,000	-	-	12,258,013
-	14,645,760	-	-	14,645,760
6,311,675	21,978,504	4,949,720	1,434,153	45,050,687
-	-	-	12,273,125	27,778,829
131,604	12,724,152	73,311,840	4,197,492	109,183,565
-	-	-	-	-
-	-	-	22,253,296	22,253,296
(5,724,609)	-	-	-	21,174,465
(5,593,005)	12,724,152	73,311,840	38,723,913	180,390,155
$ 718,670	$ 34,702,656	$ 78,261,560	$ 40,158,066	$ 225,440,842

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CITY OF WESTMINSTER

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

June 30, 2011

Fund balances - total governmental funds		$ 180,390,155
Amounts reported for governmental activities in the Statement of Net Assets 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	$ 375,380,376	
Accumulated depreciation	(156,872,144)	
		218,508,232
Internal Service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Activities. Internal Service funds net assets are:		20,623,450
Long-term liabilities applicable to the City 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 expenditures when due. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Balances as of June 30, 2011 are:		
Tax allocation bonds payable	(141,340,000)	
Certificates of participation payable	(3,753,875)	
Notes payable	(300,000)	
Bond issuance costs	6,851,726	
Accrued interest	(1,301,469)	
		(139,843,618)
OPEB obligation is not accrued in governmental funds, but rather is recognized as an expenditure when paid.		(10,370,598)
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements.		842,661
Net assets of governmental activities		$ 270,150,282

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

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

For the year ended June 30, 2011

		Special Revenue Funds	
	General	RDA Low and Moderate Income Housing	Housing and Community Development
REVENUES:			
Taxes	$ 31,142,556	$ 7,227,659	$ -
Licenses and permits	530,628	-	-
Fines	1,093,893	-	16,880
Investment and rental	938,395	268,330	3,337
Intergovernmental	176,756	-	2,470,571
Charges for services	6,804,878	-	-
Other	342,768	-	252,364
TOTAL REVENUES	41,029,874	7,495,989	2,743,152
EXPENDITURES:			
Current:			
General government	1,697,512	-	-
Public safety	33,384,019	-	-
Public works	3,461,921	-	-
Community development	3,156,636	1,406,373	1,346,891
Community services	2,069,108	-	-
Capital outlay	16,190	37,870	-
Debt service:			
Bond issuance costs	-	-	-
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	43,785,386	1,444,243	1,346,891
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,755,512)	6,051,746	1,396,261
OTHER FINANCING SOURCES (USES):			
Sale of equipment and property	5,283	-	-
Issuance of bonds	-	-	-
Transfers in	3,102,731	11,143,169	17,823
Transfers out	(449,340)	(16,461,183)	(454,745)
TOTAL OTHER FINANCING SOURCES (USES)	2,658,674	(5,318,014)	(436,922)
NET CHANGE IN FUND BALANCES	(96,838)	733,732	959,339
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED (NOTE 16)	27,427,078	32,730,505	(530,561)
FUND BALANCES (DEFICIT) - END OF YEAR	$ 27,330,240	$ 33,464,237	$ 428,778

See accompanying independent auditors' report and notes to basic financial statements.

Special Revenue Funds (Continued)		Capital Projects Fund		
Special Gas Tax and Street Improvements	Debt Service	Redevelopment Projects	Other Governmental Funds	Total Governmental Funds
$ 4,835,269	$ 28,910,636	$ -	$ 1,387,954	$ 73,504,074
-	-	-	-	530,628
-	-	-	-	1,110,773
75,142	80,407	809,649	315,636	2,490,896
2,350,507	-	729,921	1,850,878	7,578,633
7,960	-	-	516,312	7,329,150
97	-	-	226,814	822,043
7,268,975	28,991,043	1,539,570	4,297,594	93,366,197
-	10,986,761	-	68,639	12,752,912
-	-	-	1,711,307	35,095,326
-	-	-	-	3,461,921
1,993,002	-	2,517,683	1,395,436	11,816,021
-	-	-	246,310	2,315,418
-	-	60,850,775	5,598,145	66,502,980
-	772,601	-	-	772,601
277,348	1,160,000	-	328,912	1,766,260
75,135	5,554,113	-	89,190	5,718,438
2,345,485	18,473,475	63,368,458	9,437,939	140,201,877
4,923,490	10,517,568	(61,828,888)	(5,140,345)	(46,835,680)
-	-	1,841,084	-	1,846,367
-	5,765,000	34,500,000	-	40,265,000
-	468,901	17,214,747	17,353,811	49,301,182
(2,742,355)	(13,500,000)	(13,385,141)	(1,933,546)	(48,926,310)
(2,742,355)	(7,266,099)	40,170,690	15,420,265	42,486,239
2,181,135	3,251,469	(21,658,198)	10,279,920	(4,349,441)
(7,774,140)	9,472,683	94,970,038	28,443,993	184,739,596
$ (5,593,005)	$ 12,724,152	$ 73,311,840	$ 38,723,913	$ 180,390,155

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, 2011

Net change in fund balances - total governmental funds		$ (4,349,441)
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.		
Net change in capital assets	$ 61,140,348	
Depreciation expense	(7,699,125)	
		53,441,223
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 assets.		
Issuance of bonds	(40,265,000)	
Issuance costs	772,601	
Principal payments	1,766,260	
		(37,726,139)
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	(83,344)	
Amortization of issuance costs	(240,416)	
OPEB expense	(4,240,885)	
		(4,564,645)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, telephones, and warehouse operations to individual funds. The net revenue (expense) of these internal service funds are reported as governmental activities.		1,156,417
Some revenues reported previously in the Statement of Activities were reported as revenues in the governmental funds as they were received in the current fiscal year.		
Net change in sales tax accrual		(3,226)
Change in net assets of governmental activities		$ 7,954,189

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2011

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
ASSETS		
CURRENT ASSETS:		
Cash and investments	$ 2,437,294	$ 18,832,234
Receivables, net of allowances (Note 4)	2,530,525	72,659
Prepaid items	-	24,653
Inventories	112,320	53,266
Restricted assets:		
Cash and investments	-	2,689,875
Cash and investments with fiscal / other agents	113,160	-
TOTAL CURRENT ASSETS	5,193,299	21,672,687
NONCURRENT ASSETS:		
Deferred bond charges	242,263	85,755
CAPITAL ASSETS (NOTE 5):		
Land	2,484,846	-
Buildings	91,579	4,163,053
Water distribution lines	41,099,102	-
Improvements other than buildings	11,808,269	622,855
Vehicles	-	3,867,923
Machinery and equipment	12,821,483	229,357
Office furniture, computers and equipment	93,141	1,966,202
Leased property	-	351,664
Construction in progress	-	-
TOTAL CAPITAL ASSETS	68,398,420	11,201,054
Less accumulated depreciation	(35,101,218)	(4,760,166)
NET CAPITAL ASSETS	33,297,202	6,440,888
TOTAL NONCURRENT ASSETS	33,539,465	6,526,643
TOTAL ASSETS	38,732,764	28,199,330

(Continued)

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
(CONTINUED)

June 30, 2011

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	$ 1,422,597	$ 209,133
Deposits	19,000	-
Claims payable	-	587,881
Compensated absences	165,499	1,752,713
Certificates of participation	465,000	140,147
Loans payable	99,672	-
TOTAL CURRENT LIABILITIES	2,171,768	2,689,874
LONG-TERM LIABILITIES:		
Claims payable	-	1,763,643
Compensated absences	-	285,325
Certificates of participation	2,912,067	1,160,232
Loans payable	2,007,163	-
TOTAL LONG-TERM LIABILITIES	4,919,230	3,209,200
TOTAL LIABILITIES	7,090,998	5,899,074
NET ASSETS:		
Invested in capital assets, net of related debt	27,813,299	5,140,509
Restricted for debt service	112,320	-
Unrestricted	3,716,147	17,159,747
TOTAL NET ASSETS	31,641,766	$ 22,300,256
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,676,806	
Net assets of business-type activity	$ 33,318,572	

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

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

For the year ended June 30, 2011

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	$ 14,344,699	$ 19,492,495
Other	29,303	496,888
TOTAL OPERATING REVENUES	14,374,002	19,989,383
OPERATING EXPENSES:		
Salaries	2,438,940	5,753,171
Maintenance and operations	2,792,425	4,265,650
Purchased water	3,666,423	-
Equity taxes	1,865,892	-
Insurance premiums and legal fees	5,903	3,274,309
Claims and benefits	-	5,007,782
Depreciation and amortization	1,257,512	778,231
TOTAL OPERATING EXPENSES	12,027,095	19,079,143
OPERATING INCOME	2,346,907	910,240
NONOPERATING REVENUES (EXPENSES):		
Investment income	72,561	227,291
Interest and fiscal charges	(265,457)	(93,678)
Gain (loss) on sale of property and equipment	(224)	(71,034)
TOTAL NONOPERATING REVENUES (EXPENSES)	(193,120)	62,579
INCOME BEFORE TRANSFERS	2,153,787	972,819
TRANSFERS:		
Transfers in	375,948	317,666
Transfers out	(963,000)	(105,486)
TOTAL TRANSFERS	(587,052)	212,180
CHANGE IN NET ASSETS	1,566,735	1,184,999
TOTAL NET ASSETS - BEGINNING OF YEAR	30,075,031	21,115,257
TOTAL NET ASSETS - END OF YEAR	$ 31,641,766	$ 22,300,256
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	$ 28,582	
Change in net assets - Enterprise Funds	1,566,735	
Change in net assets of business-type activity	$ 1,595,317	

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2011

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 14,059,579	$ 18,019,858
Payment to suppliers	(8,112,250)	(11,369,179)
Payment to employees	(2,416,692)	(5,696,963)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,530,637	953,716
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	375,948	317,666
Cash paid to other funds	(1,104,643)	(105,486)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(728,695)	212,180
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(327,852)	(63,245)
Proceeds from sale of capital assets	-	69,704
Principal payments on long-term debt	(551,292)	(253,740)
Interest and fiscal charges	(237,942)	(68,105)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,117,086)	(315,386)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	72,561	227,291
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,757,417	1,077,801
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	793,037	20,444,308
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,550,454	$ 21,522,109
CASH AND CASH EQUIVALENTS:		
Cash and investments - current assets	$ 2,437,294	$ 18,832,234
Cash and investments - restricted assets	113,160	2,689,875
TOTAL CASH AND CASH EQUIVALENTS	$ 2,550,454	$ 21,522,109

(Continued)

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(CONTINUED)

For the year ended June 30, 2011

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 2,346,907	$ 910,240
Depreciation and amortization	1,257,512	778,231
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(314,423)	30,475
(Increase) decrease in due from other governments	342,425	-
(Increase) decrease in prepaid charges	-	22,390
(Increase) decrease in inventories	65,515	(7,230)
Increase (decrease) in accounts payable and other liabilities	(189,547)	1,598
Increase (decrease) in claims payable	-	(838,196)
Increase (decrease) in compensated absences payable	22,248	56,208
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,530,637	$ 953,716

See accompanying independent auditors' report and notes to basic financial statements.

CITY OF WESTMINSTER

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

June 30, 2011

RESTRICTED ASSETS:	
Cash and investments	$ 65,876
LIABILITIES:	
Due to bondholders	$ 65,876

See accompanying independent auditors' report and notes to basic financial statements..

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 Redevelopment Agency, 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 Statement 14. 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 Agency, Authority and 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 Redevelopment Agency, the Westminster Public Financing Authority and the Westminster Housing Authority. Each blended component unit has a June 30 year end.

The Westminster Redevelopment Agency (the Agency) was established in September 1982 pursuant to the State of California Health and Safety Code, Section 33000 entitled "Community Redevelopment Law." Its purpose is to eliminate blighted areas, enhance job creation and retention, improve the tax base for the City, promote quality new development and improve the image of the City. City Council members, in separate session, serve as the governing board of the Agency. The activity of the Agency is reported in the Special Revenue, Debt Service and Capital Project Funds. The Agency prepares separate Basic Financial Statements and a copy can be obtained from the City's Finance Department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Description of the Reporting Entity (Continued):

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 and Agency. The payments are reported in the Special Revenue, Debt Service, Enterprise and Internal Service Funds. There are no separate Basic Financial Statements prepared for the Public Financing 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. A Housing Authority may contract with a redevelopment agency to exercise its powers to a contract with the redevelopment agency and funded from the agency's Low and Moderate Income Housing Fund for purposes of creating affordable housing. 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 Redevelopment Agency, the Westminster Public Financing Authority and the Westminster Housing Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the reporting government as a whole, except for its fiduciary activities. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Government-Wide and Fund Financial Statements (Continued):

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets 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, liabilities, 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 Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 fund financial statement. Under the economic resources measurement focus, all assets and liabilities (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 assets. 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

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. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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 Fund consists of Agency Funds which have no measurement focus.

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

Fund Classifications:

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. 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 Redevelopment Agency (RDA) Low and Moderate Income Housing Special Revenue Fund is used to account for the 20% set-aside property tax increment revenues and the associated expenditures to be used for increasing or improving low and moderate income housing, as required by Section 33334.2 of the Health and Safety Code.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Classifications (Continued):

The City reports the following major governmental funds (Continued):

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 Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs other than those being financed by proprietary funds.

The Redevelopment Projects Capital Projects Fund is used to account for the proceeds of notes and advances, and the expenditure of such funds for improvement, reconstruction and redevelopment projects within the specified boundaries of the Westminster Redevelopment Agency.

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 Capital Projects Fund is used to account for funds assigned for capital improvements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Classifications (Continued):

The City's fund structure (Continued):

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 Agency Funds are used to account for money and property held by the City as trustee or custodian. They are also used to account for the 1915 Act Bonds (Limited Obligation Improvement Bonds) for which the City acts as an agent for debt service activity.

Capital Assets:

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Long-Term Obligations:

In the government-wide financial statements and proprietary fund types 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, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Unexpended and unencumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year. As of June 30, 2011 all encumbrances at year-end were closed. Unexpended appropriations are reencumbered in the following year after reconsideration, without additional budget appropriation.

Statement of Cash Flows:

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

Investments:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

Retirement Benefits:

The City accounts for CalPERS retirement benefit expenditures in the Compensation/Benefits Internal Service Fund.

Use of Estimates:

The preparation of financial statements in conformity 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, notes receivable, amounts due from other funds and amounts advanced to other funds), 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 for the defined benefit plans, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

2. CASH AND INVESTMENTS:

Cash and investments at June 30, 2011 consisted of the following:

	Government Wide Statement of Net Assets	Fiduciary Fund Statement of Assets and Liabilities	Total
Unrestricted assets:			
Cash and investments	$ 111,879,611	$ -	$ 111,879,611
Total unrestricted assets	111,879,611	-	111,879,611
Restricted assets:			
Cash and investments	37,484,685	65,876	37,550,561
Investments with fiscal agents	51,180,727	-	51,180,727
Total restricted assets	88,665,412	65,876	88,731,288
TOTAL CASH AND INVESTMENTS	$ 200,545,023	$ 65,876	$ 200,610,899

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

Deposits	$ 3,370,777
Investments	197,240,122
	$ 200,610,899

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.

2. CASH AND INVESTMENTS (CONTINUED):

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

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
Banker's Acceptances	180 days	15%	$ 2,000,000
Time Certificate of Deposits	5 years	No Limit	5%
Negotiable Certificates of Deposit	5 years	15%	15%
Repurchase Agreements	1 year	Unlimited	Unlimited
Local Agency Investment Fund (LAIF)	N/A	No Limit	$ 40,000,000

N/A - Not Applicable

* - Excluding amounts held by bond trustee 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

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk:

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

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

	Remaining Maturity (in Months)			
Investment Type	12 Months or Less	13 - 36 Months	37 - 60 Months	Total
Local Agency Investment Fund	$ 47,315,983	$ -	$ -	$ 47,315,983
United States Treasury Obligations	8,889,309	7,357,766	5,826,374	22,073,449
Federal Home Loan Mortgage Corporation	6,979,325	9,799,243	6,369,879	23,148,447
Federal Home Loan Bank	6,059,429	13,375,128	2,043,355	21,477,912
Federal National Mortgage Association	3,947,386	13,778,811	4,998,117	22,724,314
Federal Farm Credit Bank	10,031,738	10,417,224	2,899,781	23,348,743
Tennessee Valley Authority	608,027	2,852,945	-	3,460,972
Money Market Mutual Funds	33,690,302	-	-	33,690,302
	$117,521,499	$ 57,581,117	$ 22,137,506	$197,240,122

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk:

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

Investment Type	Total as of June 30, 2011	AAA	Not Required to be Rated	Not Rated
Local Agency Investment Fund	$ 47,315,983	$ -	$ -	$ 47,315,983
United States Treasury Obligations	22,073,449	-	22,073,449	-
Federal Home Loan Mortgage Corporation	23,148,447	23,148,447	-	-
Federal Home Loan Bank	21,477,912	21,477,912	-	-
Federal National Mortgage Association	22,724,314	22,724,314	-	-
Federal Farm Credit Bank	23,348,743	23,348,743	-	-
Tennessee Valley Authority	3,460,972	3,460,972	-	-
Money Market Mutual Funds	33,690,302	33,690,302	-	-
	$ 197,240,122	$ 127,850,690	$ 22,073,449	$ 47,315,983

The Money Market Mutual Funds have a minimum legal rating of A.

Subsequent to June 30, 2011, Standards and Poor's reduced the rating of the United States Government Sponsored Agency Securities from AAA to AA+.

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:

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	$ 23,148,447
Federal Home Loan Bank	United States Government Sponsored Agency Securities	21,477,912
Federal National Mortgage Association	United States Government Sponsored Agency Securities	22,724,314
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	23,348,743

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, 2011, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

2. CASH AND INVESTMENTS (CONTINUED):

Investment in State Investment Pool:

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund receivables and payables at June 30, 2011 are as follows:

	Receivable	Payable
General Fund	$ 2,304,535	$ -
Special Revenue Funds:		
Housing and Community Development	-	1,825,000
Special Gas Tax and Street Improvements	-	6,250,000
Capital Projects Fund:		
Redevelopment Projects	-	429,535
Other Governmental Funds	6,250,000	50,000
	$ 8,554,535	$ 8,554,535

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

Advances to and from other funds at June 30, 2011 are as follows:

	Advances To Other Funds	Advances From Other Funds
RDA Low and Moderate Income Housing Special Revenue Fund	$ 14,645,760	$ -
Debt Service Fund	-	14,645,760
	$ 14,645,760	$ 14,645,760

The advance between the RDA Low and Moderate Income Housing Special Revenue Fund and the Debt Service Fund is a transfer to cover the SERAF payment to the state.

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

The compositions of the City's interfund transfer balances as of June 30, 2011 are as follows:

Governmental Activities:

	Transfers In						
	General	RDA Low and Moderate Income Housing	Housing and Community Development	Debt Service	Redevelopment Projects	Other Govt Funds	Total Govt Funds
Transfers Out:							
General	$ -	$ -	$ -	$ -	$ -	$ 389,340	$ 389,340
RDA Low and Moderate Income Housing	-	-	-	468,901	3,714,747	12,267,535	16,451,183
Housing and Community Development	-	-	-	-	-	444,745	444,745
Special Gas Tax and Street Improvements	-	-	-	-	-	2,742,355	2,742,355
Debt Service	-	-	-	-	13,500,000	-	13,500,000
Redevelopment Projects	2,047,193	11,143,169	-	-	-	162,230	13,352,592
Other Governmental Funds	981,052	-	11,823	-	-	359,606	1,352,481
Water Enterprise	-	-	-	-	-	963,000	963,000
Internal Service	74,486	-	6,000	-	-	25,000	105,486
	$ 3,102,731	$ 11,143,169	$ 17,823	$ 468,901	$ 17,214,747	$ 17,353,811	$ 49,301,182

Business-type Activity:

	Transfers In		
Transfers Out:	Water Enterprise	Internal Service	Total
General	$ 25,000	$ 35,000	$ 60,000
RDA Low and Moderate Income Housing	10,000	-	10,000
Housing and Community Development	10,000	-	10,000
Redevelopment Projects	32,549	-	32,549
Other Governmental Funds	298,399	282,666	581,065
	$ 375,948	$ 317,666	$ 693,614

See accompanying independent auditors' report.

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

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 RDA Low and Moderate Income Housing Special Revenue Fund made a transfer to the Westminster Housing Authority Special Revenue Fund for loan balances.

The General Fund transferred monies to the Internal Service Fund to fund operations in the Facilities/Maintenance fund. Other transfers from the General Fund to the Water Enterprise and Other Governmental Funds are for operations.

4. RECEIVABLES:

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

Governmental Funds:

	General	RDA Low and Moderate Income Housing	Housing and Community Development	Special Gas Tax and Street Improvements	Debt Service	Redevelopment Projects	Other Governmental	Total
Taxes	$ 3,160,114	$ 168,507	$ -	$ -	$ 772,800	$ -	$ 167,395	$ 4,268,816
Accounts	185,974	-	-	-	-	-	-	185,974
Interest	369,914	4,417	-	-	24,275	380,000	-	778,606
Loans	-	-	5,150,684	-	-	-	6,586,084	11,736,768
Notes	-	-	850,000	-	-	-	5,686,301	6,536,301
Other	-	-	-	-	-	-	1,208	1,208
Due from other governments	28,816	-	1,388,108	563,222	-	-	269,584	2,249,730
Net Total Receivables	$ 3,744,818	$ 172,924	$ 7,388,792	$ 563,222	$ 797,075	$ 380,000	$ 12,710,572	$ 25,757,403

Proprietary Funds:

	Water Enterprise	Internal Service	Total
Accounts	$ 2,530,525	$ 30,475	$ 2,561,000
Other	-	42,184	42,184
Net Total Receivables	$ 2,530,525	$ 72,659	$ 2,603,184

See accompanying independent auditors' report.

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	$ 535,264
HOME Rehab Loans, due upon sale of property	152,404
HOME Single Residence Loans, due upon sale of property	390,388
HOME Down Payment Assistance Loans, payable in monthly installments, with balance due upon sale of property	333,793
HOME Lease Purchase Program - payable upon sale of property. The program is administered by American Family Housing, Inc. or Abrazar, Inc.	3,738,835
Total Loans Receivable - Housing and Community Development	$ 5,150,684
Loans Receivable - Other Governmental Funds	
Housing Rehab Loans, due upon sale of property	$ 2,913,247
Housing Single Residence Loans, deferred 35 years, or payable upon sale of property	70,000
Housing Lease Purchase Program - payable upon sale of property. The program is administered by American Family Housing, Inc. or Abrazar, Inc.	3,602,837
Total Loans Receivable - Other Governmental Funds	$ 6,586,084

See accompanying independent auditors' report.

4. RECEIVABLES (CONTINUED):

Governmental Activities (Continued):

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

Note Receivable - Housing and Community Development

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

Notes Receivable - Other Governmental Funds

$600,000 note receivable with Corporation for Better Housing dated November 5, 2003. The purpose of the loan is to assist with the development of Very Low and Low Income Senior Housing (project). Repayment of the 55 year, 1% compounded annually interest loan is to be paid in annual payments equal to 50% of the projects "residual receipts".	$ 483,943
$600,000 note receivable with The Related Companies of California dated November 5, 2003. The purpose of the loan is to assist with the development of an 86 residential units of affordable housing for families and seniors (project). Repayment of the 55 year, 3% simple interest loan was deferred for three years. Thereafter, repayment is to be made in annual payments equal to 20% of the projects "residual receipts".	503,174
$300,000 note receivable with Coventry Heights dated December 30, 2003. The purpose of the loan is to assist with the development of 76 units of affordable housing for seniors (project). Repayment of the 55 year, 3% simple interest loan is to be made in annual payments equal to 25% of the projects "residual receipts".	227,517

4. RECEIVABLES (CONTINUED):

Governmental Activities (Continued):

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

Notes Receivable - Other Governmental Funds (Continued)

$200,000 note receivable with Shelter for the Homeless dated April 25, 2006. The purpose of the loan is to assist with the development of housing units for extremely low income families (project). Repayment of the 30 year, 1% simple interest loan is to be made in monthly payments of principal and interest.	$ 171,667
$5,544,000 note receivable with 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, 2011, $4,200,000 has been disbursed to the developer. The remaining $1,344,000 is payable to the developer upon completion of the project. Repayment of the 55 year loan is to be made in annual payments equal to 50% of the projects "residual receipts".	4,300,000
Total Notes Receivable - Other Governmental Funds	$ 5,686,301

See accompanying independent auditors' report.

5. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2011 is as follows:

Governmental Activities:	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
Capital assets, not being depreciated:				
Land	$ 6,240,528	$ 30,514,178	$ (2,000,000)	$ 34,754,706
Construction in progress	31,647,887	4,461,834	(31,344,507)	4,765,214
Total capital assets, not being depreciated	37,888,415	34,976,012	(33,344,507)	39,519,920
Capital assets, being depreciated:				
Buildings	32,234,952	52,143,428	(319,163)	84,059,217
Improvements other than buildings	7,228,970	605,174	(19,810)	7,814,334
Vehicles, machinery and equipment	9,210,321	306,129	(488,221)	9,028,229
Office furniture and equipment	4,993,216	1,004,005	(825,845)	5,171,376
Leased property	370,400	-	(18,736)	351,664
Infrastructure	234,859,652	5,777,038	-	240,636,690
Total capital assets, being depreciated	288,897,511	59,835,774	(1,671,775)	347,061,510
Less accumulated depreciation for:				
Buildings	(9,658,932)	(819,129)	75,104	(10,402,957)
Improvements other than buildings	(1,955,331)	(360,871)	19,810	(2,296,392)
Vehicles, machinery and equipment	(4,044,346)	(817,698)	396,203	(4,465,841)
Office furniture and equipment	(3,359,929)	(335,207)	757,499	(2,937,637)
Leased property	(370,400)	-	18,736	(351,664)
Infrastructure	(135,040,434)	(6,137,385)	-	(141,177,819)
Total accumulated depreciation	(154,429,372)	(8,470,290)	1,267,352	(161,632,310)
Total capital assets, being depreciated, net	134,468,139	51,365,484	(404,423)	185,429,200
Governmental activities capital assets, net	$172,356,554	$ 86,341,496	$(33,748,930)	$224,949,120

The Redevelopment Agency transferred assets with a value of $69.6 million to the General Fund. The property consisted of various land parcels and the Policy Facility.

See accompanying independent auditors' report.

5. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activity capital assets at June 30, 2011 is as follows:

Business-type Activity:	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
Capital assets, not being depreciated:				
Land and land rights	$ 2,484,846	$ -	$ -	$ 2,484,846
Total capital assets, not being depreciated	2,484,846	-	-	2,484,846
Capital assets, being depreciated:				
Buildings	91,579	-	-	91,579
Improvements other than buildings	11,808,269	-	-	11,808,269
Water distribution lines	41,099,102	-	-	41,099,102
Machinery and equipment	12,536,024	313,191	(27,732)	12,821,483
Office furniture and equipment	98,626	14,663	(20,148)	93,141
Total capital assets, being depreciated	65,633,600	327,854	(47,880)	65,913,574
Less accumulated depreciation for:				
Buildings	(86,828)	(306)	-	(87,134)
Improvements other than buildings	(1,220,887)	(237,900)	-	(1,458,787)
Water distribution lines	(24,748,937)	(632,295)	-	(25,381,232)
Machinery and equipment	(7,772,872)	(364,766)	27,732	(8,109,906)
Office furniture and equipment	(78,950)	(5,132)	19,923	(64,159)
Total accumulated depreciation	(33,908,474)	(1,240,399)	47,655	(35,101,218)
Total capital assets, being depreciated, net	31,725,126	(912,545)	(225)	30,812,356
Business-type Activity capital assets, net	$ 34,209,972	$ (912,545)	$ (225)	$ 33,297,202

See accompanying independent auditors' report.

5. CAPITAL ASSETS (CONTINUED):

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

Governmental Activities:	
General government	$ 76,966
Public safety	462,466
Public works	6,166,126
Community development	433,092
Community services	560,475
Internal service funds	771,165
Total depreciation expense - governmental activities	$ 8,470,290
Business-type Activity:	
Water Fund	$ 1,240,399

6. LONG-TERM LIABILITIES:

The following is a summary of long-term liability transactions for the year ended June 30, 2011:

Governmental Activities:

	Balance July 1, 2010	Additions	Reductions	Deferred Bond Costs	Balance June 30, 2011	Amount Due Within One Year
Tax allocation bonds payable	$102,235,000	$ 40,265,000	$ 1,160,000	$ -	$141,340,000	$ 1,195,000
Certificates of participation	5,889,463	-	860,000	(24,791)	5,054,254	475,000
Note payable	300,000	-	-	-	300,000	-
Compensated absences	1,981,830	1,488,036	1,431,828	-	2,038,038	1,752,713
Claims liabilities	3,189,720	327,641	1,165,837	-	2,351,524	587,881
OPEB liability (Note 10)	6,129,713	6,445,000	2,204,115	-	10,370,598	-
Total Governmental Activities	119,725,726	48,525,677	6,821,780	(24,791)	161,454,414	4,010,594

See accompanying independent auditors' report.

6. LONG-TERM LIABILITIES (CONTINUED):

The following is a summary of long-term liability transactions for the year ended June 30, 2011 (Continued):

Business-type Activity:

	Balance July 1, 2010	Additions	Reductions	Deferred Bond Costs	Balance June 30, 2011	Amount Due Within One Year
Certificates of participation	$ 3,806,075	$ -	$ 455,000	$ (25,992)	$ 3,377,067	$ 465,000
Loans payable	2,203,127	-	96,292	-	2,106,835	99,672
Compensated absences	143,251	153,892	131,644	-	165,499	165,499
Total Business-type Activity	6,152,453	153,892	682,936	(25,992)	5,649,401	730,171
City Total	$125,878,179	$ 48,679,569	$ 7,504,716	$ (50,783)	$167,103,815	$ 4,740,765

Governmental Activities:

The Governmental Activities long-term liability transactions at June 30, 2011 are comprised of the following individual items:

Tax Allocation Bonds

$30,140,000 Westminster Commercial Redevelopment Project No. 1, 2008 Tax Allocation Refunding Bonds dated June 1, 2008. The bonds are payable in annual installments ranging from $960,000 to $2,260,000 until maturity on August 1, 2027. Interest is payable bi-annually at an average rate of 4.4%. The 2008 bonds were issued for the purpose of advance refunding $40,250,000 Westminster Commercial Redevelopment Project No. 1, 1997 Tax Allocation Revenue Refunding Bonds. Proceeds from the 2008 bonds were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the bonds until fully retired. The 1997 bonds are legally defeased and are no longer a liability of the Agency. These bonds have an Aaa/AAA rating.	$ 28,020,000

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Tax Allocation Bonds (Continued)

$73,055,000 Westminster Commercial Redevelopment Project No. 1, 2009 Subordinate Tax Allocation Bonds (Police Facility) dated March 12, 2009. The bonds are payable in annual installments ranging from $2,360,000 to $6,345,000 from November 1, 2028 until maturity on November 1, 2045. Interest is payable bi-annually at an average rate of 4.4%. The 2009 bonds were issued for the purpose of acquiring and constructing a new headquarters for the Westminster Police Department. These bonds have an AAA/Aa2 rating.	$ 73,055,000
$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. These bonds have an A rating.	24,305,000
$10,400,000 Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds, Series B, dated June 9, 2011. The bonds are payable in annual installments ranging from $2,355,000 to $8,065,000 from November 1, 2012 until maturity on November 1, 2013. Interest is payable bi-annually at an average rate of 3.3%. The 2011 bonds were issued for the purpose of financing improvements to the City's administrative center and to certain City parks to provide for certain economic development grants. These bonds have an A rating.	10,400,000
$5,560,000 Westminster Commercial Redevelopment Project No. 1, 2011 Tax Allocation Bonds, Series B-T, dated June 9, 2011. The bonds are payable upon maturity on November 1, 2012. Interest is payable bi-annually at an average rate of 3.0%. These bonds were issued for the purpose of acquiring property for economic development purposes. These bonds have an A rating.	5,560,000
Total Tax Allocation Bonds	$ 141,340,000

See accompanying independent auditors' report.

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

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 being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. These bonds have an AAA/AA- rating.

Gross Principal	$ 5,325,000
Less: Deferred Amounts on Advance Refunding	(270,746)
Net Amount 2008 Certificates of Participation	$ 5,054,254

Note Payable

$300,000 California Housing Finance Agency note dated February 6, 2002, and executed on January 28, 2004. The principal is due January 28, 2014 with interest payable at a rate of 3%.	$ 300,000

Compensated Absences/Claims Liabilities

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

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity:

The Business-type Activity long-term liability transactions at June 30, 2011 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 being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. These bonds have an AAA/AA- rating.

Gross Principal	$ 3,715,000
Less: Deferred Amounts on Advance Refunding	(337,933)
Net Amount 2008 Certificates of Participation	$ 3,377,067

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.

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Certificates of Participation (Continued)

For the fiscal year ended June 30, 2011, the calculation of the Enterprise Fund's compliance with the rate coverage covenant is as follows:

Gross revenues:	
Charges for services	$ 14,344,699
Investment income	72,561
Other	29,303
Total gross revenues	14,446,563
Operating expenses:	
Operating expenses	12,027,095
Depreciation and amortization	(1,257,512)
Vehicle replacement charges	(145,858)
Total operating costs	10,623,725
Net revenues	$ 3,822,838
Installment payments:	
Principal payments	$ 506,930
Interest payments	215,261
Total installment payments	$ 722,191
Net revenues to installment payment coverage ratio	529%

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. For the fiscal year ended June 30, 2011, the Enterprise Fund's capital equipment replacement reserve is as follows:

Capital equipment replacement reserve	$ 554,632

See accompanying independent auditors' report.

6. 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 is payable in annual installments ranging from $31,449 to $60,640 until maturity on February 1, 2020. Interest is payable at a fixed rate of 3.5%. The loan was issued as per a conjunctive use well construction program agreement with the Orange County Water District for the completion of a well.	$ 476,059
$2,000,000 installment sale agreement payable to California Infrastructure and Economic Development Bank, dated January 28, 2002. The agreement was issued to provide for the financing of a water tank. The project was completed, and the loan was fully funded as of June 30, 2004. The agreement is payable in annual installments ranging from $40,000 to $105,000 until maturity on August 1, 2032. Interest is payable at a fixed rate of 3.26% per annum until fully funded. Once funded, the interest is payable at a fixed rate of 3.52% per annum.	1,630,776
Total Loans Payable	$ 2,106,835

Compensated Absences

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

6. 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, claims payable and capitalized lease) outstanding as of June 30, 2011, including interest payments are as follows:

Year Ending June 30,	Tax Allocation Bonds		
	Principal	Interest	Total
2012	$ 1,195,000	$ 7,058,091	$ 8,253,091
2013	9,125,000	7,118,944	16,243,944
2014	9,335,000	6,868,219	16,203,219
2015	1,825,000	6,687,869	8,512,869
2016	1,890,000	6,616,094	8,506,094
2017-2021	10,665,000	31,844,707	42,509,707
2022-2026	13,180,000	29,237,217	42,417,217
2027-2031	15,235,000	25,671,561	40,906,561
2032-2036	19,020,000	20,754,806	39,774,806
2037-2041	25,660,000	13,921,978	39,581,978
2042-2046	34,210,000	5,156,944	39,366,944
	$ 141,340,000	$ 160,936,430	$ 302,276,430

Year Ending June 30,	Certificates of Participation Governmental and Business-type Activity		
	Principal	Interest	Total
2012	$ 940,000	$ 350,475	$ 1,290,475
2013	710,000	322,275	1,032,275
2014	735,000	300,975	1,035,975
2015	760,000	278,006	1,038,006
2016	785,000	247,606	1,032,606
2017-2021	3,795,000	728,675	4,523,675
2022-2026	1,315,000	99,656	1,414,656
	9,040,000	2,327,668	11,367,668
Less: deferred amounts on advance refunding	(608,679)	-	(608,679)
	$ 8,431,321	$ 2,327,668	$ 10,758,989

See accompanying independent auditors' report.

6. 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,	Note Payable		
	Principal	Interest	Total
2014	$ 300,000	$ 90,000	$ 390,000

Year Ending June 30,	Loans Payable		
	Principal	Interest	Total
2012	$ 99,672	$ 73,119	$ 172,791
2013	103,171	69,587	172,758
2014	106,794	65,930	172,724
2015	110,543	62,145	172,688
2016	114,424	58,227	172,651
2017-2021	572,697	227,381	800,078
2022-2026	407,592	141,042	548,634
2027-2031	484,560	62,720	547,280
2032-2036	107,382	1,890	109,272
	$ 2,106,835	$ 762,041	$ 2,868,876

Year Ending June 30,	Grand Totals		
	Principal	Interest	Total
2012	$ 2,234,672	$ 7,481,685	$ 9,716,357
2013	9,938,171	7,510,806	17,448,977
2014	10,476,794	7,325,124	17,801,918
2015	2,695,543	7,028,020	9,723,563
2016	2,789,424	6,921,927	9,711,351
2017-2021	15,032,697	32,800,763	47,833,460
2022-2026	14,902,592	29,477,915	44,380,508
2027-2031	15,719,560	25,734,281	41,453,840
2032-2036	19,127,382	20,756,696	39,884,078
2037-2041	25,660,000	13,921,978	39,581,978
2042-2046	34,210,000	5,156,944	39,366,944
Less: deferred amounts on advance refunding	(608,679)	-	(608,679)
	$ 152,178,156	$ 164,116,139	$ 316,294,295

See accompanying independent auditors' report.

7. ASSESSMENT DISTRICT BONDS:

In July 1992, the City issued $400,373 Limited Obligation Improvement Bonds, on behalf of Assessment District No. 92-1. Proceeds of the bonds were used to finance the construction of streets, storm drains, and traffic improvements. The bonds are secured by the unpaid assessments, together with interest thereon, on parcels within the District. The City is in no way liable for repayment, but is only acting as an agent for the collection of principal and interest payments by property owners and remittance for such monies to the bondholders. At June 30, 2011, the unpaid obligation on the bonds was $70,000 and cash and investments for bonds and interest coupons redemption of $65,876 was held by the City and recorded on the 1915 Act Bonds Agency Fund.

8. PASS-THROUGH AGREEMENTS:

The Westminster Redevelopment Agency has entered into agreements with various governmental entities to "pass-through" portions of tax increments received to entities which are located within the Agency's project area. Tax incremental revenues passed through to other agencies during fiscal year 2011 totaled $6,648,158 and pass-throughs due and payable totaled $7,099,000 at year-end and are recorded in the Debt Service Fund.

9. PENSION PLANS:

Plan Description:

The City's defined benefit pension plans, the Miscellaneous and Safety Plans for the City of Westminster (Plans), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. As of July 1, 2005, the City was mandated by the State to participate in the risk pool for the Safety Plan. For the Safety Plan, a cost sharing multiple employer deferred benefit plan, the risk pool combines the assets and liabilities across employers of the risk pool to provide a method to spread the risk of uncertain gains and losses over a larger base of members. The Miscellaneous Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office: 400 P Street, Sacramento, CA 95814.

9. PENSION PLANS (CONTINUED):

Funding Policy:

Participants are required to contribute 8%-9% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution requirement for fiscal year 2011 was $1,156,143 for miscellaneous employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost for the Miscellaneous Plan:

For fiscal year 2011, the City's actual and contributed annual pension cost was $1,156,143. The required contribution for the fiscal year 2011 was determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45%, (c) inflation of 3.0%, (d) payroll growth of 3.25%, and (e) an individual salary growth based on merit scale varying by duration of employment, coupled with an assumed annual inflation component of 3.0%, and an annual production growth of 0.25%.

The actuarial value of the Plan's assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 15 year period. The Plan's initial unfunded liabilities are amortized over a closed period that depends on the Plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling 30 year period. If the Plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period. The remaining Plan's amortization period at June 30, 2011 was 18 years for the Miscellaneous Plan.

9. PENSION PLANS (CONTINUED):

Three-Year Trend Information for the Miscellaneous Plan:

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
6/30/09	$ 1,158,258	100%	$ -
6/30/10	1,145,202	100%	-
6/30/11	1,156,143	100%	-

Funded Status and Funding Progress:

As of June 30, 2010, the most recent actuarial valuation date, the plan was 86.6% funded. The actuarial accrued liability for benefits was $92.0 million, and the actuarial value of assets was $79.6 million, resulting in an unfunded actuarial accrued liability (UAAL) of $12.3 million. The covered payroll (annual payroll of active employees covered by the plan) was $11.8 million, and the ratio of the UAAL to the covered payroll was 104.9%.

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

Annual Required Contribution for the Safety Plan:

The contribution requirements of the Safety Plan members and the City are established and may be amended by the State. Plan members are required to contribute 9% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 20.88% of covered payroll. The City's contributions to CalPERS for the years ended June 30, 2011, 2010, and 2009 were $1,976,001, $1,924,324 and $1,943,238, respectively, and were equal to the required contributions for each year.

9. PENSION PLANS (CONTINUED):

Plan Description - Other Defined Contribution Pension Plans:

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

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, 2011, the City's payroll covered by the plan was $1,261,730. Contributions to the plan totaled $94,630 with employee contributions in the amount of $75,891 (6.0% of current covered payroll) and City contributions in the amount of $18,739 (1.5% of current covered payroll).

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

a. Plan Description:

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

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

a. Plan Description (Continued):

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

Employee Group	2011 Cap	Hire Date
POA	$ 892.00	07/01/2004
Mgmt/Admin/Conf	937.00	08/10/2005
WMEA	937.00	06/22/2005

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

Years of Service	Percentage of Cap
Less than 5	PEMHCA minimum ($108 in 2011)
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.

b. Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City, the City's City Council, and/or the employee associations. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2011, the City paid $2,204,115 in health care costs for its retirees and their covered dependents. The plan does not require employee contributions.

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

c. Annual OPEB Cost and Net OPEB Obligation:

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

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

Annual required contribution	$ 6,639,000
Interest on net OPEB obligation	261,000
Adjustment to annual required contribution	(455,000)
Annual OPEB cost (expense)	6,445,000
Actual contributions made	(2,204,115)
Increase in net OPEB obligation	4,240,885
Net OPEB Obligation - beginning of year	6,129,713
Net OPEB Obligation - end of year	$ 10,370,598

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/09	$ 4,951,000	$ 1,946,000	39.3 %	$ 3,005,000
06/30/10	5,078,713	1,954,000	38.5 %	6,129,713
06/30/11	6,445,000	2,204,115	34.2 %	10,370,598

See accompanying independent auditors' report.

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

d. Funded Status and Funding Progress:

As of June 30, 2010, the second actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $75,544,000, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of $75,544,000. The funded ratio (actuarial value of assets as a percentage of actuarial accrued liability) was 0%. The covered payroll (annual payroll of active employees covered by the plan) was $19,739,000 and the ratio of the UAAL to the covered payroll was 383%.

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

e. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2010 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment interest rate of 4.25% per annum (net of administrative expenses), and a general inflation rate of 3% per annum. Medical premiums were assumed to increase annually with a pre-Medicare cost increase rate of 9.0% for HMOs and PPOs for 2013 premiums over 2012 premiums, both grading down to 5.0% for calendar year 2021 and thereafter. The post-Medicare annual medical cost increase rates were 9.4% for HMOs and PPOs for 2013 premiums over 2012 premiums, both grading down to 5.0% for calendar year 2021 and thereafter. The PEMHCA minimum was assumed to increase with medical inflation (5.0%) annually after 2013. Medical caps were assumed to follow healthcare trend. Vision premiums were assumed to increase by 3% annually. Dental and life insurance caps were assumed to remain frozen in the future. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis commencing in fiscal year 2008. The remaining amortization period at June 30, 2011 was 28 years.

11. 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.

12. RISK MANAGEMENT:

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

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

The City is also a member of the California Insurance Pool Authority (CIPA), a public entity risk pool consisting of 11 member cities in Orange County, California, which was established to pool resources, share risks, purchase excess insurance, and share costs for professional risk management and claims administration. Portions of general liability and workers compensation claims exceeding the above mentioned amounts are covered by CIPA up to a maximum $10,000,000 per claim and $50,000,000 annual aggregate amount for general liability claims.

12. RISK MANAGEMENT (CONTINUED):

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, 2011, the Risk Management Fund had accumulated fund equity of $5,651,696. Also, at June 30, 2011, the Compensation/Benefits Fund had a reserve for catastrophic losses of $6,107,387, which is reported as net assets in this fund. The claims liabilities of $1,203,710 and $1,147,814 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2011 are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the basic financial statements and amount of the loss can be reasonably estimated.

Changes in the Risk Management and Compensation/Benefits Internal Service Funds' claims liability amounts in fiscal years 2011 and 2010 were as follows:

	Risk Management Fund		Compensation/Benefits Fund	
	2011	2010	2011	2010
Beginning-year liability	$ 1,655,221	$ 1,477,981	$ 1,534,499	$ 1,864,467
Current-year claims and changes in estimates	(389,252)	424,903	327,641	433,462
Claim payments	(62,259)	(247,663)	(714,326)	(763,430)
Balance at fiscal year-end	$ 1,203,710	$ 1,655,221	$ 1,147,814	$ 1,534,499

See accompanying independent auditors' report.

13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications established as of June 30, 2011 were as follows:

	General	RDA Low and Moderate Income Housing	Housing and Community Development	Special Gas Tax and Street Improvements	Debt Service	Redevelopment Projects	Other Govt Funds	Total Govt Funds
Nonspendable:								
Prepaid items	$ 9,944	$ -	$ -	$ -	$ -	$ -	$ 740	$ 10,684
Receivables	-	14,645,760	850,000	-	-	-	12,272,385	27,768,145
Total Nonspendable	9,944	14,645,760	850,000	-	-	-	12,273,125	27,778,829
Restricted for:								
Low and moderate income housing	-	18,378,477	-	-	-	-	-	18,378,477
Debt service	-	440,000	-	131,604	12,724,152	-	219,388	13,515,144
Capital projects	-	-	-	-	-	73,311,840	-	73,311,840
Parks	-	-	-	-	-	-	934,171	934,171
Special police services	-	-	-	-	-	-	697,596	697,596
Municipal lighting	-	-	-	-	-	-	1,694,444	1,694,444
Other grants	-	-	-	-	-	-	532,017	532,017
Offsite drainage district	-	-	-	-	-	-	119,492	119,492
Housing authority	-	-	-	-	-	-	384	384
Total Restricted	-	18,818,477	-	131,604	12,724,152	73,311,840	4,197,492	109,183,565
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	22,253,296	22,253,296
Unassigned	27,320,296	-	(421,222)	(5,724,609)	-	-	-	21,174,465
Total Fund Balances	$ 27,330,240	$ 33,464,237	$ 428,778	$ (5,593,005)	$ 12,724,152	$ 73,311,840	$ 38,723,913	$ 180,390,155

See accompanying independent auditors' report.

13. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED):

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

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

Committed - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned - This classification includes amounts to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

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.

14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balance:

The following Special Revenue Fund had a deficit fund balance at June 30, 2011. This deficit is primarily the result of cash being transferred to the Capital Projects Funds prior to the funding of projects. As projects are completed and funded, revenues will be accrued in the various Special Revenue Funds.

Special Gas Tax and Street Improvements	$ 5,593,005

14. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED):

Excess of Expenditures over Appropriations:

	Budget	Actual	Variance with Final Budget
Other Governmental Funds:			
Parks Dedication Special Revenue Fund	$ 19,938	$ 27,537	$ (7,599)
Municipal Lighting Special Revenue Fund	848,823	887,271	(38,448)

15. COMMITMENTS AND CONTINGENCIES:

Claims and Judgments:

At June 30, 2011, 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.

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, 2011, the aggregate principal amount of Bonds outstanding totaled $6,750,000.

15. COMMITMENTS AND CONTINGENCIES (CONTINUED):

SERAF Contingency:

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make SERAF contributions totaling $1.7 billion for the fiscal year 2009-2010 and $350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portion of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the CRA filed a class action lawsuit in behalf of all California redevelopment agencies, again challenging the SERAF obligations as unconstitutional. The court ruled that the SERAF obligations were not unconstitutional.

The Agency's SERAF contributions are $12,145,264 for the fiscal year 2009-2010 and $2,500,496 for 2010-2011. The Agency borrowed $14.6 million from the low and moderate income housing fund to make these contributions.

Transfers of Assets:

On February 9, 2011, the City of Westminster established the Westminster Housing Authority to provide the City with the ability to provide housing programs. The Housing Authority has contracted with the Westminster Redevelopment Agency to provide funding from the Redevelopment Agency's Low and Moderate Income Housing for the purposes of creating affordable housing. The Redevelopment Agency's Low and Moderate Income housing fund transferred loans and notes receivables in the amount of $ 12,267,535 to the Housing Authority during the fiscal year.

On March 9, 2011 the Board of Directors of the Redevelopment Agency approved the transfer of land to the City. The cost basis of the land transferred amounted to $20.4 million. The Redevelopment Agency transferred a police facility to the City with a cost of $49.2 million.

Recent Changes in Legislation Affecting California Redevelopment Agencies:

On June 29, 2011, the Governor of the State of California signed Assembly Bills 1x 26 and 27 as part of the State's budget package. Assembly Bill 1x 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill 1x 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program each City would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill 1x 26 indicates that the City "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Westminster intends to use available monies of its redevelopment agency for this purpose and the City and Agency have approved a reimbursement agreement to accomplish that objective. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the state legislature.

15. COMMITMENTS AND CONTINGENCIES (CONTINUED):

Recent Changes in Legislation Affecting California Redevelopment Agencies (Continued):

Assembly Bill 1x 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill 1x 26.

In the event that Assembly Bill 1x 26 is upheld, the interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the redevelopment agency to the City for shared administrative services are reduced or eliminated.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills 1x 26 and 27 on the grounds that these bills violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill 1x 27 and most of Assembly Bill 1x 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012". A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills 1x 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule (EOPS) by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule (ROPS) by September 30, 2011.

Because the stay provide by Assembly Bill 1x 26 only affects enforcement, each agency must adopt an EOPS and draft ROPS prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlement; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in Assembly Bill 1x 26.

15. COMMITMENTS AND CONTINGENCIES (CONTINUED):

Recent Changes in Legislation Affecting California Redevelopment Agencies (Continued):

On August 10, 2011, City Ordinance No. 2481 was adopted, indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Agency, in the event Assembly Bills 1x 26 and/or 27 are upheld as constitutional. The initial payment by the City is $14.4 million with on half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated $3.1 million will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill 1x 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low and moderate income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of Assembly Bill 1x 26.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that time frame are dependent upon the outcome of ligation surrounding the actions of the state. In the event that Assembly Bill 1x 26 and/or 27 are specifically found by the courts to be unconstitutional, there is a possibility that future legislative acts may create new challenges to the ability of redevelopment agencies in the State of California to continue in view of the California State Legislature's stated intent to eliminate California redevelopment agencies and to reduce their funding.

16. RESTATEMENT NET ASSETS AND FUND BALANCE:

The net assets were restated from $262,508,094 to $262,196,093 at July 1, 2010. The Redevelopment Projects Capital Projects Fund was restated from $95,282,039 to $94,970,038 at July 1, 2010. The $312,001 decrease was to remove land held for resale which was sold in previous years.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WESTMINSTER

SCHEDULES OF FUNDING PROGRESS

For the year ended June 30, 2011

CalPERS MISCELLANEOUS PENSION PLAN
(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Accrued Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
06/30/08	$ 76,806	$ 74,074	$ 2,732	96.44%	$ 12,012	22.74%
06/30/09	86,317	77,128	9,189	89.35%	12,075	76.10%
06/30/10	91,965	79,596	12,369	86.55%	11,787	104.94%

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

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Payroll [(b)-(a)]/c]
06/30/08	$ -	$ 65,676	$ 65,676	0.00%	$ 19,019	345.32%
06/30/10	-	75,544	75,544	0.00%	19,739	382.71%

See accompanying independent auditors' report.

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CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 30,498,249	$ 30,498,249	$ 31,142,556	$ 644,307
Licenses and permits	504,200	514,200	530,628	16,428
Fines	1,225,000	1,225,000	1,093,893	(131,107)
Investment and rental	1,642,500	1,711,060	938,395	(772,665)
Intergovernmental	99,120	161,266	176,756	15,490
Charges for services	7,612,883	7,661,773	6,804,878	(856,895)
Other	155,923	155,923	342,768	186,845
TOTAL REVENUES	41,737,875	41,927,471	41,029,874	(897,597)
EXPENDITURES:				
Current:				
General government	1,882,061	1,893,786	1,697,512	196,274
Public safety	34,965,416	35,170,323	33,384,019	1,786,304
Public works	3,654,028	3,654,028	3,461,921	192,107
Community development	3,265,327	3,449,702	3,156,636	293,066
Community services	2,230,425	2,230,425	2,069,108	161,317
Capital outlay	8,000	8,000	16,190	(8,190)
TOTAL EXPENDITURES	46,005,257	46,406,264	43,785,386	2,620,878
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,267,382)	(4,478,793)	(2,755,512)	1,723,281
OTHER FINANCING SOURCES (USES):				
Sale of equipment and property	3,500	3,500	5,283	1,783
Transfers in	2,947,137	3,217,108	3,102,731	(114,377)
Transfers out	(304,065)	(563,720)	(449,340)	114,380
TOTAL OTHER FINANCING SOURCES (USES)	2,646,572	2,656,888	2,658,674	1,786
NET CHANGE IN FUND BALANCE	(1,620,810)	(1,821,905)	(96,838)	1,725,067
FUND BALANCE - BEGINNING OF YEAR	27,427,078	27,427,078	27,427,078	-
FUND BALANCE - END OF YEAR	$ 25,806,268	$ 25,605,173	$ 27,330,240	$ 1,725,067

See accompanying independent auditors' report and note to required supplementary information.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
RDA LOW AND MODERATE INCOME HOUSING SPECIAL REVENUE FUND

For the year ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 7,190,720	$ 7,190,720	$ 7,227,659	$ 36,939
Investment and rental	470,000	470,000	268,330	(201,670)
TOTAL REVENUES	7,660,720	7,660,720	7,495,989	(164,731)
EXPENDITURES:				
Current:				
Community development	1,945,812	14,361,238	1,406,373	12,954,865
Capital outlay	-	55,000	37,870	17,130
TOTAL EXPENDITURES	1,945,812	14,416,238	1,444,243	12,971,995
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,714,908	(6,755,518)	6,051,746	12,807,264
OTHER FINANCING SOURCES (USES):				
Transfers in	-	11,143,169	11,143,169	-
Transfers out	(1,717,118)	(16,484,653)	(16,461,183)	23,470
TOTAL OTHER FINANCING SOURCES (USES)	(1,717,118)	(5,341,484)	(5,318,014)	23,470
NET CHANGE IN FUND BALANCE	3,997,790	(12,097,002)	733,732	12,830,734
FUND BALANCE - BEGINNING OF YEAR	32,730,505	32,730,505	32,730,505	-
FUND BALANCE - END OF YEAR	$ 36,728,295	$ 20,633,503	$ 33,464,237	$ 12,830,734

See accompanying independent auditors' report and note to required supplementary information.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND

For the year ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative
REVENUES:				
Fines	$ 2,000	$ 2,000	$ 16,880	$ 14,880
Investment and rental	-	-	3,337	3,337
Intergovernmental	1,343,600	1,343,600	2,470,571	1,126,971
Other	25,000	25,000	252,364	227,364
TOTAL REVENUES	1,370,600	1,370,600	2,743,152	1,372,552
EXPENDITURES:				
Current:				
Community development	1,516,793	2,581,852	1,346,891	1,234,961
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(146,193)	(1,211,252)	1,396,261	2,607,513
OTHER FINANCING SOURCES (USES):				
Transfers in	-	17,823	17,823	-
Transfers out	(448,745)	(454,745)	(454,745)	-
TOTAL OTHER FINANCING SOURCES (USES)	(448,745)	(436,922)	(436,922)	-
NET CHANGE IN FUND BALANCE	(594,938)	(1,648,174)	959,339	2,607,513
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(530,561)	(530,561)	(530,561)	-
FUND BALANCE - END OF YEAR	$ (1,125,499)	$ (2,178,735)	$ 428,778	$ 2,607,513

See accompanying independent auditors' report and 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, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 2,164,108	$ 2,164,108	$ 4,835,269	$ 2,671,161
Investment and rental	48,000	48,000	75,142	27,142
Intergovernmental	3,418,751	3,418,751	2,350,507	(1,068,244)
Charges for services	10,000	10,000	7,960	(2,040)
Other	20,000	20,000	97	(19,903)
TOTAL REVENUES	5,660,859	5,660,859	7,268,975	1,608,116
EXPENDITURES:				
Current:				
Community development	2,481,454	2,526,454	1,993,002	533,452
Debt service:				
Principal retirement	277,348	277,348	277,348	-
Interest and fiscal charges	75,135	75,135	75,135	-
TOTAL EXPENDITURES	2,833,937	2,878,937	2,345,485	533,452
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,826,922	2,781,922	4,923,490	2,141,568
OTHER FINANCING USES:				
Transfers out	(2,742,355)	(2,742,355)	(2,742,355)	-
NET CHANGE IN FUND BALANCE	84,567	39,567	2,181,135	2,141,568
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(7,774,140)	(7,774,140)	(7,774,140)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (7,689,573)	$ (7,734,573)	$ (5,593,005)	$ 2,141,568

See accompanying independent auditors' report and note to required supplementary information.

CITY OF WESTMINSTER

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

1. BUDGETS AND BUDGETARY ACCOUNTING:

The City establishes accounting control through formal adoption of an annual operating budget for the General, Special Revenue and Debt Service 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, Special Revenue and Debt Service 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.

See accompanying independent auditors' report.

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OTHER SUPPLEMENTARY INFORMATION

OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

Westminster Housing Authority Fund - accounts for revenues and the associated expenditures to be used for increasing or improving low and moderate income housing.

CAPITAL PROJECTS FUND

Capital Projects Fund accounts for funds assigned for capital improvements.

Capital Improvements Fund - accounts for City projects funded by various sources.

CITY OF WESTMINSTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2011

	Special Revenue Funds			
	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
ASSETS				
Cash and investments	$ 934,171	$ 812,265	$ 1,681,240	$ 500,130
Receivables, net of allowance:				
Taxes	-	-	17,470	-
Loans	-	-	-	-
Notes	-	-	-	-
Other	-	-	-	1,208
Due from other governments	-	156,615	-	112,969
Due from other funds	-	-	-	-
Prepaid items	-	-	-	-
Restricted assets:				
Cash and investments	-	-	-	-
Cash and investments with fiscal agents	-	-	-	-
TOTAL ASSETS	$ 934,171	$ 968,880	$ 1,698,710	$ 614,307
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and other liabilities	$ -	$ 170,208	$ 3,090	$ 32,290
Deposits	-	38,231	-	-
Deferred revenue	-	-	1,176	-
Due to other funds	-	-	-	50,000
TOTAL LIABILITIES	-	208,439	4,266	82,290
FUND BALANCES:				
Nonspendable:				
Prepaid items	-	-	-	-
Receivables	-	-	-	-
Restricted for:				
Parks	934,171	-	-	-
Special police services	-	697,596	-	-
Municipal lighting	-	-	1,694,444	-
Other grants	-	-	-	532,017
Offsite drainange district	-	-	-	-
Housing authority	-	-	-	-
Debt service	-	62,845	-	-
Assigned	-	-	-	-
TOTAL FUND BALANCES	934,171	760,441	1,694,444	532,017
TOTAL LIABILITIES AND FUND BALANCES	$ 934,171	$ 968,880	$ 1,698,710	$ 614,307

See accompanying independent auditors' report.

Special Revenue Funds (Continued)				Capital Projects Fund	
Offsite Drainage District	Community Promotion	Westminster Housing Authority	Total Special Revenue Funds	Capital Improvements	Total Governmental Funds
$ 119,492	$ 1,592,642	$ -	$ 5,639,940	$ 5,465,487	$ 11,105,427
-	149,925	-	167,395	-	167,395
-	-	6,586,084	6,586,084	-	6,586,084
-	-	5,686,301	5,686,301	-	5,686,301
-	-	-	1,208	-	1,208
-	-	-	269,584	-	269,584
-	-	-	-	6,250,000	6,250,000
-	740	-	740	-	740
-	-	384	384	10,090,930	10,091,314
-	13	-	13	-	13
$ 119,492	$ 1,743,320	$ 12,272,769	$ 18,351,649	$ 21,806,417	$ 40,158,066
$ -	$ 7,878	$ -	$ 213,466	$ 1,131,280	$ 1,344,746
-	-	-	38,231	-	38,231
-	-	-	1,176	-	1,176
-	-	-	50,000	-	50,000
-	7,878	-	302,873	1,131,280	1,434,153
-	740	-	740	-	740
-	-	12,272,385	12,272,385	-	12,272,385
-	-	-	934,171	-	934,171
-	-	-	697,596	-	697,596
-	-	-	1,694,444	-	1,694,444
-	-	-	532,017	-	532,017
119,492	-	-	119,492	-	119,492
-	-	384	384	-	384
-	156,543	-	219,388	-	219,388
-	1,578,159	-	1,578,159	20,675,137	22,253,296
119,492	1,735,442	12,272,769	18,048,776	20,675,137	38,723,913
$ 119,492	$ 1,743,320	$ 12,272,769	$ 18,351,649	$ 21,806,417	$ 40,158,066

CITY OF WESTMINSTER

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

For the year ended June 30, 2011

	Special Revenue Funds			
	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
REVENUES:				
Taxes	$ -	$ -	$ 819,553	$ -
Investment and rental	53,231	34,932	50,892	14,210
Intergovernmental	223,063	1,117,550	-	510,265
Charges for services	274,447	236,675	-	-
Other	-	184,870	-	8,791
TOTAL REVENUES	550,741	1,574,027	870,445	533,266
EXPENDITURES:				
Current:				
General government	-	-	-	68,639
Public safety	-	1,711,307	-	-
Community development	27,537	-	887,271	180,140
Community services	-	-	-	239,497
Capital outlay	-	135,791	-	-
Debt service:				
Principal retirement	-	131,565	-	-
Interest and fiscal charges	-	35,727	-	-
TOTAL EXPENDITURES	27,537	2,014,390	887,271	488,276
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	523,204	(440,363)	(16,826)	44,990
OTHER FINANCING SOURCES (USES):				
Transfers in	-	611,570	-	-
Transfers out	(179,606)	-	(180,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(179,606)	611,570	(180,000)	-
NET CHANGE IN FUND BALANCES	343,598	171,207	(196,826)	44,990
FUND BALANCES - BEGINNING OF YEAR	590,573	589,234	1,891,270	487,027
FUND BALANCES - END OF YEAR	$ 934,171	$ 760,441	$ 1,694,444	$ 532,017

See accompanying independent auditors' report.

Special Revenue Funds (Continued)				Capital Projects Fund	
Offsite Drainage District	Community Promotion	Westminster Housing Authority	Total Special Revenue Funds	Capital Improvements	Total Governmental Funds
$ -	$ 568,401	$ -	$ 1,387,954	$ -	$ 1,387,954
3,639	44,138	5,234	206,276	109,360	315,636
-	-	-	1,850,878	-	1,850,878
629	4,561	-	516,312	-	516,312
-	33,153	-	226,814	-	226,814
4,268	650,253	5,234	4,188,234	109,360	4,297,594
-	-	-	68,639	-	68,639
-	-	-	1,711,307	-	1,711,307
213	300,275	-	1,395,436	-	1,395,436
-	6,813	-	246,310	-	246,310
-	-	-	135,791	5,462,354	5,598,145
-	197,347	-	328,912	-	328,912
-	53,463	-	89,190	-	89,190
213	557,898	-	3,975,585	5,462,354	9,437,939
4,055	92,355	5,234	212,649	(5,352,994)	(5,140,345)
-	-	12,267,535	12,879,105	4,474,706	17,353,811
-	-	-	(359,606)	(1,573,940)	(1,933,546)
-	-	12,267,535	12,519,499	2,900,766	15,420,265
4,055	92,355	12,272,769	12,732,148	(2,452,228)	10,279,920
115,437	1,643,087	-	5,316,628	23,127,365	28,443,993
$ 119,492	$ 1,735,442	$ 12,272,769	$ 18,048,776	$ 20,675,137	$ 38,723,913

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 40,000	$ 40,000	$ 53,231	$ 13,231
Intergovernmental	-	-	223,063	223,063
Charges for services	38,750	38,750	274,447	235,697
TOTAL REVENUES	78,750	78,750	550,741	471,991
EXPENDITURES:				
Current:				
Community development	3,938	19,938	27,537	(7,599)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	74,812	58,812	523,204	464,392
OTHER FINANCING USES:				
Transfers out	(85,000)	(179,606)	(179,606)	-
NET CHANGE IN FUND BALANCE	(10,188)	(120,794)	343,598	464,392
FUND BALANCE - BEGINNING OF YEAR	590,573	590,573	590,573	-
FUND BALANCE - END OF YEAR	$ 580,385	$ 469,779	$ 934,171	$ 464,392

See accompanying independent auditors' report.

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 20,900	$ 20,900	$ 34,932	$ 14,032
Intergovernmental	1,644,607	2,437,275	1,117,550	(1,319,725)
Charges for services	132,500	132,500	236,675	104,175
Other	50,000	50,000	184,870	134,870
TOTAL REVENUES	1,848,007	2,640,675	1,574,027	(1,066,648)
EXPENDITURES:				
Current:				
Public safety	1,930,236	2,781,280	1,711,307	1,069,973
Capital outlay	42,168	229,272	135,791	93,481
Debt service:				
Principal retirement	131,565	131,565	131,565	-
Interest and fiscal charges	36,141	36,141	35,727	414
TOTAL EXPENDITURES	2,140,110	3,178,258	2,014,390	1,163,868
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(292,103)	(537,583)	(440,363)	97,220
OTHER FINANCING SOURCES:				
Transfers in	386,915	611,570	611,570	-
NET CHANGE IN FUND BALANCE	94,812	73,987	171,207	97,220
FUND BALANCE - BEGINNING OF YEAR	589,234	589,234	589,234	-
FUND BALANCE - END OF YEAR	$ 684,046	$ 663,221	$ 760,441	$ 97,220

See accompanying independent auditors' report.

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 862,000	$ 862,000	$ 819,553	$ (42,447)
Investment and rental	55,000	55,000	50,892	(4,108)
TOTAL REVENUES	917,000	917,000	870,445	(46,555)
EXPENDITURES:				
Current:				
Community development	848,823	848,823	887,271	(38,448)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	68,177	68,177	(16,826)	(85,003)
OTHER FINANCING USES:				
Transfers out	(140,000)	(180,000)	(180,000)	-
NET CHANGE IN FUND BALANCE	(71,823)	(111,823)	(196,826)	(85,003)
FUND BALANCE - BEGINNING OF YEAR	1,891,270	1,891,270	1,891,270	-
FUND BALANCE - END OF YEAR	$ 1,819,447	$ 1,779,447	$ 1,694,444	$ (85,003)

See accompanying independent auditors' report.

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 9,400	$ 9,400	$ 14,210	$ 4,810
Intergovernmental	537,781	537,781	510,265	(27,516)
Other	18,300	18,300	8,791	(9,509)
TOTAL REVENUES	565,481	565,481	533,266	(32,215)
EXPENDITURES:				
Current:				
General government	77,616	77,616	68,639	8,977
Community development	226,445	226,445	180,140	46,305
Community services	248,317	251,335	239,497	11,838
TOTAL EXPENDITURES	552,378	555,396	488,276	67,120
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,103	10,085	44,990	34,905
OTHER FINANCING SOURCES (USES):				
Transfers in	28,000	28,000	-	(28,000)
Transfers out	(28,000)	(28,000)	-	28,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	13,103	10,085	44,990	34,905
FUND BALANCE - BEGINNING OF YEAR	487,027	487,027	487,027	-
FUND BALANCE - END OF YEAR	$ 500,130	$ 497,112	$ 532,017	$ 34,905

See accompanying independent auditors' report.

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 2,500	$ 2,500	$ 3,639	$ 1,139
Charges for services	-	-	629	629
TOTAL REVENUES	2,500	2,500	4,268	1,768
EXPENDITURES:				
Current:				
Community development	125	325	213	112
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,375	2,175	4,055	1,880
FUND BALANCE - BEGINNING OF YEAR	115,437	115,437	115,437	-
FUND BALANCE - END OF YEAR	$ 117,812	$ 117,612	$ 119,492	$ 1,880

See accompanying independent auditors' report.

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 520,000	$ 520,000	$ 568,401	$ 48,401
Investment and rental	35,000	35,000	44,138	9,138
Charges for services	1,650	1,650	4,561	2,911
Other	48,500	48,500	33,153	(15,347)
TOTAL REVENUES	605,150	605,150	650,253	45,103
EXPENDITURES:				
Current:				
Community development	301,592	374,092	300,275	73,817
Community services	10,000	10,000	6,813	3,187
Debt service:				
Principal retirement	197,347	197,347	197,347	-
Interest and fiscal charges	53,463	53,463	53,463	-
TOTAL EXPENDITURES	562,402	634,902	557,898	77,004
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	42,748	(29,752)	92,355	122,107
FUND BALANCE - BEGINNING OF YEAR	1,643,087	1,643,087	1,643,087	-
FUND BALANCE - END OF YEAR	$ 1,685,835	$ 1,613,335	$ 1,735,442	$ 122,107

See accompanying independent auditors' report.

CITY OF WESTMINSTER

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

WESTMINSTER HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ -	$ -	$ 5,234	$ 5,234
OTHER FINANCING SOURCES:				
Transfers in	-	12,267,535	12,267,535	-
NET CHANGE IN FUND BALANCE	-	12,267,535	12,272,769	5,234
FUND BALANCE - BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - END OF YEAR	$ -	$ 12,267,535	$ 12,272,769	$ 5,234

See accompanying independent auditors' report.

DEBT SERVICE FUND

The Redevelopment Agency Debt Service Fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and related costs other than those being financed by proprietary funds.

CITY OF WESTMINSTER

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

REDEVELOPMENT AGENCY DEBT SERVICE FUND

For the year ended June 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 28,762,880	$ 28,762,880	$ 28,910,636	$ 147,756
Investment and rental	180,000	180,000	80,407	(99,593)
TOTAL REVENUES	28,942,880	28,942,880	28,991,043	48,163
EXPENDITURES:				
Current:				
General government	8,979,874	11,477,969	10,986,761	491,208
Debt service:				
Bond issuance costs	-	772,601	772,601	-
Principal retirement	1,160,000	1,160,000	1,160,000	-
Interest and fiscal charges	5,541,650	5,693,948	5,554,113	139,835
TOTAL EXPENDITURES	15,681,524	19,104,518	18,473,475	631,043
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,261,356	9,838,362	10,517,568	679,206
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of bonds	-	5,765,000	5,765,000	-
Transfers in	468,901	468,901	468,901	-
Transfers out	(13,500,000)	(13,500,000)	(13,500,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(13,031,099)	(7,266,099)	(7,266,099)	-
NET CHANGE IN FUND BALANCE	230,257	2,572,263	3,251,469	679,206
FUND BALANCE - BEGINNING OF YEAR	9,472,683	9,472,683	9,472,683	-
FUND BALANCE - END OF YEAR	$ 9,702,940	$ 12,044,946	$ 12,724,152	$ 679,206

See accompanying independent auditors' report.

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 ASSETS
INTERNAL SERVICE FUNDS

June 30, 2011

ASSETS	Risk Management	Compensation/ Benefits
CURRENT ASSETS:		
Cash and investments	$ 6,554,478	$ 7,175,985
Accounts receivable	-	-
Other receivables	-	42,184
Prepaid items	-	24,653
Inventories	-	-
TOTAL CURRENT ASSETS	6,554,478	7,242,822
RESTRICTED ASSETS:		
Cash and investments	322,140	1,980,600
NONCURRENT ASSETS:		
Deferred bond charges	-	-
CAPITAL ASSETS:		
Buildings	-	-
Improvements other than buildings	-	-
Vehicles	-	-
Machinery and equipment	-	-
Office furniture, computers and equipment	-	-
Leased property	-	-
Construction in progress	-	-
TOTAL CAPITAL ASSETS	-	-
Less accumulated depreciation	-	-
NET CAPITAL ASSETS	-	-
TOTAL ASSETS	6,876,618	9,223,422

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 4,518,055	$ 583,716	$ 18,832,234
29,678	797	30,475
-	-	42,184
-	-	24,653
53,266	-	53,266
4,600,999	584,513	18,982,812
171,004	216,131	2,689,875
9,973	75,782	85,755
-	4,163,053	4,163,053
585,555	37,300	622,855
3,867,923	-	3,867,923
208,410	20,947	229,357
1,834,789	131,413	1,966,202
351,664	-	351,664
-	-	-
6,848,341	4,352,713	11,201,054
(3,570,515)	(1,189,651)	(4,760,166)
3,277,826	3,163,062	6,440,888
8,059,802	4,039,488	28,199,330

(Continued)

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
(CONTINUED)

June 30, 2011

	Risk Management	Compensation/ Benefits
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	$ 21,211	$ 6,972
Claims payable	300,928	286,953
Compensated absences	-	1,686,675
Certificates of participation	-	-
TOTAL CURRENT LIABILITIES	322,139	1,980,600
LONG-TERM LIABILITIES:		
Claims payable	902,783	860,860
Compensated absences	-	274,575
Certificates of participation	-	-
TOTAL LONG-TERM LIABILITIES	902,783	1,135,435
TOTAL LIABILITIES	1,224,922	3,116,035
NET ASSETS:		
Invested in capital assets, net of related debt	-	-
Unrestricted	5,651,696	6,107,387
TOTAL NET ASSETS	$ 5,651,696	$ 6,107,387

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 115,079	$ 65,871	$ 209,133
-	-	587,881
39,629	26,409	1,752,713
16,296	123,851	140,147
171,004	216,131	2,689,874
-	-	1,763,643
6,451	4,299	285,325
155,322	1,004,910	1,160,232
161,773	1,009,209	3,209,200
332,777	1,225,340	5,899,074
3,106,208	2,034,301	5,140,509
4,620,817	779,847	17,159,747
$ 7,727,025	$ 2,814,148	$ 22,300,256

CITY OF WESTMINSTER

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

For the year ended June 30, 2011

	Risk Management	Compensation/ Benefits
OPERATING REVENUES:		
Charges for services	$ 1,894,964	$ 12,726,398
Other	7,561	260,471
TOTAL OPERATING REVENUES	1,902,525	12,986,869
OPERATING EXPENSES:		
Salaries	25,177	4,304,301
Maintenance and operations	501,597	1,267,068
Insurance premiums and legal fees	929,747	2,344,125
Claims and benefits	(389,252)	5,397,034
Depreciation and amortization	-	-
TOTAL OPERATING EXPENSES	1,067,269	13,312,528
OPERATING INCOME (LOSS)	835,256	(325,659)
NONOPERATING REVENUES (EXPENSES):		
Investment income	-	-
Interest and fiscal charges	-	-
Gain (loss) on sale of property and equipment	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-
NET INCOME (LOSS) BEFORE TRANSFERS	835,256	(325,659)
TRANSFERS:		
Transfers in	-	-
Transfers out	(6,000)	-
TOTAL TRANSFERS	(6,000)	-
CHANGE IN NET ASSETS	829,256	(325,659)
TOTAL NET ASSETS - BEGINNING OF YEAR	4,822,440	6,433,046
TOTAL NET ASSETS - END OF YEAR	$ 5,651,696	$ 6,107,387

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 3,109,959	$ 1,761,174	$ 19,492,495
225,271	3,585	496,888
3,335,230	1,764,759	19,989,383
891,267	532,426	5,753,171
1,617,468	879,517	4,265,650
437	-	3,274,309
-	-	5,007,782
659,848	118,383	778,231
3,169,020	1,530,326	19,079,143
166,210	234,433	910,240
180,626	46,665	227,291
(9,023)	(84,655)	(93,678)
17,629	(88,663)	(71,034)
189,232	(126,653)	62,579
355,442	107,780	972,819
257,866	59,800	317,666
(99,486)	-	(105,486)
158,380	59,800	212,180
513,822	167,580	1,184,999
7,213,203	2,646,568	21,115,257
$ 7,727,025	$ 2,814,148	$ 22,300,256

CITY OF WESTMINSTER

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2011

	Risk Management	Compensation/ Benefits
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customer	$ 1,902,525	$ 11,002,964
Payment to suppliers	(1,511,916)	(7,425,344)
Payment to employees	(25,177)	(4,229,206)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	365,432	(651,586)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	(6,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(6,000)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
Proceeds from sale of assets	-	-
Principal payment on bonds	-	-
Interest and fiscal charges	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	359,432	(651,586)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,517,186	9,808,171
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,876,618	$ 9,156,585
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 835,256	$ (325,659)
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	-	16,095
(Increase) decrease in prepaid charges	-	(8,019)
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and other liabilities	(18,314)	(22,412)
Increase (decrease) in claims payable	(451,510)	(386,686)
Increase (decrease) in compensated absences payable	-	75,095
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 365,432	$ (651,586)

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 3,350,407	$ 1,763,962	$ 18,019,858
(1,587,725)	(844,194)	(11,369,179)
(914,804)	(527,776)	(5,696,963)
847,878	391,992	953,716
257,866	59,800	317,666
(99,486)	-	(105,486)
158,380	59,800	212,180
(38,445)	(24,800)	(63,245)
69,704	-	69,704
(29,504)	(224,236)	(253,740)
(7,918)	(60,187)	(68,105)
(6,163)	(309,223)	(315,386)
180,626	46,665	227,291
1,180,721	189,234	1,077,801
3,508,338	610,613	20,444,308
$ 4,689,059	$ 799,847	$ 21,522,109
$ 166,210	$ 234,433	$ 910,240
659,848	118,383	778,231
15,177	(797)	30,475
30,409	-	22,390
(7,230)	-	(7,230)
7,001	35,323	1,598
-	-	(838,196)
(23,537)	4,650	56,208
$ 847,878	$ 391,992	$ 953,716

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AGENCY FUND

Agency funds are 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, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
ASSETS:				
Restricted cash and investments	$ 101,303	$ 2,108	$ 37,535	$ 65,876
LIABILITIES:				
Due to bondholders	$ 101,303	$ 2,108	$ 37,535	$ 65,876

See accompanying independent auditors' report.

STATISTICAL SECTION

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2011

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: Pages

Financial Trends theses schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	120 - 129
Revenue Capacity these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	130 - 139
Debt Capacity 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.	140 - 146
Demographic and Economic Information these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	147 - 148
Operating Information 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.	149 - 151

CITY OF WESTMINSTER

NET ASSETS BY COMPONENT

Last Nine Fiscal Years
(accrual bases of accounting)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Governmental activities:				
Invested in capital assets, net of related debt	$ 66,448,133	$ 66,853,270	$ 69,841,696	$ 89,013,498
Restricted	27,334,806	33,729,348	40,578,288	43,466,845
Unrestricted	54,208,320	55,943,554	62,495,740	65,750,751
Total governmental activities net assets:	$ 147,991,259	$ 156,526,172	$ 172,915,724	$ 198,231,094
Business-type activity:				
Invested in capital assets, net of related debt	$ 32,325,680	$ 31,616,482	$ 31,817,042	$ 31,958,977
Restricted	357,139	355,111	361,722	367,947
Unrestricted	1,837,419	2,581,719	2,893,976	2,133,832
Total business-type activity net assets:	$ 34,520,238	$ 34,553,312	$ 35,072,740	$ 34,460,756
Primary government:				
Invested in capital assets, net of related debt	$ 98,773,813	$ 98,469,752	$ 101,658,738	$ 120,972,475
Restricted	27,691,945	34,084,459	40,940,010	43,834,792
Unrestricted	56,045,739	58,525,273	65,389,716	67,884,583
Total primary government net assets:	$ 182,511,497	$ 191,079,484	$ 207,988,464	$ 232,691,850

GASB 34 was implemented for the fiscal year ended June 30, 2003.
Information prior to implementation of GASB 34 is not available.

Source: City Finance Department

Fiscal Year Ended June 30,				
2007	2008	2009	2010	2011
$ 93,264,276	$ 97,870,305	$ 100,104,347	$ 115,917,966	$ 130,622,799
62,906,004	78,051,423	99,106,443	88,669,819	81,222,098
64,244,252	71,423,945	63,917,681	57,608,308	58,305,385
$ 220,414,532	$ 247,345,673	$ 263,128,471	$ 262,196,093	$ 270,150,282
$ 31,234,034	$ 30,019,525	$ 28,951,409	$ 28,200,770	$ 27,813,299
367,355	380,756	335,645	113,911	113,160
1,872,906	1,093,307	2,017,567	3,408,574	5,392,113
$ 33,474,295	$ 31,493,588	$ 31,304,621	$ 31,723,255	$ 33,318,572
$ 124,498,310	$ 127,889,830	$ 129,055,756	$ 144,118,736	$ 158,436,098
63,273,359	78,432,179	99,442,088	88,783,730	81,335,258
66,117,158	72,517,252	65,935,248	61,016,882	63,697,498
$ 253,888,827	$ 278,839,261	$ 294,433,092	$ 293,919,348	$ 303,468,854

CITY OF WESTMINSTER

CHANGES IN NET ASSETS
EXPENSES AND PROGRAM REVENUES

Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Expenses:				
Governmental activities:				
General government	$ 4,392,839	$ 6,433,847	$ 6,015,172	$ 6,228,357
Public safety	27,244,747	28,682,303	30,959,971	31,688,177
Public works	5,435,120	3,600,981	7,382,183	8,622,725
Community development	10,286,472	14,275,910	8,075,648	14,741,768
Community services	2,027,702	1,862,386	1,894,745	2,122,936
Interest on long-term debt	2,397,431	2,303,688	2,498,057	2,374,796
Total governmental activities expenses	51,784,311	57,159,115	56,825,776	65,778,759
Business-type activity:				
Water enterprise	8,871,713	10,077,883	10,675,044	11,145,539
Total business-type activity expenses	8,871,713	10,077,883	10,675,044	11,145,539
Total primary government expenses	60,656,024	67,236,998	67,500,820	76,924,298
Program revenues:				
Governmental activities:				
Charges for services:				
General government	943,332	947,660	1,449,420	1,633,260
Public safety	3,875,111	3,662,085	3,931,255	3,305,174
Public works	776,134	1,148,568	871,794	837,055
Community development	1,889,925	2,031,913	2,020,380	1,954,382
Community services	239,607	255,160	271,867	294,745
Operating grants and contributions	7,556,590	5,958,376	5,564,678	6,705,228
Capital grants and contributions	1,442,637	216,666	1,845,256	442,300
Total governmental activities program revenues	16,723,336	14,220,428	15,954,650	15,172,144
Business-type activity:				
Charges for services:				
Water enterprise	9,489,236	10,162,780	10,329,216	10,091,120
Total business-type activity program revenues	9,489,236	10,162,780	10,329,216	10,091,120
Total primary government program revenues	26,212,572	24,383,208	26,283,866	25,263,264
Net revenues (expenses):				
Governmental activities	(35,060,975)	(42,938,687)	(40,871,126)	(50,606,615)
Business-type activity	617,523	84,897	(345,828)	(1,054,419)
Total net revenues (expenses)	(34,443,452)	(42,853,790)	(41,216,954)	(51,661,034)

GASB 34 was implemented for the fiscal year ended June 30, 2003.
Information prior to implementation of GASB 34 is not available.

Source: City Finance Department

Fiscal Year Ended June 30,				
2007	2008	2009	2010	2011
$ 7,867,505	$ 8,529,466	$ 9,175,952	$ 21,335,005	$ 11,836,459
36,299,935	34,981,171	37,564,132	36,313,972	37,050,903
9,276,287	10,149,119	10,263,012	10,041,239	10,839,138
12,185,104	12,502,817	12,693,678	12,043,058	14,699,366
2,883,655	2,873,862	3,050,217	2,979,397	2,977,448
2,229,851	2,728,406	2,812,049	6,027,294	6,135,877
70,742,337	71,764,841	75,559,040	88,739,965	83,539,191
12,084,948	12,112,328	12,215,154	11,910,470	12,264,194
12,084,948	12,112,328	12,215,154	11,910,470	12,264,194
82,827,285	83,877,169	87,774,194	100,650,435	95,803,385
770,204	931,322	859,442	871,954	947,291
2,693,966	2,510,083	2,949,945	3,178,152	2,963,243
661,371	710,098	684,585	1,104,193	1,301,079
1,839,972	2,056,317	1,677,390	1,707,098	1,638,817
260,998	323,492	353,094	394,655	388,247
6,673,336	8,170,763	8,990,834	7,167,620	11,945,008
4,887,888	3,824,058	410,664	1,277,811	1,171,634
17,787,735	18,526,133	15,925,954	15,701,483	20,355,319
10,673,586	10,866,749	11,190,581	12,704,027	14,374,002
10,673,586	10,866,749	11,190,581	12,704,027	14,374,002
28,461,321	29,392,882	27,116,535	28,405,510	34,729,321
(52,954,602)	(53,238,708)	(59,633,086)	(73,038,482)	(63,183,872)
(1,411,362)	(1,245,579)	(1,024,573)	793,557	2,109,808
(54,365,964)	(54,484,287)	(60,657,659)	(72,244,925)	(61,074,064)

CITY OF WESTMINSTER

CHANGES IN NET ASSETS
GENERAL REVENUES

Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Sales taxes	$ 15,196,645	$ 15,886,793	$ 16,845,993	$ 17,407,934
Property taxes, levied for general purposes	17,553,360	21,221,236	25,799,308	35,816,370
Utility users tax	4,548,381	4,750,700	5,013,869	5,203,530
Motor vehicle taxes	5,411,162	5,921,745	5,371,319	242,717
Other taxes	2,189,269	2,729,143	2,756,886	2,869,831
Unrestricted investment earnings	1,652,947	770,069	2,142,307	2,875,268
Miscellaneous	443,502	-	-	-
Transfers	523,987	193,914	(669,004)	(285,998)
Total governmental activities	47,519,253	51,473,600	57,260,678	64,129,652
Business-type activity:				
Unrestricted investment earnings	147,781	141,345	195,651	168,027
Miscellaneous	1,580,171	746	601	(11,590)
Transfers	(523,987)	(193,914)	669,004	285,998
Total business-type activity	1,203,965	(51,823)	865,256	442,435
Total primary government	48,723,218	51,421,777	58,125,934	64,572,087
Changes in net assets				
Governmental activities	12,458,278	8,534,913	16,389,552	13,523,037
Business-type activity	1,821,488	33,074	519,428	(611,984)
Total primary government	$ 14,279,766	$ 8,567,987	$ 16,908,980	$ 12,911,053

GASB 34 was implemented for the fiscal year ended June 30, 2003.
Information prior to implementation of GASB 34 is not available.

Source: City Finance Department

Fiscal Year Ended June 30,				
2007	2008	2009	2010	2011
$ 16,537,117	$ 16,182,971	$ 13,238,135	$ 12,212,474	$ 13,164,455
44,158,452	47,114,786	48,096,950	47,264,839	47,004,633
5,398,058	5,431,551	5,478,092	5,010,797	5,082,094
535,896	411,655	319,341	274,349	1,214,413
3,034,760	2,908,715	3,098,184	2,825,328	2,199,984
5,754,628	7,295,177	5,926,914	3,949,401	1,885,429
-	-	-	-	-
(280,871)	824,994	(741,732)	568,916	587,053
75,138,040	80,169,849	75,415,884	72,106,104	71,138,061
144,030	89,866	47,566	26,318	72,561
-	-	46,308	167,675	-
280,871	(824,994)	741,732	(568,916)	(587,052)
424,901	(735,128)	835,606	(374,923)	(514,491)
75,562,941	79,434,721	76,251,490	71,731,181	70,623,570
22,183,438	26,931,141	15,782,798	(932,378)	7,954,189
(986,461)	(1,980,707)	(188,967)	418,634	1,595,317
$ 21,196,977	$ 24,950,434	$ 15,593,831	$ (513,744)	$ 9,549,506

CITY OF WESTMINSTER

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
General fund:				
Reserved	$ 2,224,382	$ 1,855,144	$ 1,453,642	$ 1,099,215
Unreserved	10,226,553	13,946,853	20,559,828	24,820,433
Total general fund	$ 12,450,935	$ 15,801,997	$ 22,013,470	$ 25,919,648
All other governmental funds:				
Reserved	$ 16,115,399	$ 18,041,121	$ 21,234,149	$ 28,162,911
Unreserved, reported in:				
Special revenue funds	1,150,142	808,575	163,573	(3,617,166)
Debt service funds	-	-	-	-
Capital projects funds	41,298,187	48,434,181	49,860,609	46,964,508
Total all other governmental funds	$ 58,563,728	$ 67,283,877	$ 71,258,331	$ 71,510,253
General fund:				
Nonspendable	$ -	$ -	$ -	$ -
Unassigned	-	-	-	-
Total general fund	$ -	$ -	$ -	$ -
All other governmental funds:				
Nonspendable	$ -	$ -	$ -	$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	$ -	$ -	$ -	$ -

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

The City of Westminster has elected to show a total of nine years of data for this schedule.

Source: City Finance Department

Fiscal Year Ended June 30,				
2007	2008	2009	2010	2011
$ 439,516	$ 178,817	$ 71,467	$ 8,006	$ -
23,542,289	26,769,605	25,838,264	27,419,072	-
$ 23,981,805	$ 26,948,422	$ 25,909,731	$ 27,427,078	$ -
$ 39,922,224	$ 46,499,980	$ 36,271,246	$ 40,314,773	$ -
(2,081,224)	1,025,637	(3,258,634)	(4,615,396)	-
-	-	19,877,443	4,090,059	-
52,855,976	61,134,734	134,679,128	117,835,083	-
$ 90,696,976	$ 108,660,351	$ 187,569,183	$ 157,624,519	$ -
$ -	$ -	$ -	$ -	$ 9,944
-	-	-	-	27,320,296
$ -	$ -	$ -	$ -	$ 27,330,240
$ -	$ -	$ -	$ -	$ 27,768,885
-	-	-	-	109,183,565
-	-	-	-	22,253,296
-	-	-	-	(6,145,831)
$ -	$ -	$ -	$ -	$ 153,059,915

CITY OF WESTMINSTER

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Nine Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Revenues:				
Taxes	$ 47,794,596	$ 51,707,823	$ 59,082,016	$ 64,656,552
Licenses and permits	683,574	740,893	781,468	610,347
Fines	1,133,471	1,156,610	1,198,103	1,115,973
Investment and rental	2,142,508	1,168,895	2,583,482	3,323,952
Intergovernmental	5,390,846	2,673,376	3,995,166	4,010,412
Charges for services	6,048,718	5,530,755	5,981,705	6,230,734
Other	875,049	1,273,797	374,248	594,603
Total revenues	64,068,762	64,252,149	73,996,188	80,542,573
Expenditures				
Current:				
General government	4,402,404	4,869,899	6,143,610	7,152,460
Public safety	28,289,482	28,107,348	30,295,390	31,171,238
Public works	3,358,499	3,020,997	2,934,063	3,185,114
Community development	8,214,778	7,294,351	7,056,187	8,621,528
Community services	2,102,260	1,789,396	1,823,333	1,972,542
Capital outlay	5,680,079	10,126,674	12,022,185	18,959,758
Debt service:				
Principal retirement	1,528,873	1,602,971	4,617,646	4,345,269
Interest and fiscal charges	2,253,395	2,131,874	2,303,283	2,203,295
Note issuance cost	-	118,792	73,849	-
Bond issuance cost	-	-	-	-
Total expenditures	55,829,770	59,062,302	67,269,546	77,611,204
Excess (deficiency) of revenues over (under) expenditures	8,238,992	5,189,847	6,726,642	2,931,369
Other financing sources (uses):				
Sale of equipment and property	8,133	557,727	3,295	3,390
Issuance of notes	-	6,200,000	3,100,000	-
Refunding bonds issed	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers in	26,033,282	24,021,375	20,305,765	25,103,940
Transfers out	(25,968,650)	(23,897,738)	(19,949,775)	(23,880,599)
Total other financing sources (uses)	72,765	6,881,364	3,459,285	1,226,731
Net change in fund balances	$ 8,311,757	$ 12,071,211	$ 10,185,927	$ 4,158,100
Debt service as a percentage of noncapital expenditures	7.5%	6.7%	12.0%	12.1%

The City of Westminster has elected to show only nine years of data for this schedule.

Source: City Finance Department

Fiscal Year Ended June 30,				
2007	2008	2009	2010	2011
$ 73,577,733	$ 74,944,551	$ 72,937,249	$ 69,844,492	$ 73,504,074
673,474	788,416	541,564	620,236	530,628
1,122,580	1,163,930	1,204,324	933,524	1,110,773
6,333,700	7,940,173	6,576,597	4,484,131	2,490,896
7,086,980	8,796,697	6,681,802	5,523,241	7,578,633
6,731,530	7,182,259	7,147,861	8,159,633	7,329,150
637,458	411,497	600,436	699,080	822,043
96,163,455	101,227,523	95,689,833	90,264,337	93,366,197
8,691,822	9,889,172	10,202,999	22,574,407	12,752,912
33,692,840	34,862,431	35,678,439	35,994,815	35,095,326
3,704,058	3,963,226	3,894,763	3,526,715	3,461,921
10,118,124	11,488,332	11,387,018	11,791,113	11,816,018
2,181,583	2,327,286	2,345,372	2,370,867	2,315,418
8,712,611	10,481,427	18,211,162	35,440,808	66,502,982
4,512,892	1,494,041	567,487	1,548,636	1,766,261
2,071,102	2,901,203	998,797	6,359,141	5,718,438
-	-	-	-	-
-	2,038,705	4,684,354	-	772,601
73,685,032	79,445,823	87,970,391	119,606,502	140,201,877
22,478,423	21,781,700	7,719,442	(29,342,165)	(46,835,680)
1,679	15,660	6,034	5,602	1,846,367
-	-	73,055,000	-	40,265,000
-	35,656,258	-	-	-
-	(37,132,228)	-	-	-
22,073,375	41,091,464	44,647,832	34,907,052	49,301,182
(27,304,597)	(40,482,862)	(47,558,167)	(34,309,807)	(48,926,310)
(5,229,543)	(851,708)	70,150,699	602,847	42,486,239
$ 17,248,880	$ 20,929,992	$ 77,870,141	$ (28,739,318)	$ (4,349,441)
9.7%	6.1%	2.2%	9.2%	10.4%

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City Direct Rate:										
City basic rate	0.09340	0.09340	0.09340	0.09340	0.09340	0.09340	0.09340	0.09443	0.17142	0.09443
Redevelopment agency	0.21929	0.26190	0.31095	0.35554	0.39537	0.44615	0.47658	0.48403	0.39240	0.47443
Total City Direct Rate	0.31269	0.35530	0.40435	0.44894	0.48877	0.53955	0.56998	0.57846	0.56382	0.56886
Overlapping Rates:										
Special Districts	0.05171	0.05071	0.05011	0.04981	0.04921	0.04871	0.44000	0.04400	0.04300	0.04400
County of Orange	0.15285	0.15285	0.15285	0.15285	0.15285	0.15285	0.15250	0.15277	0.15277	0.15277
School Districts	0.70974	0.70974	0.71025	0.76727	0.75058	0.74778	0.71000	0.70980	0.70980	0.70980
Total Direct Rate	1.00770	1.00670	1.00661	1.06333	1.04604	1.04274	1.39590	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's Office

CITY OF WESTMINSTER

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2011 Taxable Assessed Value	2011 Percent of Total City Taxable Assessed Value	2002 Taxable Assessed Value	2002 Percent of Total City Taxable Assessed Value
Retail Property Trust	$ 97,628,008	1.44%	$ 103,078,182	2.47%
WRI Golden Gate South LP	65,716,068	0.97%	-	0.00%
PKI Pavilions Place	47,856,220	0.71%	-	0.00%
Asain Garden Limited	41,155,969	0.61%	20,279,439	0.49%
CPII Park Lane LLC	29,033,056	0.43%	-	0.00%
Mary Warne-Parks Trust	25,936,225	0.38%	-	0.00%
Macy's California Realty LLC	24,710,555	0.36%	-	0.00%
Springdale Villa LP	24,439,444	0.36%	-	0.00%
Avalon Center at Garden Grove, Inc.	21,440,000	0.32%	-	0.00%
Delma Corporation	20,477,882	0.30%	15,606,180	0.37%
BPP Golden State Acquisitions	-	0.00%	58,724,049	1.41%
Mitsui-SBD American Fund	-	0.00%	23,527,481	0.56%
CMF, Inc.	-	0.00%	17,234,953	0.41%
Thomas W. Warne Trust	-	0.00%	16,850,534	0.40%
California Drive-In Theaters	-	0.00%	14,126,816	0.34%
M. Westland LLC	-	0.00%	13,552,514	0.32%
Worldport LLC	-	0.00%	12,680,700	0.30%
	$ 398,393,427	5.88%	$ 295,660,848	7.07%

The amounts shown above include assessed value data for both the City and the Redevelopment 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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2002	$ 2,492,049	$ 2,471,035	99.16%	$ 1,714	$ 2,472,749	99.23%
2003	2,472,862	2,450,817	99.11%	1,453	2,452,270	99.17%
2004	2,476,077	2,454,647	99.13%	1,851	2,456,498	99.21%
2005	2,481,815	2,463,752	99.27%	1,699	2,465,451	99.34%
2006	2,479,852	2,454,465	98.98%	2,653	2,457,118	99.08%
2007	2,482,855	2,452,572	98.78%	3,956	2,456,528	98.94%
2008	2,480,113	2,473,935	99.75%	5,545	2,479,480	99.97%
2009	2,486,095	2,466,393	99.21%	n/a	2,466,393	99.21%
2010	2,474,260	2,448,073	98.94%	n/a	2,448,073	98.94%
2011	2,474,791	2,441,784	98.67%	n/a	2,441,784	98.67%

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

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

CITY OF WESTMINSTER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended June 30,	City			
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value
2002	$ 3,069,767,327	$ 101,438,368	$ 82,519,972	$ 3,088,685,723
2003	3,070,142,985	101,438,368	82,526,972	3,089,054,381
2004	4,615,203,550	187,047,921	82,526,972	4,719,724,499
2005	3,070,142,985	101,438,368	82,526,972	3,089,054,381
2006	3,070,314,334	101,438,368	82,526,972	3,089,225,730
2007	3,070,312,328	101,438,368	82,533,972	3,089,216,724
2008	3,069,628,787	101,438,368	82,540,972	3,088,526,183
2009	3,067,626,290	101,438,368	82,540,972	3,086,523,686
2010	3,067,626,290	101,438,368	82,540,972	3,086,523,686
2011	3,069,535,195	101,438,368	82,540,972	3,088,432,591

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

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

Sources: HdL Coren & Cone, Orange County Assessor 2009/2010 Combined Tax Rolls
Orange County Auditor-Controller

Redevelopment Agency				
Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
$ 4,010,413,851	$ 168,233,484	$ 86,276,891	$ 4,092,370,444	0.31269%
4,269,675,287	170,143,081	86,374,184	4,353,444,184	0.35530%
4,705,155,866	186,033,418	89,655,634	4,801,533,650	0.40435%
4,976,039,997	212,157,032	89,002,400	5,099,194,629	0.44894%
5,498,360,086	190,250,992	98,904,230	5,589,706,848	0.48877%
6,073,405,708	234,532,935	105,484,147	6,202,454,496	0.53955%
6,522,611,781	223,161,571	108,888,418	6,636,884,934	0.56998%
6,640,331,942	246,139,801	115,830,355	6,770,641,388	0.57846%
6,475,021,589	223,131,714	85,047,489	6,613,105,814	0.56382%
6,671,290,676	234,915,169	127,617,865	6,778,587,980	0.56886%

CITY OF WESTMINSTER

WATER CUSTOMERS

Current Year and Nine Years Ago

Water Customer	2011 Water Charges	2011 Percent of Total Water Revenues	2002 Water Charges	2002 Percent of Total Water Revenues
City of Westminster	$ 221,072	1.58%	$ 114,019	1.24%
Arnel Management	182,320	1.30%	137,063	1.49%
Westminster School District	107,893	0.77%	78,121	0.85%
Garden Grove Unified	104,691	0.75%	38,280	0.42%
Huntington Beach Union High School	84,813	0.61%	-	0.00%
Westminster Village HOA	74,249	0.53%	-	0.00%
Mission Del Amo Mobile Home Park	71,034	0.51%	45,394	0.49%
Tres Vidas Apartments	59,009	0.42%	-	0.00%
Birmingham Realty Services	58,542	0.42%	-	0.00%
Bolsa-Bushard LLC	57,100	0.41%	-	0.00%
Pembrook Management Company	-	0.00%	104,902	1.14%
Los Alisos	-	0.00%	41,010	0.45%
Yrun Sung Yim	-	0.00%	42,559	0.46%
HMR Property Management Company	-	0.00%	37,029	0.40%
Prado Verde Estates	-	0.00%	50,446	0.55%
Total	$ 1,020,723		$ 688,823	
Total Metered Water Sales	$ 13,978,193		$ 9,182,317	

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
2002	$ 4.50	$ 1.30
2003	4.05	1.20
2004	4.82	1.26
2005	4.82	1.26
2006	4.82	1.26
2007	4.82	1.26
2008	5.21	1.36
2009	5.21	1.56
2010	5.78	1.97
2011	6.52	2.25

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

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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
2002	$ 2,929,686	$ 37,867	$ 614,889	$ -	$ 81,852	3,664,294
2003	7,395,139	79,095	1,527,961	-	101,899	9,104,094
2004	7,411,563	91,508	1,444,947	-	183,526	9,131,544
2005	7,740,877	91,961	1,521,968	-	107,159	9,461,965
2006	8,338,946	103,672	1,661,118	-	118,161	10,221,897
2007	8,477,163	91,779	1,617,759	-	92,457	10,279,158
2008	8,454,873	107,602	1,696,826	-	102,111	10,361,412
2009	9,125,193	105,137	1,750,138	-	106,469	11,086,937
2010	10,159,526	122,059	2,027,216	-	111,499	12,420,300
2011	11,304,445	120,700	2,311,541	-	96,485	13,833,171

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	Certificates of Participation	Notes Payable	Capitalized Lease	Total Governmental Activities
2002	$ 40,156,185	$ 7,958,921	$ 1,125,000	$ 50,175	$ 49,290,281
2003	36,385,000	10,319,635	770,000	18,062	47,492,697
2004	41,480,000	9,744,163	695,000	-	51,919,163
2005	40,805,000	9,133,691	300,000	-	50,238,691
2006	36,925,000	8,498,219	300,000	-	45,723,219
2007	32,895,000	7,837,747	300,000	-	41,032,747
2008	30,140,000	7,479,879	300,000	-	37,919,879
2009	103,195,000	6,699,671	300,000	-	110,194,671
2010	102,235,000	5,889,463	300,000	-	108,424,463
2011	141,340,000	5,054,255	300,000	-	146,694,255

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

Source: City Finance Department

Business-type Activities					
Certificates of Participation	Loans Payable	Total Business-type Activities	Total Primary Government	Percentage of Personal Income	Debt per Capita
$ 4,297,883	$ 2,866,358	$ 7,164,241	$ 56,454,522	5.05%	629
4,183,950	4,566,670	8,750,620	56,243,317	4.78%	620
4,065,018	4,417,041	8,482,059	60,401,222	4.81%	660
3,936,086	4,157,757	8,093,843	58,332,534	4.38%	632
3,802,154	3,886,724	7,688,878	53,412,097	3.71%	577
3,663,223	3,604,845	7,268,068	48,300,815	3.14%	520
4,619,091	2,386,023	7,005,114	44,924,993	2.90%	483
4,220,083	2,296,152	6,516,235	116,710,906	n/a	1,251
3,806,075	2,203,127	6,009,202	114,433,665	n/a	1,214
3,377,067	2,106,835	5,483,902	152,178,157	n/a	1,692

CITY OF WESTMINSTER

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Outstanding General Bonded Debt: General Obligation Bonds	Tax Allocation Bonds	Total	Percent of Assessed Value	Per Capita
2002	$ -	$ -	$ -	0.00%	$ -
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	-	-	-	0.00%	-
2010	-	-	-	0.00%	-
2011	-	-	-	0.00%	-

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

Source: City Finance Department

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING DEBT

June 30, 2011

City Assessed Valuation	$ 6,779,971,901
Redevelopment Agency Incremental Valuation	(3,611,158,747)
Total Assessed Valuation	$ 3,168,813,154

	Percentage Applicable (1)	Outstanding Debt 6/30/11	Estimated Share of Overlapping Debt
Direct Debt Repaid with Property Taxes:			
Metropolitan Water District	0.177%	$ 227,670,000	$ 402,976
Coast Community College District	3.568%	326,768,867	11,717,932
Garden Grove Unified School District	5.748%	130,000,160	7,472,409
Westminster School District	45.003%	34,290,681	15,431,835
Huntington Beach Union High School District	6.817%	227,824,998	15,530,830
City of Westminster 1915 Act Bonds	100.000%	70,000	70,000
Total Direct Debt Repaid with Property Taxes		$ 946,624,706	$ 50,625,982
Overlapping Other Debt:			
Orange County General Fund Obligations	0.848%	$ 316,898,000	$ 2,687,295
Orange County Pension Obligations	0.848%	54,682,497	463,708
Orange County Board of Education Certificates of Participation	0.848%	19,000,000	161,120
Municipal Water District of Orange County Water Facilities Corporation	0.997%	14,120,000	140,776
Huntington Beach Union High School District Certificates of Participation	6.817%	59,776,090	4,074,936
Ocean View School District Certificates of Participation	2.894%	6,650,000	192,451
Westminster School District Certificates of Participation	45.003%	24,150,000	10,868,225
City of Westminster Certificates of Participation	100.000%	5,325,000	5,325,000
Total Gross Overlapping Other Debt		$ 500,601,587	23,913,511
Less: MWDOC Water Facilities Corporation (100% self-supporting)			(140,776)
Total Net Overlapping Other Debt			$ 23,772,734
Gross Combined Total Direct and Overlapping Debt			$ 74,398,717

Notes:
(1) Percentage of overlapping agency's assessed valuation located with boundaries of the City.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics

CITY OF WESTMINSTER

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2002	2003	2004	2005
Assessed valuation	$ 2,307,051,267	$ 3,171,581,353	$ 3,171,581,353	$ 3,171,581,353
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	576,762,817	792,895,338	792,895,338	792,895,338
Debt limit percentage	15%	15%	15%	15%
Debt limit	86,514,423	118,934,301	118,934,301	118,934,301
Total net debt applicable to limitation: General obligation bonds	-	-	-	-
Legal debt margin	$ 86,514,423	$ 118,934,301	$ 118,934,301	$ 118,934,301
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.

Sources: Orange County Assessor's Office
City Finance Department

Fiscal Year Ended June 30,					
2006	2007	2008	2009	2010	2011
$ 3,171,752,702	$ 3,171,750,696	$ 3,171,050,607	$ 3,171,067,155	$ 3,169,064,658	$ 3,168,813,154
25%	25%	25%	25%	25%	25%
792,938,176	792,937,674	792,762,652	792,766,789	792,266,165	792,203,289
15%	15%	15%	15%	15%	15%
118,940,726	118,940,651	118,914,398	118,915,018	118,839,925	118,830,493
-	-	-	-	-	-
$ 118,940,726	$ 118,940,651	$ 118,914,398	$ 118,915,018	$ 118,839,925	$ 118,830,493
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					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2002	$ 9,634,056	$ 7,388,576	$ 2,245,480	$ 125,000	$ 205,701	6.79
2003	9,637,017	7,384,480	2,252,537	130,000	200,135	6.82
2004	10,304,125	8,375,396	1,928,729	135,000	194,352	5.86
2005	10,524,867	9,035,378	1,489,489	145,000	188,241	4.47
2006	10,259,147	9,237,504	1,021,643	150,000	181,802	3.08
2007	10,817,613	9,885,518	932,095	155,000	175,146	2.82
2008	10,956,615	10,096,961	859,654	200,011	291,052	1.75
2009	11,238,147	10,284,546	953,601	473,459	243,728	1.33
2010	12,730,344	10,334,102	2,396,242	490,165	230,258	3.33
2011	14,446,563	10,625,725	3,820,838	506,930	215,261	5.29

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

Source: City Finance Department

CITY OF WESTMINSTER

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (1)	Personal Income (in thousands)(2)*	Per Capita Personal Income (2) *	Unemployment Rate (3)
2002	89,683	$ 111,750,294	$ 38,109	6.70%
2003	90,643	117,722,484	39,745	6.90%
2004	91,464	125,670,056	42,115	6.30%
2005	92,270	133,031,819	44,453	5.00%
2006	92,566	143,949,044	48,209	4.70%
2007	92,870	153,838,702	52,009	3.90%
2008	93,027	155,118,375	51,894	5.30%
2009	93,284	n/a	n/a	10.70%
2010	94,294	n/a	n/a	11.50%
2011	89,937	n/a	n/a	9.60%

Sources:
(1) State Department of Finance
* (2) BEA - Bureau of Economic Analysis (Orange County)
(3) U.S. Dept of Labor, Bureau of Labor & Statistics

CITY OF WESTMINSTER

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

	2011		2002	
Employer	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
City of Westminster	364	0.88%	2002 Data not available	
Walmart	350	0.85%		
Macy's	300	0.73%		
Target	230	0.56%		
Best Buy	200	0.49%		
Home Depot	200	0.49%		
Lowe's	200	0.49%		
Magnolia Home Theater	200	0.49%		
Piercey Automotive	200	0.49%		
Sears	200	0.49%		
Westminster High School	200	0.49%		

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

Sources: Info Group
U.S. Department of Labor, Bureau of Labor and Statistic
City Finance Department

CITY OF WESTMINSTER

FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	74	76	57	57	47	46	47	49	47	39
Public safety	179	178	171	174	169	168	174	171	167	162
Public works	39	36	33	36	35	38	36	34	29	30
Community development	45	58	55	39	50	46	43	40	43	42
Community service	64	41	63	64	64	66	73	74	68	63
Water	32	29	28	30	28	29	31	29	28	28
Total	433	418	407	400	393	393	404	397	382	364

Source: City Finance Department

CITY OF WESTMINSTER

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Arrests	2,517	2,384	2,384	2,384	2,694	2,568	*1,663	2,092	2,553	2,547
Traffic violations	11,368	14,102	10,863	10,863	11,763	8,796	6,547	6,662	11,432	11,106
Parking violations	16,190	17,608	18,321	18,321	21,839	21,731	15,884	19,102	15,504	16,322
Fire:										
Number of calls answered	5,498	5,674	5,729	5,898	5,804	5,665	*4,248	5,835	5,781	5,880
Inspections conducted	2,759	1,149	1,382	1,552	2,846	1,547	*644	1,820	1,347	1,945
Public works:										
Street resurfacing (miles)	6.84	9.03	17.86	11.73	7.00	9.00	18.00	15.00	18.00	16.78
Parks and recreation:										
Number of recreation classes	554	707	602	673	988	924	991	786	532	1,391
Number of facility rentals	68	53	80	76	84	89	85	80	80	87
Water:										
New connections	295	353	410	284	56	38	**7,095	**4,214	**3,725	**3,317
Average daily consumption (in hundred cubic feet)	6,333	16,188	16,120	15,576	15,176	15,367	14,910	14,678	13,477	13,219

* As of September 30, 2008

** 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,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works:										
Street (miles)	161	171	171	171	171	171	171	180	180	180
Streetlights	4,700	4,700	4,687	4,687	4,687	4,695	4,697	4,697	4,697	4,662
Traffic signals	61	61	62	63	64	64	68	66	66	68
Parks and recreation:										
Parks	24	25	25	25	25	24	24	25	25	25
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	157	157	157	157	157	230	230	230	230	230
Maximum daily capacity (in acre per feet per day)	67	81	60	60	60	76	76	76	76	73

Source: City of Westminster

City of Progress Built on Pride

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www.ci.westminster.ca.us