

City of *Westminster, California*



Comprehensive
Annual Financial
Report

Fiscal Year Ended
June 30, 2012



CITY OF WESTMINSTER, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2012

Prepared by:

Department of Finance

Eddie Manfro
City Manager

This page intentionally left blank

CITY OF WESTMINSTER

TABLE OF CONTENTS

June 30, 2012

	<u>Page Number</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	i - vi
Principal Officials	vii
Organization Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
FINANCIAL SECTION:	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Required Supplementary Information)	3 - 20
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	21
Statement of Activities	22 - 23
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	24 - 25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	27
Statement of Revenues, Expenditures and Changes in Fund Balances	28 - 29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds:	
Statement of Net Assets	31 - 32
Statement of Revenues, Expenses and Changes in Fund Net Assets	33
Statement of Cash Flows	34 - 35
Fiduciary Funds:	
Statement of Net Assets	36
Statement of Changes in Net Assets	37
Notes to Basic Financial Statements	39 - 87

CITY OF WESTMINSTER

TABLE OF CONTENTS
(CONTINUED)

June 30, 2012

	<u>Page Number</u>
FINANCIAL SECTION (CONTINUED):	
Required Supplementary Information:	
Schedules of Funding Progress:	
CalPERS Miscellaneous Pension Plan	89
Other Post-Employment Benefit Plan	89
Budgetary Comparison Schedules:	
General Fund	91
Westminster Housing Authority Special Revenue Fund	92
Housing and Community Development Special Revenue Fund	93
Special Gas Tax and Street Improvements Special Revenue Fund	94
Note to Required Supplementary Information	95
Supplementary Information:	
Other Governmental Funds:	97
Combining Balance Sheet	98 - 99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	100 - 101
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Parks Dedication Special Revenue Fund	102
Special Police Services Special Revenue Fund	103
Municipal Lighting Special Revenue Fund	104
Other Grants Special Revenue Fund	105
Offsite Drainage District Special Revenue Fund	106
Community Promotion Special Revenue Fund	107
RDA Low and Moderate Income Housing Special Revenue Fund	108
Debt Service Funds:	109
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Redevelopment Agency Debt Service Fund	110
Internal Service Funds:	111
Combining Statement of Net Assets	112 - 115
Combining Statement of Revenues, Expenses and Changes in Net Assets	116 - 117
Combining Statement of Cash Flows	118 - 119
Agency Funds:	121
Statement of Changes in Assets and Liabilities	122

CITY OF WESTMINSTER

TABLE OF CONTENTS
(CONTINUED)

June 30, 2012

	<u>Page Number</u>
STATISTICAL SECTION:	
Description of Statistical Section Contents	123
Financial Trends:	
Net Assets by Component - Last Ten Fiscal Years	124 - 125
Changes in Net Assets - Expenses and Program Revenues - Last Ten Fiscal Years	126 - 127
Changes in Net Assets - General Revenues - Last Ten Fiscal Years	128 - 129
Fund Balances of Governmental Funds - Last Ten Fiscal Years	130 - 131
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	132 - 133
Revenue Capacity:	
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	134
Principal Property Taxpayers	135
Property Tax Levies and Collections - Last Ten Fiscal Years	137
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	138 - 139
Water Customers	140
Water Rates - Last Ten Fiscal Years	141
Water Sold by Customer - Last Ten Fiscal Years	143
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	144 - 145
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	146
Direct and Overlapping Debt	147
Legal Debt Margin Information - Last Ten Fiscal Years	148 - 149
Pledged Revenue Coverage - Last Ten Fiscal Years	150
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years	151
Principal Employers	152
Operating Information:	
Full-Time Equivalent City Employees by Function - Last Ten Fiscal Years	153
Operating Indicators by Function - Last Ten Fiscal Years	154
Capital Asset Statistics by Function - Last Ten Fiscal Years	155

This page intentionally left blank

INTRODUCTORY SECTION

This page intentionally left blank



City of Westminster

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

December 17, 2012

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, 2012.

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, 2012, 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, 2012, 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.

MARGIE L. RICE
Mayor

TRI TA
Mayor Pro Tem

FRANK G. FRY
Council Member

ANDY QUACH
Council Member

TYLER DIEP
Council Member

EDDIE MANFRO
City Manager

The independent audit of the financial statements of the City of Westminster was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Westminster’s separately issued Single Audit Report to be filed by March 13, 2013.

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 90,677.

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 Financing Authority. The City has accounted for the 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 91 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 92 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. While the State of California and local jurisdictions within Orange County continue to contend with a sluggish recovery resulting from the past economic downturn, revenues have begun to stabilize, supporting the national forecasts of a shallow recovery. While this stabilization provides an indication of positive growth, it is too early to forecast the strength or speed of this growth. Given the depth of the recent recession, impact on the local economy has been far reaching and will take a considerable amount of time to fully recover to prerecession levels.

Economists expect California and local jurisdictions within Orange County will continue to experience a slow paced economic recovery as the real estate and financial markets continue to improve. While the City is currently seeing a measured improvement in the housing market, the impact of the economic conditions that have existed for the past five years have taken a toll on the City of Westminster's general fund and reserve balances. Actual general fund revenues have increased from last year's general fund revenues by \$1.6 million (or 4.0%). While this is an improvement over last year's decline of \$434 thousand (or 1.0%), the revenues of \$42.7 million is significantly below our peak of \$48 million in 2008. While taxes actually increased for the second time in four years by \$1.3 million (or 4.3%), several other revenues declined with the largest decreases in "charges for services", which saw a decline of \$311 thousand (or 4.6%) and "fines", which saw a decline of \$223 thousand (or 20.4%).

These declines have been coupled with the ongoing reduction of funding from both the State and Federal 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. Currently, the City is dealing with the aftermath of the passing of Assembly Bill 1x 26 (the dissolution of redevelopment agencies act) and Assembly Bill 1484. See Notes 15 and 16 of these financial statements for more information. The elimination of redevelopment agencies statewide has had a significant impact on the City's ability to maintain capital improvement schedules and fund future projects. In addition to significantly hindering the City's ability to fund capital improvement projects and support economic development efforts, the dissolution directly impacts the City's General Fund as the Westminster Redevelopment Agency was staffed by City personnel.

To help mitigate the potential decline in general fund revenues, and the eventual loss of redevelopment funds, staff reduced the operating budget by implementing a golden handshake program to its employees as an incentive for early retirement during fiscal years 2010 and 2011. In addition, a severance package was offered to employees whose jobs were at risk during the fiscal year 2012. While the majority of those employees with at risk positions remained employed throughout the fiscal year, the result of all these incentives has resulted in the decrease of salaries by \$307 thousand city wide in 2012, \$917 thousand city wide in 2011, and \$459 thousand city wide in 2010. In spite of these expenditure reductions, the overall actual general fund expenditures exceed general fund revenues by \$2.4 million for the fiscal year 2011-12.

In spite of these challenges, the City continues to focus on ensuring a high level of service to our residents. As the local economy begins to improve, the City of Westminster's strategic location in the heart of Orange County provides many opportunities to reap the benefits of renewed consumer confidence and the loosening of the credit markets. 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, Wal-Mart, Home Depot, Best Buy, Target, and the Westminster Mall, there is still room for growth. The City recently added flagship Infiniti dealership, as well as a multi tenant RV dealership to its ever growing business base. 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, there is a demonstrated 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

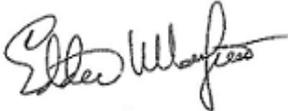
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Westminster for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2011. This was the seventeenth consecutive year that the City 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 two year 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,

A handwritten signature in black ink, appearing to read "Eddie Manfro". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Eddie Manfro
City Manager

CITY OF WESTMINSTER

Principal Officials

CITY COUNCIL

MARGIE L. RICE, Mayor

TRI TA, Mayor Pro Tem

TYLER DIEP, Council Member

FRANK G. FRY, Council Member

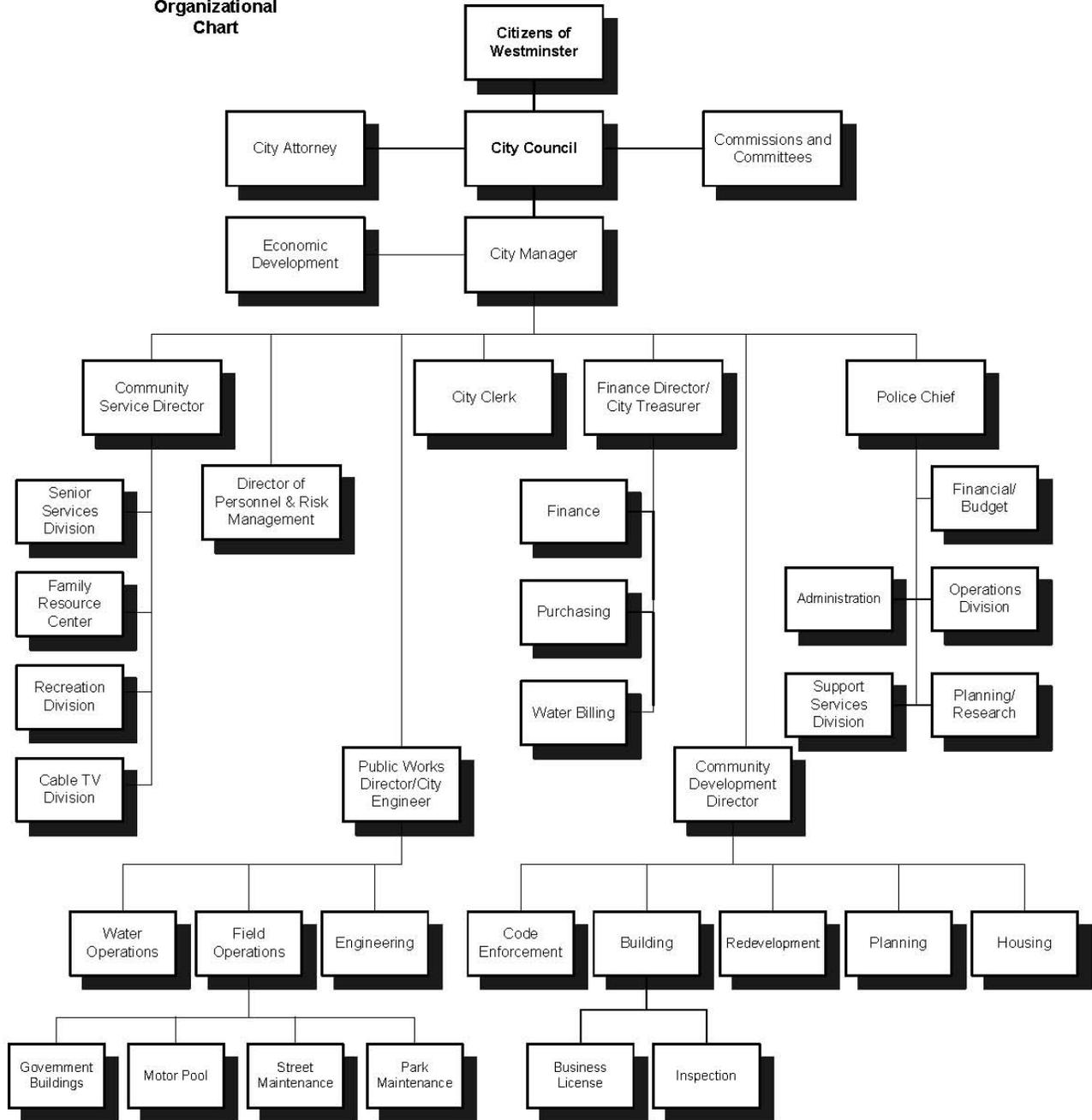
ANDY QUACH, Council Member

CITY STAFF

Eddie Manfro	City Manager
Richard D. Jones	City Attorney
Kevin Baker	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, 2011

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.



Linda C. Sandison

President

Jeffrey R. Emer

Executive Director

This page intentionally left blank

FINANCIAL SECTION

This page intentionally left blank

CITY OF WESTMINSTER

Comprehensive Annual Financial Report

June 30, 2012

Financial Section

This page intentionally left blank

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, 2012, 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 also includes 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, 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, 2012, 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 explained further in Note 16, the California State Legislature has enacted legislation that provided for the dissolution of redevelopment agencies in the State of California.

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2012 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 Dickel Evans LLP

Irvine, California
December 17, 2012

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, 2012, along with comparisons to the fiscal year ended June 30, 2011. 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 \$338.2 million (net assets) as of June 30, 2012. Of this amount, \$71.8 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 \$34.8 million or 11.5 percent. Revenues decreased by \$17.4 million, while expenses decreased \$11.4 million. The revenue decrease is mostly due to decreases of \$22.4 million in taxes. Most expenses decreased with the largest decreases coming from general government, which had a decrease of \$9.9 million and community development which had a decrease of \$3.6 million. The majority of the overall changes to revenue and expenses are related to the passing of Assembly Bill 1x 26 which approved the dissolution of the redevelopment agencies as of February 1, 2012. As of February 1, 2012 the assets, liabilities, and fund balances of the Westminster Redevelopment Agency (WRA) were transferred to the Successor Agency to the Westminster Redevelopment Agency (SA-WRA). Additional information can be found in Notes 15 and 16 in the notes to the basic financial statements.
- As of June 30, 2012 the City's governmental funds reported a combined ending fund balance of \$78.8 million, a decrease of \$101.6 million. \$25.5 million is unassigned and is available for spending at the City's discretion.
- Unassigned fund balance for the General Fund was \$26.8 million, or 60 percent of total General Fund expenditures.
- Total City debt (excluding compensated absences and claims liabilities) decreased by \$142.7 million, or 94 percent. Changes in debt consisted of the removal of the WRA's debt of \$140.1 million, principal reduction payments of \$2.5 million, and \$50,785 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 WRA, a blended component unit with balances through January 31, 2012, 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, Westminster Housing Authority, Housing and Community Development, Special Gas Tax and Street Improvements, Westminster Redevelopment Agency Debt Service, Capital Improvements, 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 97 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 91 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 111 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 pages 36-37 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 39-87 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 89-95 of this report.

Combining statements and individual fund statements for other governmental funds, debt service fund, internal service funds and the agency funds are presented immediately following the required supplementary information, and can be found on pages 97-122 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 \$338.2 million at June 30, 2012. This is an increase of \$34.8 million as summarized below and on the following pages. A more detailed "Statement of Net Assets" can be found on page 21 of this report.

Statement of Net Assets				
Governmental Activities				
	June 30, 2012	June 30, 2011	Increase/ (Decrease) From 2011	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 106,703,254	\$ 229,173,909	\$ (122,470,655)	-53.44%
Capital assets, net of accumulated depreciation	228,890,665	224,949,120	3,941,545	1.75%
Total assets	335,593,919	454,123,029	(118,529,110)	-26.10%
Liabilities:				
Current and other liabilities	11,553,696	26,528,927	(14,975,231)	-56.45%
Long-term liabilities	21,380,976	157,443,820	(136,062,844)	-86.42%
Total liabilities	32,934,672	183,972,747	(151,038,075)	-82.10%
Net assets				
Invested in capital assets, net of related debt	224,286,618	130,622,799	93,663,819	71.71%
Restricted	14,770,657	81,222,098	(66,451,441)	-81.81%
Unrestricted	63,601,972	58,305,385	5,296,587	9.08%
Total net assets	\$ 302,659,247	\$ 270,150,282	\$ 32,508,965	12.03%

Governmental activities had the greatest changes occur in "Current and other assets", "Long-term liabilities", "Invested in capital assets, net of related debt", and "Net assets - Restricted". The majority of these changes are a result of the City's dissolution of the WRA, and subsequent transfer of the asset, liability and fund balances at February 1, 2012 to SA-WRA. The "Statement of Net Assets for Fiduciary Funds", which includes SA-WRA balances at June 30, 2012, can be found on pages 36-37 of this report. Additional information on the dissolution of the WRA can also be found in Notes 15 and 16 in the notes to the basic financial statements.

See accompanying independent auditor's report.

The decrease in “Current and other assets” of \$122.5 million or 53.43 percent occurred in part, due to the transfer of \$117.1 million in “Current and other assets” to the SA-WRA at February 1, 2012.

“Long-term liabilities” decreased by \$136.1 million or 86.42 percent due to the transfer of \$131.0 million in “Long-term liabilities” to the SA-WRA at February 1, 2012.

“Invested in capital assets, net of related debt”, increased by \$93.7 million or 71.71 percent. This is due to the transferring of debt of \$140.1 million to the SA-WRA without transferring out the related capital assets. Most of the related capital assets were transferred to the City, and remain as part of the current “Invested in capital assets, net of related debt” calculation.

“Net assets - Restricted” decreased by \$66.5 million or 81.81 percent. Prior year’s balance included amounts related to the WRA for debt, capital projects, and low and moderate income housing. The current year’s balance no longer reflects these amounts after the transfer to SA-WRA.

Statement of Net Assets

	Business-type Activity			
	June 30, 2012	June 30, 2011	Increase/ (Decrease) From 2011	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 10,096,915	\$ 7,112,368	\$ 2,984,547	41.96%
Capital assets, net of accumulated depreciation	32,185,328	33,297,202	(1,111,874)	-3.34%
Total assets	<u>42,282,243</u>	<u>40,409,570</u>	<u>1,872,673</u>	4.63%
Liabilities:				
Current and other liabilities	2,071,523	2,171,768	(100,245)	-4.62%
Long-term liabilities	4,647,662	4,919,230	(271,568)	-5.52%
Total liabilities	<u>6,719,185</u>	<u>7,090,998</u>	<u>(371,813)</u>	-5.24%
Net assets:				
Invested in capital assets, net of related debt	27,240,106	27,813,299	(573,193)	-2.06%
Restricted	113,158	113,160	(2)	0.00%
Unrestricted	8,209,794	5,392,113	2,817,681	52.26%
Total net assets	<u>\$ 35,563,058</u>	<u>\$ 33,318,572</u>	<u>\$ 2,244,486</u>	6.74%

Business-type activity remained fairly static for fiscal years 2012 and 2011. The City has seen slight increases in net assets over the last two years (6.74 percent in 2012, and 5.03 percent in 2011). The greatest changes occurred in “Current and other assets”, “Capital assets, net of accumulated depreciation”, and “Net assets – Unrestricted”.

The increase in “Current and other assets”, of \$3.0 million or 41.96 percent is due to an increase in “Cash and investments” of \$3.0 million.

The decrease in “Capital assets, net of accumulated depreciation”, of \$1.1 million or 3.34 percent is due to depreciation expense of \$1.1 million.

See accompanying independent auditor’s report.

The increase in “Net assets - Unrestricted”, of \$2.8 million or 52.26 percent is due to an increase in net assets of \$2.2 million, and a decrease of \$573 thousand in “Invested in net assets, net of related debt”. No action was taken during the year by Council to restrict any of the new fund balance.

Statement of Net Assets

	Primary Government			
	June 30, 2012	June 30, 2011	Increase/ (Decrease) From 2011	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 116,800,169	\$ 236,286,277	\$ (119,486,108)	-50.57%
Capital assets, net of accumulated depreciation	261,075,993	258,246,322	2,829,671	1.10%
Total assets	<u>377,876,162</u>	<u>494,532,599</u>	<u>(116,656,437)</u>	-23.59%
Liabilities:				
Current and other liabilities	13,625,219	28,700,695	(15,075,476)	-52.53%
Long-term liabilities	26,028,638	162,363,050	(136,334,412)	-83.97%
Total liabilities	<u>39,653,857</u>	<u>191,063,745</u>	<u>(151,409,888)</u>	-79.25%
Net assets:				
Invested in capital assets, net of related debt	251,526,724	158,436,098	93,090,626	58.76%
Restricted	14,883,815	81,335,258	(66,451,443)	-81.70%
Unrestricted	71,811,766	63,697,498	8,114,268	12.74%
Total net assets	<u>\$ 338,222,305</u>	<u>\$ 303,468,854</u>	<u>\$ 34,753,451</u>	11.45%

The City’s restricted portion of net assets (\$14.9 million or 4.40 percent) represents resources that are subject to external restrictions on how they may be used. This is a \$66.5 million, or 81.70 percent decrease from prior year.

Unrestricted net assets (\$71.8 million or 21.2 percent) increased \$8.1 million or 12.74 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 (74.4 percent) of the City’s net assets reflects its investment of \$251.5 million in capital assets (net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall increase of \$93.1 million, or 58.76 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.

At the end of fiscal year 2012, 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.

See accompanying independent auditor’s report.

Statement of Activities

The statement of activities shows how the government's net assets changed during fiscal year 2012. Again the majority of the changes are the result of the dissolution of the WRA. Only seven months of WRA activity is shown in fiscal year 2012. The City's net assets increased overall by \$34.8 million as summarized below and on the following pages. A more detailed "Statement of Net Activities", can be found on pages 22-23 of this report.

Statement of Activities

	Governmental Activities			
	For the year ended		Increase/ (Decrease) From 2011	Percent Increase/ (Decrease)
	June 30, 2012	June 30, 2011		
Revenues:				
Program revenues:				
Charges for services	\$ 7,449,607	\$ 7,238,677	\$ 210,930	2.91%
Operating grants and contributions	9,931,063	11,945,008	(2,013,945)	-16.86%
Capital grants and contributions	8,122,092	1,171,634	6,950,458	593.23%
General revenues:				
Taxes	46,241,364	68,665,579	(22,424,215)	-32.66%
Unrestricted investment earnings	1,266,006	1,885,430	(619,424)	-32.85%
Total Revenues	<u>73,010,132</u>	<u>90,906,328</u>	<u>(17,896,196)</u>	-19.69%
Expenses				
General government	1,904,232	11,836,459	(9,932,227)	-83.91%
Public safety	39,706,407	37,050,903	2,655,504	7.17%
Public works	12,138,788	10,839,138	1,299,650	11.99%
Community development	11,110,694	14,699,366	(3,588,672)	-24.41%
Community services	2,874,153	2,977,448	(103,295)	-3.47%
Interest on long term debt	4,624,156	6,135,877	(1,511,721)	-24.64%
Total Expenses	<u>72,358,430</u>	<u>83,539,191</u>	<u>(11,180,761)</u>	-13.38%
Increase (decrease) in net assets before transfers	651,702	7,367,137	(6,715,435)	-91.15%
Transfers	<u>597,070</u>	<u>587,052</u>	<u>10,018</u>	1.71%
Increase (decrease) in net assets	1,248,772	7,954,189	(6,705,417)	-84.30%
Extraordinary gain	31,260,193	-	31,260,193	-
Net assets - Beginning of Year	<u>270,150,282</u>	<u>262,196,093</u>	<u>7,954,189</u>	3.03%
Net assets - End of Year	<u>\$ 302,659,247</u>	<u>\$ 270,150,282</u>	<u>\$ 32,508,965</u>	12.03%

Governmental activities increased the City's net assets by \$1.2 million. Public safety remains the largest expense function (54.9 percent), followed by public works (16.8 percent), community development (15.4 percent), interest on long term debt (6.4 percent) community services (3.9 percent), and general government (2.6 percent). General revenues such as property and sales tax are not shown by program, but are effectively used to support program activities citywide.

See accompanying independent auditor's report.

Revenues decreased by \$17.9 million or 19.69 percent. The majority of the decrease in “General revenues - Taxes” is due to the loss of property tax revenue of \$22.8 million. Of this amount \$17.3 pertains to the WRA which decreased by \$17.3 million during fiscal year 2012. “Capital grants and contributions” increased by \$7.0 million or 593.23 percent. This revenue source will vary from year to year, depending on the completion of grant funded projects. The current year includes capital assets of \$6.3 million transferred from SA-WRA to the City. The majority of these additions are construction in progress on public use properties.

Operating expenses decreased most significantly in “General government”, which decreased by \$9.9 million (83.91 percent). The majority of this loss is associated with two WRA expenses: pass-through costs, and the Supplemental Educational Revenue Augmentation Fund (SERAF) payment. Pass-through costs are agreements with various government entities to “pass through” portions of tax increments received, to entities which are located within the Agency’s project area. The amount paid in 2011 was \$6.6 million. The SERAF payment was a required payment of the WRA to the County of Orange as required by the State of California. The amount paid in 2011 was \$2.5 million. “Community development” decreased by \$3.6 million (24.41 percent). In fiscal year 2011, the City increased the amounts spent in this area as they tried to complete projects that had been ongoing in the WRA. 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 14.494 percent and 25.821 percent respectively in fiscal year 2012. This is an increase from fiscal year 2011’s 10.17 percent for the Miscellaneous Plan and 20.88 percent for the Safety Plan.

Statement of Activities

	Business-type Activity			
	For the year ended		Increase/ (Decrease) From 2011	Percent Increase/ (Decrease)
	June 30, 2012	June 30, 2011		
Revenues:				
Program revenues:				
Charges for services	\$ 14,842,016	\$ 14,374,002	\$ 468,014	3.26%
General revenues:				
Unrestricted investment earnings	72,467	72,561	(94)	-0.13%
Total Revenues	<u>14,914,483</u>	<u>14,446,563</u>	<u>467,920</u>	3.24%
Expenses:				
Water enterprise	12,072,927	12,264,194	(191,267)	-1.56%
Total Expenses	<u>12,072,927</u>	<u>12,264,194</u>	<u>(191,267)</u>	-1.56%
Increase (decrease) in net assets before transfers	2,841,556	2,182,369	659,187	30.21%
Transfers	<u>(597,070)</u>	<u>(587,052)</u>	<u>(10,018)</u>	1.71%
Increase (decrease) in net assets	2,244,486	1,595,317	649,169	40.69%
Net assets - Beginning of Year	<u>33,318,572</u>	<u>31,723,255</u>	<u>1,595,317</u>	5.03%
Net assets - End of Year	<u>\$ 35,563,058</u>	<u>\$ 33,318,572</u>	<u>\$ 2,244,486</u>	6.74%

Business-type activities increased the City’s net assets by \$2.2 million. The Water Utility Fund implemented a utility rate increase during the year, resulting in an increase of revenue of \$468 thousand or 3.26 percent. “Unrestricted investment earnings” remained static. Although cash increased \$3.0 million, interest rates have continued to decline. Operating expenses decreased slightly by \$191 thousand or 1.56 percent. For the water utility, fees provide the largest share of revenues (99.50 percent).

See accompanying independent auditor’s report.

Statement of Activities

	Primary Government			
	For the year ended		Increase/ (Decrease) From 2011	Percent Increase/ (Decrease)
	June 30, 2012	June 30, 2011		
Revenues:				
Program revenues:				
Charges for services	\$ 22,291,623	\$ 21,612,679	\$ 678,944	3.14%
Operating grants and contributions	9,931,063	11,945,008	(2,013,945)	-16.86%
Capital grants and contributions	8,122,092	1,171,634	6,950,458	593.23%
General revenues:				
Taxes	46,241,364	68,665,579	(22,424,215)	-32.66%
Unrestricted investment earnings	1,338,473	1,957,991	(619,518)	-31.64%
Total Revenues	<u>87,924,615</u>	<u>105,352,891</u>	<u>(17,428,276)</u>	-16.54%
Expenses:				
General government	1,904,232	11,836,459	(9,932,227)	-83.91%
Public safety	39,706,407	37,050,903	2,655,504	7.17%
Public works	12,138,788	10,839,138	1,299,650	11.99%
Community development	11,110,694	14,699,366	(3,588,672)	-24.41%
Community services	2,874,153	2,977,448	(103,295)	-3.47%
Interest on long term debt	4,624,156	6,135,877	(1,511,721)	-24.64%
Water enterprise	12,072,927	12,264,194	(191,267)	-1.56%
Total Expenses	<u>84,431,357</u>	<u>95,803,385</u>	<u>(11,372,028)</u>	-11.87%
Increase (decrease) in net assets	3,493,258	9,549,506	(6,056,248)	-63.42%
Extraordinary gain	31,260,193	-	31,260,193	-
Net assets - Beginning of Year	<u>303,468,854</u>	<u>293,919,348</u>	<u>9,549,506</u>	3.25%
Net assets - End of Year	<u>\$ 338,222,305</u>	<u>\$ 303,468,854</u>	<u>\$ 34,753,451</u>	11.45%

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 \$101.6 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 fiscal year ended June 30, 2011, 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 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds. Refer to pages 24-30 of this report for more detail on governmental funds.

As of June 30, 2012, the City’s governmental funds reported combined ending fund balances of \$78.8 million, a decrease of \$101.6 million in comparison with the prior year. Of the \$78.8 million, \$27.7 million, or 35.1 percent, is classified as nonspendable fund balance, \$5.8 million, or 7.3 percent, is classified as restricted fund balance, \$19.9 million or 25.3 percent, is classified as assigned fund balance, and \$25.5 million or 32.3 percent is classified as unassigned fund balance. For a more detailed description of these classifications see Note 12 in the notes to the basic financial statements.

See accompanying independent auditor’s report.

The General Fund is the chief operating fund of the City. As of June 30, 2012, the total fund balance was \$26.9 million. The nonspendable portion of this balance is \$39 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 59.6 percent of total General Fund expenditures.

The major factors in fund balance changes are as follows:

Governmental Funds

- The **General Fund** recognized a \$448.7 thousand decrease in fund balance. Revenue increased by \$1.6 million while expenditures increased by \$1.3 million. Overall cost cutting measures, including unfilled vacancies, continued during the year for all departments. A major decrease in personnel took place at the beginning of fiscal year 2012, and is expected to offset some costs previously covered by transfers from the WRA. The annual WRA transfer for operating costs was \$988 thousand (a decrease of \$1.1 million from fiscal year 2011), and \$935 thousand for personnel costs (a decrease of \$139 thousand from fiscal year 2011). In addition, a \$1.0 million transfer was made from the Internal Service Funds to cover some of the decreases from the WRA. Other causes of rising costs are due to PERS rates which continue to grow each year, as well as the City's contract with the Orange County Fire Authority (OCFA), which has mandatory annual increases. In fiscal year 2012, PERS costs increased by \$460 thousand and the OCFA costs increased \$495 thousand.
- The **Westminster Housing Authority Fund** recognized a \$14.6 million increase in fund balance due to a "Transfer in" of \$1.3 million from the WRA. This transfer was to cover costs associated with notes and loans related to low and moderate income housing. In addition, \$14.6 million was transferred in as an "Advance from the Successor Agency". This amount represents prior SERAF payments that the State of California may eventually reimburse the housing fund to aid in the administration of low and moderate income housing loans and grants. \$26.8 of the fund's \$27.0 million fund balance is nonspendable due to the unpredictability of receipts on its outstanding receivables. The remaining \$124 thousand is restricted to low and moderate income housing functions.
- The **Housing and Community Development Fund** recognized a \$12.9 thousand decrease in fund balance. 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 \$4.9 million increase in fund balance. This is grant funded and many of the projects are reimbursable only upon completion. The fund received \$4.9 million in "Intergovernmental" income in fiscal year 2012. 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 \$12.7 million decrease in fund balance. This fund is part of the WRA that was dissolved on January 31, 2012. As a result of the dissolution, the fund had an extraordinary loss of \$15.7 million. See Notes 15 and 16 in the notes to the basic financial statements for additional information.

See accompanying independent auditor's report.

- The **Capital Improvements Capital Projects Fund** recognized a \$2.6 million decrease in fund balance. This is mainly due to completing construction on various projects during the year. A total of \$5.8 million was spent on capital outlay during the year. In addition, \$1.4 million in closed or completed projects were transferred back to the source fund. \$4.5 million was transferred in from various source funds to complete new budget approved projects. See Note 5 in the notes to the basic financial statements for additional information.
- The **Redevelopment Capital Projects Funds** recognized a \$73.3 million decrease in fund balance. This fund is part of the WRA that was dissolved on January 31, 2012. As a result of the dissolution, the fund had an extraordinary loss of \$60.5 million. Prior to the dissolution, \$15.2 million was spent on capital outlay, and \$1.1 million was transferred back to the source fund as part of a closed or completed project. \$4.8 million was transferred in from various source funds to complete new budget approved projects. See Notes 5, 15 and 16 in the notes to the basic financial statements for additional information.
- **Other Governmental Funds**, which are non-major funds, recognized a combined decrease of \$32.0 million to fund balances. The majority of the decrease was due to a “Transfers out” of \$14.6 from the RDA Low and Moderate Housing program to the Westminster Housing Authority fund as an “Advance from the Successor Agency” on potential reimbursable funds from the State of California for prior SERAF payments made by the WRA. In addition, as part of the dissolution, the RDA Low and Moderate Housing program is part of the WRA that was dissolved on January 31, 2012. As a result of the dissolution, the fund had an extraordinary loss of \$15.8 million. These funds are further detailed beginning on page 93 of this report.

Proprietary Funds

- The **Enterprise Water Fund** recognized an increase of \$2.3 million to fund balance during fiscal year 2012 due to revenues exceeding expenditures. The majority of \$943 thousand in “Transfers out” was to the Capital Projects fund for various repair/replace type projects.
- The **Internal Service Funds** recognized a \$2.3 million decrease 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. During the year a one-time \$1.0 million transfer was made to the General Fund to cover personnel costs. In addition, \$1.1 million was transferred to the Capital Projects Fund to fund new budget approved projects. These funds are further detailed beginning on page 111 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 2012 fiscal year ended with a decrease in the City’s average portfolio balance.

See accompanying independent auditor’s report.

Average total cash and investment balances for the past ten years are noted below:

Cash and Investments		
<u>Fiscal Year</u>	<u>Average Balance (in millions)</u>	<u>% Change</u>
2003	70.3	---
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%
2012	109.4	-25.2%

Since 2003, the City’s average portfolio balance has increased by \$39.1 million, or 55.6%. Fiscal year 2012 includes only 7 months of the Westminster Redevelopment Agency’s pooled cash.

BUDGETARY HIGHLIGHTS

The General Fund reflected a net total positive budget variance of \$1.6 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 2011-12 General Fund’s original (adopted) budget revenue amount of \$42.03 million to the final budgeted revenue amount of \$42.06 million shows a net \$35 thousand increase. The majority of the increase was due to additional grant funds acquired during the fiscal year. The ending actual revenue shows a positive variance of \$590 thousand, or 1.4 percent of the budget. The largest negative variances occurred in “Investment and rentals”, and “Charges for services” at \$366 thousand and \$215 thousand, respectively, and the largest positive variance occurred in “Taxes” at \$1.1 million.

Comparing the 2011-12 General Fund’s original (adopted) budget expenditure amount of \$46.6 million to the final budget expenditure amount of \$46.0 million shows a net \$598 thousand decrease. The ending actual expenditure savings were \$972 thousand. The majority of the savings is in “Public Safety”, at \$1.4 million. \$1.3 million of this savings was in personnel costs due to unfilled vacancies.

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:

	<u>City</u>	<u>County Average</u>
Employees per capita (1,000)	4.40	4.70
General Fund costs per capita	\$480	\$668

See accompanying independent auditor’s report.

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 91 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets:

Capital assets (net of accumulated depreciation) at June 30, 2012 and June 30, 2011 are summarized below:

Capital Assets (net of accumulated depreciation)

	June 30, 2012		
	Governmental Activities	Business-type Activity	Total
Land	\$ 22,316,878	\$ 2,484,846	\$ 24,801,724
Construction in progress	20,939,816	-	20,939,816
Buildings	71,889,781	4,139	71,893,920
Improvements other than buildings	5,124,251	10,123,586	15,247,837
Water distribution lines	-	15,086,706	15,086,706
Vehicles, machinery and equipment	4,040,615	4,464,060	8,504,675
Office furniture and equipment	3,029,509	21,991	3,051,500
Infrastructure	101,549,815	-	101,549,815
Total capital assets, net	<u>\$ 228,890,665</u>	<u>\$ 32,185,328</u>	<u>\$ 261,075,993</u>

	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	<u>\$ 224,949,120</u>	<u>\$ 33,297,202</u>	<u>\$ 258,246,322</u>

Capital investment in capital assets for its governmental and business-type activities as of June 30, 2012 amounted to \$261 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 2012 was \$2.8 million, which represents a \$3.9 million or 1.8 percent increase for governmental activities and a \$1.1 million or 3.3 percent decrease for business-type activity.

See accompanying independent auditor's report.

Major capital asset events during fiscal year 2012 included the following:

- The City added \$8.5 million in infrastructure.
- The City continued construction on a Civic Center parking structure and various other city improvement projects and added \$16.9 million to “Construction in Progress” as a result.
- The City transferred \$12.4 million in land to SA-WRA as part of the dissolution of the Westminster Redevelopment Agency.

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

Long-term debt:

Long-term debt for June 30, 2012 and June 30, 2011 is summarized below:

	Outstanding Debt		
	June 30, 2012		
	Governmental Activities	Business-type Activity	Total
Certificates of participation	\$ 4,604,047	\$ 2,938,059	\$ 7,542,106
Loans payable	-	2,007,163	2,007,163
Total outstanding debt	<u>\$ 4,604,047</u>	<u>\$ 4,945,222</u>	<u>\$ 9,549,269</u>
	June 30, 2011		
	Governmental Activities	Business-type Activity	Total
	Tax allocation bonds payable	\$ 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	<u>\$ 146,694,254</u>	<u>\$ 5,483,902</u>	<u>\$ 152,178,156</u>

At the end of fiscal year 2012, the City had total debt (excluding compensated absences and claims liabilities) outstanding of \$9.5 million. The City’s total debt decreased by \$142.6 million or 93.7 percent, during fiscal year 2012. The change in governmental debt consisted of the following:

- Transfer of a \$140.1 million tax allocation bond to SA-WRA as part of the dissolution of the WRA.
- 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.

Additional information can be found in Note 6 in the notes to the basic financial statements.

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 fifth consecutive year of impacts from the economic recession. A decline in our major revenues sources coupled with a continued increase in expenses led to a General Fund deficit of \$449 thousand for fiscal year 2011-12. The fiscal year 11-12 budget included transfers in from the WRA and Internal Service Funds of \$2.0 million to cover operating costs, and \$935 thousand from WRA to cover salaries.

The City is attempting to overcome its reliance on "transfers in", as well as adjust to the dissolution of the WRA, and its related revenue losses. Sixty-seven employees were laid off in July 2012, and all departments cut operating costs. With all this, the fiscal year 12-13 budget still shows a deficit of \$3.7 million. Included in the deficit, is a reduction of \$2.9 million in WRA and Internal Service Fund transfers, a \$264 thousand increase in the OCFA contract, and various revenue/expenditure increases and decreases. The overall impact of the WRA loss and the laid off employees will continue to be reviewed and addressed in the coming years.

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 2011-12 has shown a slight decrease of \$170 thousand or 1.3 percent from the prior fiscal year. 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 2012-13 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, sales from new autos from the City's Infiniti car dealer, and sales from recreational vehicles from the City's new Mc Mahon's RV dealer.

See accompanying independent auditor's report.

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 2012-13 Budget were:

- Sales taxes revenues of \$13.9 million.
- Total Property tax revenues of \$11.4 million (this includes \$1.4 million anticipated as a result of the WRA elimination).
- Utility Users tax revenues of \$5.4 million.

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

The current stagnation of the economy is forecasted to continue. While some business sectors are beginning to show signs of positive growth, revenue numbers support the national forecasts of a long shallow recovery. While sector specific upticks do provide an indicator of positive growth, it is too early to forecast the strength or speed of this growth. Accounting for the fact that any gains that are achieved will be significantly offset by previous closures and sales declines, the financial indicators do not support visions of a period of rapid growth. Given the depth of the recent recession, impact on the local economy has been far reaching and will take a considerable amount of time to fully recover to prerecession levels.

- State Actions

As with the 2011-12 Budget, the 2012-13 Budget was prepared during an 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. On June 29, 2011, Assembly Bills 1x 26 (the "Dissolution Act") was enacted. The Dissolution Act required each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for impending dissolution. On December 29, 2011, the California Supreme Court upheld the dissolution act, and on February 1, 2012 all redevelopment agencies were dissolved. As a result of this, the current financial statements show only seven months of redevelopment activity. The City is working hard to deal with the loss of revenue that helped to fund many of the City's functions and employees who worked on redevelopment tasks. The City is also "winding down" the WRA through SA-WRA. This has included various reporting's to the State of California, and audits to verify amounts reported. More detail on this issue can be found in Note 15 and 16 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 9 in the notes to the basic financial statements. No decision was made during the year for the City to "assign" or "commit" fund balance to this growing liability.

See accompanying independent auditor's report.

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 City Manager, City of Westminster, 8200 Westminster Boulevard, City of Westminster, California 92683, or call (714) 898-3311.

See accompanying independent auditor's report.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS

June 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	\$ 55,099,188	\$ 5,485,350	\$ 60,584,538
Receivables, net of allowances (Note 4)	24,768,550	2,517,516	27,286,066
Prepaid items	109,968	-	109,968
Internal balances	(1,654,744)	1,654,744	-
Inventory	53,070	102,520	155,590
Deferred charges	281,927	223,627	505,554
Restricted assets:			
Cash and investments (Note 2)	13,399,532	-	13,399,532
Cash and investments with fiscal agents (Note 2)	3	113,158	113,161
Advance from Successor Agency	14,645,760	-	14,645,760
Capital assets (Note 5):			
Not being depreciated:			
Land	22,316,878	2,484,846	24,801,724
Construction in progress	20,939,816	-	20,939,816
Being depreciated (net of accumulated depreciation):			
Buildings	71,889,781	4,139	71,893,920
Improvements other than buildings	5,124,251	10,123,586	15,247,837
Water distribution lines	-	15,086,706	15,086,706
Vehicles, machinery and equipment	4,040,615	4,464,060	8,504,675
Office furniture and equipment	3,029,509	21,991	3,051,500
Infrastructure	101,549,815	-	101,549,815
TOTAL ASSETS	335,593,919	42,282,243	377,876,162
LIABILITIES:			
Accounts payable and other liabilities	2,648,843	1,581,025	4,229,868
Due to other governments	5,266,341	-	5,266,341
Unearned revenue	1,880	-	1,880
Deposits	604,002	10,000	614,002
Long-term liabilities:			
Due within one year (Note 6)	3,032,630	480,498	3,513,128
Due in more than one year (Notes 6 and 10)	21,380,976	4,647,662	26,028,638
TOTAL LIABILITIES	32,934,672	6,719,185	39,653,857
NET ASSETS:			
Invested in capital assets, net of related debt	224,286,618	27,240,106	251,526,724
Restricted for:			
Community development	11,936,077	-	11,936,077
Public safety	1,532,556	-	1,532,556
Public works	1,302,024	-	1,302,024
Debt service	-	113,158	113,158
Unrestricted	63,601,972	8,209,794	71,811,766
TOTAL NET ASSETS	\$ 302,659,247	\$ 35,563,058	\$ 338,222,305

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

CITY OF WESTMINSTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2012

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,904,232	\$ 1,393,011	\$ 117,058	\$ -
Public safety	39,706,407	2,399,733	2,286,188	-
Public works	12,138,788	1,911,770	-	-
Community development	11,110,694	1,367,032	7,315,821	8,122,092
Community services	2,874,153	378,061	211,996	-
Interest on long term debt	4,624,156	-	-	-
Total governmental activities	<u>72,358,430</u>	<u>7,449,607</u>	<u>9,931,063</u>	<u>8,122,092</u>
Business-type activity:				
Water enterprise	<u>12,072,927</u>	<u>14,842,016</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 84,431,357</u>	<u>\$ 22,291,623</u>	<u>\$ 9,931,063</u>	<u>\$ 8,122,092</u>

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, before extraordinary gain

 Extraordinary gain

 Change in net assets

 Net assets - Beginning of Year

 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
\$ (394,163)	\$ -	\$ (394,163)
(35,020,486)	-	(35,020,486)
(10,227,018)	-	(10,227,018)
5,694,251	-	5,694,251
(2,284,096)	-	(2,284,096)
(4,624,156)	-	(4,624,156)
<u>(46,855,668)</u>	<u>-</u>	<u>(46,855,668)</u>
<u>-</u>	<u>2,769,089</u>	<u>2,769,089</u>
<u>(46,855,668)</u>	<u>2,769,089</u>	<u>(44,086,579)</u>
12,994,495	-	12,994,495
25,159,373	-	25,159,373
5,020,744	-	5,020,744
1,212,032	-	1,212,032
1,297,359	-	1,297,359
510,712	-	510,712
46,649	-	46,649
1,266,006	72,467	1,338,473
597,070	(597,070)	-
<u>48,104,440</u>	<u>(524,603)</u>	<u>47,579,837</u>
1,248,772	2,244,486	3,493,258
<u>31,260,193</u>	<u>-</u>	<u>31,260,193</u>
32,508,965	2,244,486	34,753,451
<u>270,150,282</u>	<u>33,318,572</u>	<u>303,468,854</u>
<u>\$ 302,659,247</u>	<u>\$ 35,563,058</u>	<u>\$ 338,222,305</u>

CITY OF WESTMINSTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
ASSETS			
Cash and investments (Note 2)	\$ 25,205,247	\$ -	\$ 447,453
Receivables, net of allowances (Note 4)	4,115,024	12,137,356	5,934,602
Prepaid items	39,055	-	-
Due from other funds (Note 3)	1,000,000	-	-
Advance from Successor Agency	-	14,645,760	-
Restricted assets:			
Cash and investments (Note 2)	-	144,797	-
Cash and investments with fiscal agents (Note 2)	-	-	-
TOTAL ASSETS	\$ 30,359,326	\$ 26,927,913	\$ 6,382,055
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	\$ 1,686,247	\$ 21,123	\$ 66,851
Deposits	551,227	-	-
Deferred revenue	793,243	-	-
Due to other funds (Note 3)	-	-	1,080,000
Due to other governments	447,045	-	4,819,296
TOTAL LIABILITIES	3,477,762	21,123	5,966,147
FUND BALANCES (DEFICIT) (NOTE 13):			
Nonspendable	39,055	26,783,116	850,000
Restricted	-	123,674	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	26,842,509	-	(434,092)
TOTAL FUND BALANCES (DEFICIT)	26,881,564	26,906,790	415,908
TOTAL LIABILITIES AND FUND BALANCES	\$ 30,359,326	\$ 26,927,913	\$ 6,382,055

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

Special Revenue Funds (Continued)	Capital Projects Funds			Other Governmental Funds	Total Governmental Funds
Special Gas Tax and Street Improvements	Debt Service	Capital Improvements	Redevelopment Projects		
\$ 206,397	\$ -	\$ 5,275,894	\$ -	\$ 6,881,488	\$ 38,016,479
1,892,524	-	-	-	595,639	24,675,145
-	-	-	-	-	39,055
-	-	2,880,000	-	-	3,880,000
-	-	-	-	-	14,645,760
-	-	10,139,142	-	-	10,283,939
-	-	-	-	3	3
<u>\$ 2,098,921</u>	<u>\$ -</u>	<u>\$ 18,295,036</u>	<u>\$ -</u>	<u>\$ 7,477,130</u>	<u>\$ 91,540,381</u>
\$ 35,826	\$ -	\$ 224,993	\$ -	\$ 174,638	\$ 2,209,678
-	-	-	-	52,775	604,002
-	-	-	-	558	793,801
2,800,000	-	-	-	-	3,880,000
-	-	-	-	-	5,266,341
<u>2,835,826</u>	<u>-</u>	<u>224,993</u>	<u>-</u>	<u>227,971</u>	<u>12,753,822</u>
-	-	-	-	-	27,672,171
220,243	-	-	-	5,417,765	5,761,682
-	-	-	-	-	-
-	-	18,070,043	-	1,831,394	19,901,437
(957,148)	-	-	-	-	25,451,269
<u>(736,905)</u>	<u>-</u>	<u>18,070,043</u>	<u>-</u>	<u>7,249,159</u>	<u>78,786,559</u>
<u>\$ 2,098,921</u>	<u>\$ -</u>	<u>\$ 18,295,036</u>	<u>\$ -</u>	<u>\$ 7,477,130</u>	<u>\$ 91,540,381</u>

This page intentionally left blank

CITY OF WESTMINSTER

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

June 30, 2012

Fund balances - total governmental funds		\$ 78,786,559
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	\$ 388,331,580	
Accumulated depreciation	<u>(165,474,885)</u>	222,856,695
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:		
		18,334,882
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, 2012 are:		
Tax allocation bonds payable		
Certificates of participation payable	(3,419,022)	
Bond issuance costs	204,020	
Accrued interest	<u>(10,777)</u>	(3,225,779)
OPEB obligation is not accrued in governmental funds, but rather is recognized as an expenditure when paid.		(14,885,031)
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements.		<u>791,921</u>
Net assets of governmental activities		<u><u>\$ 302,659,247</u></u>

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, 2012

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
REVENUES:			
Taxes	\$ 32,475,194	\$ -	\$ -
Licenses and permits	534,216	-	-
Fines	871,010	-	9,500
Investment and rental	1,817,855	29,856	929
Intergovernmental	268,418	-	693,897
Charges for services	6,493,520	-	-
Other	192,777	-	710,003
TOTAL REVENUES	<u>42,652,990</u>	<u>29,856</u>	<u>1,414,329</u>
EXPENDITURES:			
Current:			
General government	1,813,054	-	-
Public safety	34,556,016	-	-
Public works	4,193,485	-	-
Community development	2,611,291	1,345,176	695,527
Community services	1,905,445	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>45,079,291</u>	<u>1,345,176</u>	<u>695,527</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,426,301)</u>	<u>(1,315,320)</u>	<u>718,802</u>
OTHER FINANCING SOURCES (USES):			
Sale of equipment and property	14,813	-	-
Transfers in	2,023,474	15,949,341	352,139
Transfers out	(60,662)	-	(1,083,811)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,977,625</u>	<u>15,949,341</u>	<u>(731,672)</u>
NET CHANGE IN FUND BALANCES, BEFORE EXTRAORDINARY ITEM	(448,676)	14,634,021	(12,870)
EXTRAORDINARY LOSS	-	-	-
NET CHANGE IN FUND BALANCES	(448,676)	14,634,021	(12,870)
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	<u>27,330,240</u>	<u>12,272,769</u>	<u>428,778</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 26,881,564</u>	<u>\$ 26,906,790</u>	<u>\$ 415,908</u>

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

Special Revenue Funds (Continued)	Capital Projects Funds				Other Governmental Funds	Total Governmental Funds
	Special Gas Tax and Street Improvements	Debt Service	Capital Improvements	Redevelopment Projects		
\$ 2,272,063	\$ 12,019,165	\$ -	\$ -	\$ 1,797,744	\$ 48,564,166	
-	-	-	-	-	534,216	
-	-	-	-	-	880,510	
31,985	3,706	48,212	248,503	129,827	2,310,873	
4,863,339	-	-	-	2,179,626	8,005,280	
41,999	-	-	-	159,596	6,695,115	
43,524	-	-	-	812,885	1,759,189	
<u>7,252,910</u>	<u>12,022,871</u>	<u>48,212</u>	<u>248,503</u>	<u>5,079,678</u>	<u>68,749,349</u>	
-	143,069	-	-	82,034	2,038,157	
-	-	-	-	1,594,978	36,150,994	
-	-	-	-	-	4,193,485	
1,467,032	-	-	1,538,900	2,246,085	9,904,011	
-	-	-	-	244,083	2,149,528	
-	-	5,773,970	15,185,399	29,973	20,989,342	
153,186	1,195,000	-	-	481,667	1,829,853	
66,815	3,421,912	-	-	149,528	3,638,255	
<u>1,687,033</u>	<u>4,759,981</u>	<u>5,773,970</u>	<u>16,724,299</u>	<u>4,828,348</u>	<u>80,893,625</u>	
<u>5,565,877</u>	<u>7,262,890</u>	<u>(5,725,758)</u>	<u>(16,475,796)</u>	<u>251,330</u>	<u>(12,144,276)</u>	
-	-	-	-	-	14,813	
524,323	355,711	4,500,111	4,800,144	201,115	28,706,358	
(1,234,100)	(4,666,667)	(1,379,447)	(1,107,426)	(16,658,862)	(26,190,975)	
<u>(709,777)</u>	<u>(4,310,956)</u>	<u>3,120,664</u>	<u>3,692,718</u>	<u>(16,457,747)</u>	<u>2,530,196</u>	
4,856,100	2,951,934	(2,605,094)	(12,783,078)	(16,206,417)	(9,614,080)	
-	(15,676,086)	-	(60,528,762)	(15,784,668)	(91,989,516)	
4,856,100	(12,724,152)	(2,605,094)	(73,311,840)	(31,991,085)	(101,603,596)	
(5,593,005)	12,724,152	20,675,137	73,311,840	39,240,244	180,390,155	
<u>\$ (736,905)</u>	<u>\$ -</u>	<u>\$ 18,070,043</u>	<u>\$ -</u>	<u>\$ 7,249,159</u>	<u>\$ 78,786,559</u>	

CITY OF WESTMINSTER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2012

Net change in fund balances - total governmental funds \$ (101,603,596)

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	\$ 19,440,156	
Depreciation expense	(8,912,849)	
Contribution of capital assets from the Successor Agency	<u>6,258,984</u>	16,786,291

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.

Principal payments	<u>1,829,853</u>	1,829,853
--------------------	------------------	-----------

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	(718,332)	
Amortization of issuance costs	(181,219)	
OPEB expense	<u>(4,514,433)</u>	(5,413,984)

Internal service funds are used by management to charge the costs of certain activities, such as fleet management, telephones, and warehouse operations to individual funds. The net revenue (expense) of these internal service funds are reported as governmental activities.

(2,288,568)

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		(50,740)
---------------------------------	--	----------

The Westminster Redevelopment Agency was dissolved as of February 1, 2012 pursuant to Assembly Bill 1x27 and 1484. Assets and liabilities of the dissolved Agency as of February 1, 2012 were transferred to the Successor Agency:

Transfer of deferred bond issue costs to the Successor Agency	(6,466,487)	
Transfer of capital assets to the Successor Agency	(12,437,828)	
Transfer of long-term debt to the Successor Agency	140,145,000	
Transfer of accrued interest payable to the Successor Agency	<u>2,009,024</u>	<u>123,249,709</u>

Change in net assets of governmental activities		<u>\$ 32,508,965</u>
---	--	----------------------

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

CITY OF WESTMINSTER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2012

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 5,485,350	\$ 17,082,709
Receivables, net of allowances (Note 4)	2,517,516	93,405
Prepaid items	-	70,913
Inventories	102,520	53,070
Restricted assets:		
Cash and investments	-	3,115,593
Cash and investments with fiscal / other agents	113,158	-
TOTAL CURRENT ASSETS	8,218,544	20,415,690
NONCURRENT ASSETS:		
Deferred bond charges	223,627	77,907
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	-	4,050,692
Machinery and equipment	12,809,479	238,178
Office furniture, computers and equipment	92,010	2,064,327
Leased property	-	333,307
TOTAL CAPITAL ASSETS	68,385,285	11,472,412
Less accumulated depreciation	(36,199,957)	(5,438,442)
NET CAPITAL ASSETS	32,185,328	6,033,970
TOTAL NONCURRENT ASSETS	32,408,955	6,111,877
TOTAL ASSETS	40,627,499	26,527,567

(Continued)

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

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 (CONTINUED)

June 30, 2012

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 1,581,025	\$ 428,388
Deposits	10,000	-
Claims payable	-	693,633
Compensated absences	157,327	1,848,997
Certificates of participation	220,000	144,573
Loans payable	103,171	-
TOTAL CURRENT LIABILITIES	2,071,523	3,115,591
LONG-TERM LIABILITIES:		
Claims payable	-	2,080,899
Compensated absences	25,611	301,000
Certificates of participation	2,718,059	1,040,451
Loans payable	1,903,992	-
TOTAL LONG-TERM LIABILITIES	4,647,662	3,422,350
TOTAL LIABILITIES	6,719,185	6,537,941
NET ASSETS:		
Invested in capital assets, net of related debt	27,240,106	4,848,948
Restricted for debt service	113,158	-
Unrestricted	6,555,050	15,140,678
TOTAL NET ASSETS	33,908,314	\$ 19,989,626
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,654,744	
Net assets of business-type activity	\$ 35,563,058	

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, 2012

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 14,802,041	\$ 20,776,181
Other	39,974	845,887
TOTAL OPERATING REVENUES	<u>14,842,015</u>	<u>21,622,068</u>
OPERATING EXPENSES:		
Salaries	2,593,713	5,724,875
Maintenance and operations	2,609,949	4,405,596
Purchased water	3,360,537	-
Equity taxes	2,115,538	-
Insurance premiums and legal fees	832	3,336,055
Claims and benefits	-	7,792,326
Depreciation and amortization	1,128,987	758,284
TOTAL OPERATING EXPENSES	<u>11,809,556</u>	<u>22,017,136</u>
OPERATING INCOME	<u>3,032,459</u>	<u>(395,068)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	72,467	85,779
Interest and fiscal charges	(241,308)	(86,350)
Gain on sale of property and equipment	-	3,322
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(168,841)</u>	<u>2,751</u>
INCOME BEFORE TRANSFERS	<u>2,863,618</u>	<u>(392,317)</u>
TRANSFERS:		
Transfers in	345,930	207,885
Transfers out	(943,000)	(2,126,198)
TOTAL TRANSFERS	<u>(597,070)</u>	<u>(1,918,313)</u>
CHANGE IN NET ASSETS	2,266,548	(2,310,630)
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>31,641,766</u>	<u>22,300,256</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 33,908,314</u>	<u>\$ 19,989,626</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ (22,062)	
Change in net assets - Enterprise Funds	<u>2,266,548</u>	
Change in net assets of business-type activity	<u>\$ 2,244,486</u>	

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, 2012

	Business-type Activity Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 14,855,024	\$ 21,601,322
Payment to suppliers	(7,927,628)	(14,328,599)
Payment to employees	(2,576,274)	(622,095)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,351,122	6,650,628
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	345,930	207,885
Cash paid to other funds	(943,000)	(2,126,198)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	(597,070)	(1,918,313)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	(348,681)
Proceeds from sale of capital assets	-	8,610
Principal payments on long-term debt	(564,672)	(140,147)
Interest and fiscal charges	(213,793)	(61,683)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(778,465)	(541,901)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	72,467	85,779
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,048,054	4,276,193
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,550,454	21,522,109
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,598,508	\$ 25,798,302
CASH AND CASH EQUIVALENTS:		
Cash and investments - current assets	\$ 5,485,350	\$ 17,082,709
Cash and investments - restricted assets	113,158	3,115,593
TOTAL CASH AND CASH EQUIVALENTS	\$ 5,598,508	\$ 20,198,302

(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, 2012

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 3,032,459	\$ (395,068)
Depreciation and amortization	1,128,987	758,284
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	13,009	(20,746)
(Increase) decrease in prepaid items	-	(46,260)
(Increase) decrease in inventories	9,800	196
Increase (decrease) in accounts payable and other liabilities	149,428	219,255
Increase (decrease) in claims payable	-	423,008
Increase (decrease) in compensated absences payable	17,439	111,959
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 4,351,122	 \$ 1,050,628

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

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS

June 30, 2012

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
ASSETS	<u>Trust Fund</u>	<u>Fund</u>
CURRENT ASSETS:		
Cash and investments	\$ 64,820,263	\$ -
Interest receivable	280,613	-
Prepaid items	20,194	-
Restricted assets:		
Cash and investments with fiscal / other agents	39,180,894	44,443
Due from the City of Westminster	<u>445,122</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>104,747,086</u>	<u>44,443</u>
NONCURRENT ASSETS:		
Capital Assets (Note 15):		
Land	12,437,828	-
Bond issue costs	<u>6,369,138</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>18,806,966</u>	<u>-</u>
TOTAL ASSETS	<u>123,554,052</u>	<u>\$ 44,443</u>
LIABILITIES		
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	9,711,210	-
Interest payable	1,302,211	-
Certificates of participation, current portion	9,125,000	-
Due to bondholders	-	44,443
TOTAL CURRENT LIABILITIES	<u>20,138,421</u>	<u>44,443</u>
LONG-TERM LIABILITIES:		
Certificates of participation	131,020,000	-
Advance payable to Housing Authority	<u>14,645,760</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES	<u>145,665,760</u>	<u>-</u>
TOTAL LIABILITIES	<u>165,804,181</u>	<u>\$ 44,443</u>
NET ASSETS (DEFICIT):		
Net deficit for private purpose	<u>(42,250,129)</u>	
TOTAL NET ASSETS (DEFICIT)	<u>\$ (42,250,129)</u>	

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

CITY OF WESTMINSTR

STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS

For the period from February 1, 2012 to June 30, 2012

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Investment and rental	\$ 574,418
Other revenues	261,893
	<hr/>
TOTAL ADDITIONS	836,311
	<hr/>
DEDUCTIONS:	
General Government	478,886
Community development	2,080,949
Interest and fiscal expense	3,007,428
Contribution to City	6,258,984
	<hr/>
TOTAL DEDUCTIONS	11,826,247
	<hr/>
CHANGE IN NET ASSETS, BEFORE EXTRAORDINARY LOSS	(10,989,936)
EXTRAORDINARY LOSS	<hr/> (31,260,193)
CHANGE IN NET ASSETS	(42,250,129)
TOTAL NET ASSETS AT BEGINNING OF PERIOD	<hr/> -
TOTAL NET ASSETS (DEFICIT) AT END OF YEAR	<hr/> <u>\$ (42,250,129)</u>

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

This page intentionally left blank

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

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, except for the Westminster Redevelopment Agency which was dissolved as of January 31, 2012.

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 for the period July 1, 2011 through January 31, 2012 at which date the Agency was dissolved (see Notes 15 and 16). The Agency prepares separate Basic Financial Statements and a copy can be obtained from the City's Finance Department.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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. Certain assets of the former Redevelopment Agency's Low and Moderate Income Housing Funds were transferred to the Housing Authority on February 1, 2012. The activity of the Housing Authority is reported in the Special Revenue Funds. There are no separate Basic Financial Statements prepared for the Housing Authority.

The accounting policies of the City of Westminster, the Westminster 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. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government (including its blended component units) is reported separately from discretely presented component units for which the primary government is financially accountable. The City has no discretely presented component units.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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 private purpose trust funds and agency funds.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary and private purpose trust fund financial statements. Under the economic resources measurement focus, all assets 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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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 Funds consists of private purpose trust funds which are reported using the economic resources measurement focus and the agency funds which have no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

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

Fund Classifications:

The City reports the following major governmental funds:

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

The Westminster Housing Authority Special Revenue Fund is used to account for revenues and the associated expenditures to be used for increasing or improving low and moderate income housing.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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

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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Classifications (Continued):

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

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

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Long-Term Obligations:

In the government-wide financial statements, the proprietary, and the fiduciary private purpose trust fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type statement of net assets and the fiduciary 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, 2012 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).

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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 and notes receivable), fair value of investments, estimated useful lives of capital assets for depreciation purposes, annual required contribution requirements for the other post-employment benefit plan, annual pension costs for the defined benefit plans, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Subsequent Events:

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 17, 2012, the date the financial statements were available to be issued.

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2012 consisted of the following:

	Government Wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Unrestricted assets:			
Cash and investments	\$ 60,584,538	\$ 64,820,263	\$ 125,404,801
Total unrestricted assets	<u>60,584,538</u>	<u>64,820,263</u>	<u>125,404,801</u>
Restricted assets:			
Cash and investments	13,399,532	-	13,399,532
Investments with fiscal agents	<u>113,161</u>	<u>39,225,337</u>	<u>39,338,498</u>
Total restricted assets	<u>13,512,693</u>	<u>39,225,337</u>	<u>52,738,030</u>
TOTAL CASH AND INVESTMENTS	<u>\$ 74,097,231</u>	<u>\$ 104,045,600</u>	<u>\$ 178,142,831</u>

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

Primary Government

Deposits	\$ 2,674,657
Investments	<u>71,422,574</u>
	<u>\$ 74,097,231</u>

Fiduciary Funds

Pooled with the Primary Government	\$ 44,443
Deposits	381,989
Investments	<u>103,619,168</u>
	<u>\$ 104,045,600</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

2. CASH AND INVESTMENTS (CONTINUED):

Cash and Investments (Continued):

The City follows the practice of pooling cash and investments of all funds except for amounts with fiscal agents, and legally restricted funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Unrestricted assets - cash and investments" or "Restricted assets - cash and investments".

Investment income earned on pooled cash and investments is allocated to the various funds based on ending cash and investment balances. Interest from cash and investments of funds excluded from pooled amounts is credited directly to the related fund.

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	5 years	No Limit	No Limit
United States Government Sponsored			
Agency Securities	5 years	No Limit	No Limit
Banker's Acceptances	180 days	15%	10%
Time Certificate of Deposits	5 years	No Limit	5%
Negotiable Certificates of Deposit	5 years	15%	15%
Commercial Paper	270 days	25%	10%
Repurchase Agreements	30 days	Unlimited	Unlimited
Local Agency Investment Fund (LAIF)	N/A	No Limit	\$ 40,000,000
Money Market Mutual Fund	N/A	2%	No Limit

N/A - Not Applicable

* - Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
United States Treasury Obligations	No Limit	No Limit	No Limit
United States Government Sponsored Agency Securities	No Limit	No Limit	No Limit
Banker's Acceptances	360 days	No Limit	No Limit
Time Certificate of Deposits	360 days	No Limit	No Limit
Commercial Paper	270 days	No Limit	No Limit
Money Market Mutual Funds	N/A	No Limit	No Limit

N/A - Not Applicable

Disclosures Relating to Interest Rate Risk:

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

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

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

Primary Government

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13 - 36 Months</u>	<u>37 - 60 Months</u>	
Local Agency Investment Fund	\$ 12,666,874	\$ -	\$ -	\$ 12,666,874
United States Treasury Obligations	1,276,977	745,391	7,212,774	9,235,142
Federal Home Loan Mortgage Corporation	299,777	6,423,790	3,994,032	10,717,599
Federal Home Loan Bank	2,481,335	4,873,006	3,728,867	11,083,208
Federal National Mortgage Association	2,026,993	4,978,368	5,462,732	12,468,093
Federal Farm Credit Bank	354,416	7,673,978	2,748,401	10,776,795
Tennessee Valley Authority	1,222,663	1,520,250	-	2,742,913
Money Market Mutual Funds	<u>1,731,950</u>	<u>-</u>	<u>-</u>	<u>1,731,950</u>
	<u>\$ 22,060,985</u>	<u>\$ 26,214,783</u>	<u>\$ 23,146,806</u>	<u>\$ 71,422,574</u>

Fiduciary Funds

<u>Investment Type</u>	<u>Remaining Maturity (in Months)</u>			<u>Total</u>
	<u>12 Months or Less</u>	<u>13 - 36 Months</u>	<u>37 - 60 Months</u>	
United States Treasury Obligations	\$ 5,289,743	\$ 3,941,537	\$ 2,403,049	\$ 11,634,329
Federal Home Loan Mortgage Corporation	6,650,205	5,492,992	3,337,781	15,480,978
Federal Home Loan Bank	10,990,132	6,270,741	-	17,260,873
Federal National Mortgage Association	5,956,901	6,457,769	5,456,332	17,871,002
Federal Farm Credit Bank	3,840,354	2,607,058	1,077,023	7,524,435
Commercial Paper	5,794,250	-	-	5,794,250
Money Market Mutual Funds	<u>28,053,301</u>	<u>-</u>	<u>-</u>	<u>28,053,301</u>
	<u>\$ 66,574,886</u>	<u>\$ 24,770,097</u>	<u>\$ 12,274,185</u>	<u>\$103,619,168</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk:

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

Primary Government

Investment Type	Minimum Legal Rating	Total as of		Not Required to		Not Rated
		June 30, 2012	AAA	AA+	be Rated	
Local Agency Investment Fund	N/A	\$ 12,666,874	\$ -	\$ -	\$ -	\$12,666,874
United States Treasury Obligations	N/A	9,235,142	-	-	9,235,142	-
Federal Home Loan Mortgage Corporation	N/A	10,717,599	-	10,717,599	-	-
Federal Home Loan Bank	N/A	11,083,208	-	11,083,208	-	-
Federal National Mortgage Association	N/A	12,468,093	-	12,468,093	-	-
Federal Farm Credit Bank	N/A	10,776,795	-	10,776,795	-	-
Tennessee Valley Authority	N/A	2,742,913	-	2,742,913	-	-
Money Market Mutual Funds	AAA	1,731,950	1,731,950	-	-	-
		<u>\$ 71,422,574</u>	<u>\$ 1,731,950</u>	<u>\$47,788,608</u>	<u>\$ 9,235,142</u>	<u>\$12,666,874</u>

Fiduciary Funds

Investment Type	Minimum Legal Rating	Total as of		Not Required to		Not Rated
		June 30, 2012	AAA	AA+	be Rated	
United States Treasury Obligations	N/A	\$ 11,634,329	\$ -	\$ -	\$ -	\$ 11,634,329
Federal Home Loan Mortgage Corporation	N/A	15,480,978	-	15,480,978	-	-
Federal Home Loan Bank	N/A	17,260,873	-	17,260,873	-	-
Federal National Mortgage Association	N/A	17,871,002	-	17,871,002	-	-
Federal Farm Credit Bank	N/A	7,524,435	-	7,524,435	-	-
Commercial Paper	A-	5,794,250	-	5,794,250	-	-
Money Market Mutual Funds	AAA	28,053,301	28,053,301	-	-	-
		<u>\$ 103,619,168</u>	<u>\$ 28,053,301</u>	<u>\$ 63,931,538</u>	<u>\$ 11,634,329</u>	

N/A - Not Applicable

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

2. CASH AND INVESTMENTS (CONTINUED):

Concentration of Credit Risk:

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total City's investments are as follows:

Primary Government

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	\$ 10,717,599
Federal Home Loan Bank	United States Government Sponsored Agency Securities	11,083,208
Federal National Mortgage Association	United States Government Sponsored Agency Securities	12,468,093
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	10,776,795

Fiduciary Funds

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	\$ 15,480,978
Federal Home Loan Bank	United States Government Sponsored Agency Securities	17,260,873
Federal National Mortgage Association	United States Government Sponsored Agency Securities	17,871,002
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	7,524,435

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

2. CASH AND INVESTMENTS (CONTINUED):

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, 2012, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

Investment in State Investment Pool:

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

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund receivables and payables at June 30, 2012 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,000,000	\$ -
Special Revenue Funds:		
Housing and Community Development	-	1,080,000
Special Gas Tax and Street Improvements	-	2,880,000
Capital Projects Fund:		
Capital Improvements	<u>2,880,000</u>	<u>-</u>
	<u>\$ 3,880,000</u>	<u>\$ 3,880,000</u>

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

The compositions of the City's interfund transfer balances as of June 30, 2012 are as follows:

Governmental Activities:

	<u>Transfers In</u>								
	Westminster		Housing and Community		Special Gas Tax and Street		Other		
	General	Authority	Development	Improvements	Debt Service	Capital Improvements	Redevelopment Projects	Govt Funds	
								Total Govt Funds	
<u>Transfers Out:</u>									
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,662	\$ 35,662
Housing and Community Development	30,000	-	-	-	-	1,053,811	-	-	1,083,811
Special Gas Tax and Street Improvements	-	-	-	-	-	1,234,100	-	-	1,234,100
Debt Service	-	-	-	-	-	-	4,666,667	-	4,666,667
Capital Improvements	-	-	340,641	524,323	-	-	-	-	864,964
Redevelopment Projects	987,641	-	-	-	-	-	-	105,453	1,093,094
Other Governmental Funds	5,833	15,949,341	-	-	355,711	214,500	133,477	-	16,658,862
Water Enterprise	-	-	-	-	-	883,000	-	60,000	943,000
Internal Service	<u>1,000,000</u>	<u>-</u>	<u>11,498</u>	<u>-</u>	<u>-</u>	<u>1,114,700</u>	<u>-</u>	<u>-</u>	<u>2,126,198</u>
	<u>\$ 2,023,474</u>	<u>\$ 15,949,341</u>	<u>\$ 352,139</u>	<u>\$ 524,323</u>	<u>\$ 355,711</u>	<u>\$ 4,500,111</u>	<u>\$ 4,800,144</u>	<u>\$ 201,115</u>	<u>\$ 28,706,358</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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

Interfund Transfer Balances (Continued):

Business-type Activity:

<u>Transfers Out:</u>	<u>Transfers In</u>		
	<u>Water</u>	<u>Internal</u>	<u>Total</u>
	<u>Enterprise</u>	<u>Service</u>	
General	\$ 25,000	\$ -	\$ 25,000
Capital Improvements	312,180	202,303	514,483
Redevelopment Projects	8,750	5,582	14,332
	<u>\$ 345,930</u>	<u>\$ 207,885</u>	<u>\$ 553,815</u>

Transfers between/to funds are to primarily fund capital projects, which are then transferred back to the original fund upon completion of the project. Internal Service Fund transferred monies to the General Fund to fund operations. The Other Governmental Fund (RDA Low and Moderate Income Housing Special Revenue Fund) made a transfer to the Westminster Housing Authority Special Revenue Fund for loan balances and operations. The General Fund transferred monies to the Water Enterprise Fund and Other Governmental Funds for operations.

4. RECEIVABLES:

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

Governmental Funds:

	<u>General</u>	<u>Westminster Housing Authority</u>	<u>Housing and Community Development</u>	<u>Special Gas Tax and Street Improvements</u>	<u>Other Governmental</u>	<u>Total</u>
Taxes	\$ 3,634,712	\$ -	\$ -	\$ -	\$ 217,642	\$ 3,852,354
Accounts	164,179	-	-	-	-	164,179
Interest	309,411	-	-	-	-	309,411
Loans	-	5,808,567	4,819,296	-	-	10,627,863
Notes	-	6,328,789	850,000	-	-	7,178,789
Other	-	-	-	-	2,604	2,604
Due from other governments	<u>6,722</u>	<u>-</u>	<u>265,306</u>	<u>1,892,524</u>	<u>375,393</u>	<u>2,539,945</u>
Net Total Receivables	<u>\$ 4,115,024</u>	<u>\$ 12,137,356</u>	<u>\$ 5,934,602</u>	<u>\$ 1,892,524</u>	<u>\$ 595,639</u>	<u>\$ 24,675,145</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

4. RECEIVABLES (CONTINUED)

Proprietary Funds:

	Water <u>Enterprise</u>	Internal <u>Service</u>	<u>Total</u>
Accounts	\$ 2,517,516	\$ 11,504	\$ 2,529,020
Other	-	32,950	32,950
Due from other governments	<u>-</u>	<u>48,951</u>	<u>48,951</u>
Net Total Receivables	<u>\$ 2,517,516</u>	<u>\$ 93,405</u>	<u>\$ 2,610,921</u>

Governmental Activities:

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

Loans Receivable - Housing and Community Development

Community Development Block Grant - Housing Rehab Loans, due upon sale of property	\$ 522,827
HOME Rehab Loans, due upon sale of property	128,744
HOME Single Residence Loans, due upon sale of property	355,388
HOME Down Payment Assistance Loans, payable in monthly installments, with balance due upon sale of property	301,880
HOME Lease Purchase Program - payable upon sale of property. The program is administered by American Family Housing, Inc. or Abrazar, Inc.	<u>3,510,457</u>
Total Loans Receivable - Housing and Community Development	<u>\$ 4,819,296</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

4. RECEIVABLES (CONTINUED)

Governmental Activities (Continued):

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

Loans Receivable - Westminster Housing Authority

Housing Rehab Loans, due upon sale of property	\$ 2,740,163
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.	2,873,404
Housing First Time Homebuyers Loans, due upon sale of property.	<u>125,000</u>
Total Loans Receivable - Westminster Housing Authority	<u>\$ 5,808,567</u>

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.	<u>\$ 850,000</u>
--	-------------------

Notes Receivable - Westminster Housing Authority

\$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".	\$ 356,589
--	------------

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

4. RECEIVABLES (CONTINUED)

Governmental Activities (Continued):

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

Notes Receivable - Westminster Housing Authority (Continued)

\$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".

\$ 450,808

\$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".

227,518

\$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.

165,000

\$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, 2012, \$5,128,874 has been disbursed to the developer. Repayment of the 55 year loan is to be made in annual payments equal to 50% of the projects "residual receipts".

5,128,874

Total Notes Receivable - Westminster Housing Authority \$ 6,328,789

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

5. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2012 is as follows:

Governmental Activities:	Balance at July 1, 2011	Additions	Deletions	Transfers (a)	Balance at June 30, 2012
Capital assets, not being depreciated:					
Land	\$ 34,754,706	\$ -	\$ -	\$ (12,437,828)	\$ 22,316,878
Construction in progress	<u>4,765,214</u>	<u>16,850,914</u>	<u>(676,312)</u>	<u>-</u>	<u>20,939,816</u>
Total capital assets, not being depreciated	<u>39,519,920</u>	<u>16,850,914</u>	<u>(676,312)</u>	<u>(12,437,828)</u>	<u>43,256,694</u>
Capital assets, being depreciated:					
Buildings	84,059,217	-	(4,534)	-	84,054,683
Improvements other than buildings	7,814,334	-	(25,737)	-	7,788,597
Vehicles, machinery and equipment	9,028,229	224,813	(255,728)	-	8,997,314
Office furniture and equipment	5,171,376	1,171,700	(98,386)	-	6,244,690
Leased property	351,664	-	(18,357)	-	333,307
Infrastructure	<u>240,636,690</u>	<u>8,492,017</u>	<u>-</u>	<u>-</u>	<u>249,128,707</u>
Total capital assets, being depreciated	<u>347,061,510</u>	<u>9,888,530</u>	<u>(402,742)</u>	<u>-</u>	<u>356,547,298</u>
Less accumulated depreciation for:					
Buildings	(10,402,957)	(1,762,973)	1,028	-	(12,164,902)
Improvements other than buildings	(2,296,392)	(387,284)	19,330	-	(2,664,346)
Vehicles, machinery and equipment	(4,465,841)	(746,566)	255,708	-	(4,956,699)
Office furniture and equipments	(2,937,637)	(365,264)	87,720	-	(3,215,181)
Leased property	(351,664)	-	18,357	-	(333,307)
Infrastructure	<u>(141,177,819)</u>	<u>(6,401,073)</u>	<u>-</u>	<u>-</u>	<u>(147,578,892)</u>
Total accumulated depreciation	<u>(161,632,310)</u>	<u>(9,663,160)</u>	<u>382,143</u>	<u>-</u>	<u>(170,913,327)</u>
Total capital assets, being depreciated, net	<u>185,429,200</u>	<u>225,370</u>	<u>(20,599)</u>	<u>-</u>	<u>185,633,971</u>
Total governmental activities capital assets, net	<u>\$ 224,949,120</u>	<u>\$ 17,076,284</u>	<u>\$ (696,911)</u>	<u>\$ (12,437,828)</u>	<u>\$ 228,890,665</u>

(a) The net transfer of \$12,437,828 relates to the transfer of capital assets to the successor agency from the former redevelopment agency. See Notes 15 and 16 for additional information.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

5. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activity capital assets at June 30, 2012 is as follows:

Business-type Activity:	Balance at June 30, 2011	Additions	Deletions	Balance at June 30, 2012
Capital assets, not being depreciated:				
Land and land rights	\$ 2,484,846	\$ -	\$ -	\$ 2,484,846
Total capital assets, not being depreciated	<u>2,484,846</u>	<u>-</u>	<u>-</u>	<u>2,484,846</u>
Capital assets, being depreciated:				
Buildings	91,579	-	-	91,579
Improvements other than buildings	11,808,269	-	-	11,808,269
Water distribution lines	41,099,102	-	-	41,099,102
Machinery and equipment	12,821,483	-	(12,004)	12,809,479
Office furniture and equipment	<u>93,141</u>	<u>-</u>	<u>(1,131)</u>	<u>92,010</u>
Total capital assets, being depreciated	<u>65,913,574</u>	<u>-</u>	<u>(13,135)</u>	<u>65,900,439</u>
Less accumulated depreciation for:				
Buildings	(87,134)	(306)	-	(87,440)
Improvements other than buildings	(1,458,787)	(237,900)	12,004	(1,684,683)
Water distribution lines	(25,381,232)	(632,295)	1,131	(26,012,396)
Machinery and equipment	(8,109,906)	(235,513)	-	(8,345,419)
Office furniture and equipment	<u>(64,159)</u>	<u>(5,860)</u>	<u>-</u>	<u>(70,019)</u>
Total accumulated depreciation	<u>(35,101,218)</u>	<u>(1,111,874)</u>	<u>13,135</u>	<u>(36,199,957)</u>
Total capital assets, being depreciated, net	<u>30,812,356</u>	<u>(1,111,874)</u>	<u>-</u>	<u>29,700,482</u>
Business-type Activity capital assets, net	<u>\$ 33,297,202</u>	<u>\$ (1,111,874)</u>	<u>\$ -</u>	<u>\$ 32,185,328</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

5. CAPITAL ASSETS (CONTINUED):

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

Governmental Activities:

General government	\$ 56,069
Public safety	1,370,303
Public works	6,427,127
Community development	483,019
Community services	576,331
Internal service funds	<u>750,311</u>
Total depreciation expense - governmental activities	<u>\$ 9,663,160</u>

Business-type Activity:

Water Fund	<u>\$ 1,111,874</u>
------------	---------------------

6. LONG-TERM LIABILITIES:

The following is a summary of long-term liability transactions for the year ended June 30, 2012:

Governmental Activities:

	Balance July 1, 2011	Additions	Reductions	Deferred Bond Costs	Transfers (a)	Balance June 30, 2012	Amount Due Within One Year
Tax allocation							
bonds payable	\$ 141,340,000	\$ -	\$ 1,195,000	\$ -	\$ (140,145,000)	\$ -	\$ -
Certificates of participation	5,054,254	-	475,000	(24,793)	-	4,604,047	490,000
Note payable	300,000	-	300,000	-	-	-	-
Compensated absences	2,038,038	1,743,342	1,631,383	-	-	2,149,997	1,848,997
Claims liabilities	2,351,524	1,714,092	1,291,085	-	-	2,774,531	693,633
OPEB liability (Note 9)	<u>10,370,598</u>	<u>6,830,000</u>	<u>2,315,567</u>	<u>-</u>	<u>-</u>	<u>14,885,031</u>	<u>-</u>
Total Governmental Activities	<u>161,454,414</u>	<u>10,287,434</u>	<u>7,208,035</u>	<u>(24,793)</u>	<u>(140,145,000)</u>	<u>24,413,606</u>	<u>3,032,630</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity:

	Balance July 1, 2011	Additions	Reductions	Deferred Bond Costs	Transfers (a)	Balance June 30, 2012	Amount Due Within One Year
Certificates of participation	\$ 3,377,067	\$ -	\$ 465,000	\$ (25,992)	\$ -	\$ 2,938,059	\$ 220,000
Loans payable	2,106,835	-	99,672	-	-	2,007,163	103,171
Compensated absences	<u>165,499</u>	<u>153,109</u>	<u>135,670</u>	<u>-</u>	<u>-</u>	<u>182,938</u>	<u>157,327</u>
Total Business-type Activities	<u>5,649,401</u>	<u>153,109</u>	<u>700,342</u>	<u>(25,992)</u>	<u>-</u>	<u>5,128,160</u>	<u>480,498</u>
City Total	<u>\$ 167,103,815</u>	<u>\$ 10,440,543</u>	<u>\$ 7,908,377</u>	<u>\$ (50,785)</u>	<u>\$ (140,145,000)</u>	<u>\$ 29,541,766</u>	<u>\$ 3,513,128</u>

(a) The transfers relate to the transfer of long-term liabilities to the successor agency from the former the redevelopment agency. See Notes 15 and 16 for additional information

Governmental Activities:

Certificates of Participation

\$7,825,000 City of Westminster 2008 Certificates of Participation (Civic Center Refunding), dated May 1, 2008. The Certificates are payable in annual installments ranging from \$320,000 to \$860,000 until maturity on June 1, 2022. Interest is payable bi-annually at an average rate of 4.1%. The 2008 Certificates were issued for the purpose of advance refunding the \$13,600,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998A (1998 Civic Center Refunding Program). Proceeds from the Series 2008 Certificates were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the Certificates until fully retired. The 1998 Certificates are legally defeased and no longer a liability of the City. The reacquisition price exceeded the net carrying amount of the debt. This amount is 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	\$ 4,850,000
Less: Deferred Amounts on Advance Refunding	<u>(245,953)</u>
Net Amount 2008 Certificates of Participation	<u>\$ 4,604,047</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

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%. The note was paid in full in December 2011. \$ _____ -

Compensated Absences/Claims Liabilities

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

Business-type Activity:

The Business-type Activity long-term liability transactions at June 30, 2012 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	\$ 3,250,000
Less: Deferred Amounts on Advance Refunding	<u>(311,941)</u>
Net Amount 2008 Certificates of Participation	<u>\$ 2,938,059</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Certificates of Participation (Continued)

The covenants authorizing the 2008 Water System Refunding Program Certificates of Participation stipulate that water rates must be maintained at levels sufficient to generate revenues in excess of certain predetermined amounts. Additionally, the City must establish certain management guidelines with respect to the operation of the water system. Resolution No. 4147, authorizing the issuance, terms and conditions of the 2008 Water System Refunding Program Certificates of Participation, includes a covenant requiring that the charges for the services, facilities and water costs of the enterprise be so fixed that the “net revenues” of the enterprise shall be at least 120% of the installment payments on the Certificates, and the California Infrastructure and Economic Development Bank Loan.

For the fiscal year ended June 30, 2012, the calculation of the Enterprise Fund’s compliance with the rate coverage covenant is as follows:

Gross revenues:	
Charges for services	\$ 14,802,041
Investment income	72,467
Other	<u>39,974</u>
Total gross revenues	<u>14,914,482</u>
Operating expenses:	
Operating expenses	11,809,556
Depreciation and amortization	(1,128,987)
Vehicle replacement charges	<u>(147,116)</u>
Total operating costs	<u>10,533,453</u>
Net revenues	<u>\$ 4,381,029</u>
Installment payments:	
Principal payments	\$ 518,758
Interest payments	<u>199,751</u>
Total installment payments	<u>\$ 718,509</u>
Net revenues to installment payment coverage ratio	<u>610%</u>

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

See accompanying independent auditors’ report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Certificates of Participation (Continued)

Additionally, the City has agreed to maintain a replacement reserve at a level the City determines to be economically prudent. For the fiscal year ended June 30, 2012, the Enterprise Fund's capital equipment replacement reserve is as follows:

Capital equipment replacement reserve	\$ <u>520,806</u>
---------------------------------------	-------------------

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.

	\$ 430,145
--	------------

\$2,000,000 installment sale agreement payable to California Infrastructure and Economic Development Bank, dated January 28, 2002. The agreement was issued to provide for the financing of a water tank. The project was completed, and the loan was fully funded as of June 30, 2004. The agreement is payable in annual installments ranging from \$40,000 to \$105,000 until maturity on August 1, 2032. Interest is payable at a fixed rate of 3.26% per annum until fully funded. Once funded, the interest is payable at a fixed rate of 3.52% per annum.

	<u>1,577,018</u>
--	------------------

Total Loans Payable	<u>\$ 2,007,163</u>
---------------------	---------------------

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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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, 2012, including interest payments are as follows:

Year Ending June 30,	Certificates of Participation Governmental and Business-type Activity		
	Principal	Interest	Total
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	820,000	216,206	1,036,206
2018-2022	3,635,000	569,213	4,204,213
2023-2026	<u>655,000</u>	<u>42,913</u>	<u>697,913</u>
	8,100,000	1,977,194	10,077,194
Less: deferred amounts on advance refunding	<u>(557,894)</u>	<u>-</u>	<u>(557,894)</u>
	<u>\$ 7,542,106</u>	<u>\$ 1,977,194</u>	<u>\$ 9,519,300</u>
Year Ending June 30,	Loans Payable		
	Principal	Interest	Total
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	118,441	54,172	172,613
2018-2022	530,234	207,055	737,289
2023-2027	421,940	126,442	548,382
2028-2032	<u>501,616</u>	<u>45,363</u>	<u>546,979</u>
	<u>\$ 2,007,163</u>	<u>\$ 688,921</u>	<u>\$ 2,696,084</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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,	Grand Totals		
	Principal	Interest	Total
2013	\$ 813,171	\$ 391,862	\$ 1,205,033
2014	841,794	366,905	1,208,699
2015	870,543	340,151	1,210,694
2016	899,424	305,833	1,205,257
2017	938,441	270,378	1,208,819
2018-2022	4,165,234	776,268	4,941,502
2023-2027	1,076,940	169,355	1,246,295
2028-2032	501,616	45,363	546,979
Less: deferred amounts on advance refunding	<u>(557,894)</u>	<u>-</u>	<u>(557,894)</u>
	<u>\$ 9,549,269</u>	<u>\$ 2,666,115</u>	<u>\$ 12,215,384</u>

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, 2012, the unpaid obligation on the bonds was \$35,000 and cash and investments for bonds and interest coupons redemption of \$44,443 was held by the City and recorded on the 1915 Act Bonds Agency Fund.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

8. 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.

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 2012 was \$1,659,093 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 2012, the City's actual and contributed annual pension cost was \$1,659,093. The required contribution for the fiscal year 2012 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.30% to 14.20%, (c) inflation of 2.75%, (d) payroll growth of 3.00%, and (e) an individual salary growth based on merit scale varying by duration of employment, coupled with an assumed annual inflation component of 2.75%, and an annual production growth of 0.25%.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

8. PENSION PLANS (CONTINUED):

Annual Pension Cost for the Miscellaneous Plan (Continued):

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, 2012 was 25 years for the Miscellaneous Plan.

Three-Year Trend Information for the Miscellaneous Plan:

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
6/30/10	\$ 1,145,202	100%	\$ -
6/30/11	1,156,143	100%	-
6/30/12	1,659,093	100%	-

Funded Status and Funding Progress:

As of June 30, 2011, the most recent actuarial valuation date, the plan was 82.9% funded. The actuarial accrued liability for benefits was \$99.2 million, and the actuarial value of assets was \$82.3 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$16.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.2 million, and the ratio of the UAAL to the covered payroll was 151.1%.

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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

8. PENSION PLANS (CONTINUED):

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 25.82% of covered payroll. The City's contributions to CalPERS for the years ended June 30, 2012, 2011, and 2010 were \$2,463,073, \$1,976,001 and \$1,924,324, respectively, and were equal to the required contributions for each year.

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, 2012, the City's payroll covered by the plan was \$1,265,688. Contributions to the plan totaled \$94,927 with employee contributions in the amount of \$76,201 (6.0% of current covered payroll) and City contributions in the amount of \$18,726 (1.5% of current covered payroll).

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

a. Plan Description:

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

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

<u>Employee Group</u>	<u>2012 Cap</u>	<u>Hire Date</u>
POA	\$ 892.00	07/01/2004
Mgmt/Admin/Conf	937.00	08/10/2005
WMEA	937.00	06/22/2005

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

<u>Years of Service</u>	<u>Percentage of Cap</u>
Less than 5	PEMHCA minimum (\$112 in 2012)
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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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

b. Funding Policy:

The contribution requirements of plan members and the City are established and may be amended by the City, the City's City Council, and/or the employee associations. The City is currently funding this OPEB obligation on a pay-as-you-go basis. For the year ended June 30, 2012, the City paid \$2,315,567 in health care costs for its retirees and their covered dependents. The plan does not require employee contributions.

c. Annual OPEB Cost and Net OPEB Obligation:

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

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

Annual required contribution	\$ 7,188,000
Interest on net OPEB obligation	445,000
Adjustment to annual required contribution	<u>(803,000)</u>
Annual OPEB cost (expense)	6,830,000
Actual contributions made	<u>(2,315,567)</u>
Increase in net OPEB obligation	4,514,433
Net OPEB Obligation - beginning of year	<u>10,370,598</u>
Net OPEB Obligation - end of year	<u>\$ 14,885,031</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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

c. Annual OPEB Cost and Net OPEB Obligation (Continued):

The City's annual OPEB cost, the actual contributions, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the three years ended June 30, 2012, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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
06/30/12	6,830,000	2,315,567	33.9 %	14,885,031

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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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

e. Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 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, 2012 was 27 years.

10. DEFERRED COMPENSATION:

Certain provisions of the Small Business Job Protection Act (the Act) effected Internal Revenue Code Section 457 plans by eliminating the requirement that Section 457 plan assets legally remain the assets of the sponsoring government. The Act requires that amounts deferred under a Section 457 plan be held in trust for the exclusive benefit of participating employees and not be accessible by the government or its creditors.

The City has implemented GASB 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". The assets have been transferred into a trust, and are no longer subject to claims of the City's general creditors, and are no longer considered the assets of the City. The plan permits all City employees to defer a portion of their salary until future years. The amount deferred is not available to employees until termination, retirement, death or unforeseeable emergency.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

10. DEFERRED COMPENSATION (CONTINUED):

The City contracts with private deferred compensation administration firms to act as an agent of the City to fulfill all the City's administrative responsibilities. The duties performed by this fiduciary on behalf of the City include assisting employees in the execution of investment transactions and providing summary and participant reporting of these investments.

Since the City has placed the assets into a trust and has little administrative involvement and does not perform the investing function for the plan, the assets have been removed from the City's financial statements.

11. RISK MANAGEMENT:

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

The City retains the risk of loss for general liability claims of up to \$350,000 per occurrence and workers compensation claims of up to \$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. 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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

11. RISK MANAGEMENT (CONTINUED):

All Funds of the City participate in the risk management program and make payments to the Risk Management and Compensation/Benefits Internal Service Funds based on estimates of the amounts needed to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. At June 30, 2012, the Risk Management Fund had accumulated fund equity of \$5,476,942. Also, at June 30, 2012, the Compensation/Benefits Fund had a reserve for catastrophic losses of \$5,927,292, which is reported as net assets in this fund. The claims liabilities of \$1,431,751 and \$1,342,781 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2012 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 2012 and 2011 were as follows:

	Risk Management Fund		Compensation/Benefits Fund	
	2012	2011	2012	2011
Beginning-year liability	\$ 1,203,710	\$ 1,655,221	\$ 1,147,814	\$ 1,534,499
Current-year claims and changes in estimates	748,349	(389,252)	965,744	327,641
Claim payments	<u>(520,308)</u>	<u>(62,259)</u>	<u>(770,777)</u>	<u>(714,326)</u>
Balance at fiscal year-end	<u>\$ 1,431,751</u>	<u>\$ 1,203,710</u>	<u>\$ 1,342,781</u>	<u>\$ 1,147,814</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications established as of June 30, 2012 were as follows:

	General	Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Capital Improvements	Other Governmental	Total
Nonspendable:							
Prepaid items	\$ 39,055	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,055
Receivables	-	12,137,356	850,000	-	-	-	12,987,356
Advance	-	14,645,760	-	-	-	-	14,645,760
Total Nonspendable	<u>39,055</u>	<u>26,783,116</u>	<u>850,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,672,171</u>
Restricted for:							
Housing authority	-	123,674	-	-	-	-	123,674
Debt service	-	-	-	220,243	-	261,191	481,434
Parks	-	-	-	-	-	995,788	995,788
Special police services	-	-	-	-	-	1,428,080	1,428,080
Municipal lighting	-	-	-	-	-	2,038,929	2,038,929
Other grants	-	-	-	-	-	570,925	570,925
Offside drainage district	-	-	-	-	-	122,852	122,852
Total Restricted	<u>-</u>	<u>123,674</u>	<u>-</u>	<u>220,243</u>	<u>-</u>	<u>5,417,765</u>	<u>5,761,682</u>
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	18,070,043	1,831,394	19,901,437
Unassigned	<u>26,842,509</u>	<u>-</u>	<u>(434,092)</u>	<u>(957,148)</u>	<u>-</u>	<u>-</u>	<u>25,451,269</u>
Total Fund							
Balances							
(Deficit)	<u>\$26,881,564</u>	<u>\$ 26,906,790</u>	<u>\$ 415,908</u>	<u>\$ (736,905)</u>	<u>\$ 18,070,043</u>	<u>\$ 7,249,159</u>	<u>\$78,786,559</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS (CONTINUED):

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

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

Committed - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City considers the adoption of the budget to institute a formal action for the purpose of establishing committed fund balances.

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

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

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

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

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balance:

The following Special Revenue Fund had a deficit fund balance at June 30, 2012. 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	\$	736,905
---	----	---------

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED):

Excess of Expenditures over Appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Funds:			
Westminster Housing Authority			
Special Revenue Fund	\$ 1,308,271	\$ 1,345,176	\$ (36,905)
Other Governmental Funds:			
Municipal Lighting Special Revenue Fund	835,643	880,356	(44,713)

14. COMMITMENTS AND CONTINGENCIES:

Claims and Judgments:

At June 30, 2012, 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, 2012, the aggregate principal amount of Bonds outstanding totaled \$6,480,000.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

15. SUCCESSOR AGENCY DISCLOSURES:

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

Capital Assets:

The former Redevelopment Agency transferred land in the amount of \$12,437,828 to the Successor Agency.

Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Balance at				Balance at		Due	Due in
	July 1, 2011	Additions	Reductions	Transfers (a)	June 30, 2012	One Year	More Than	
							One Year	
Tax allocation								
bonds payable	\$ _____	\$ _____	\$ _____	\$ 140,145,000	\$ 140,145,000	\$ 9,125,000	\$ 131,020,000	

(a) The transfers relate to the transfer of long-term liabilities from the former Westminster Redevelopment Agency to the Successor Agency. The Successor Agency of the Westminster Redevelopment Agency has assumed these liabilities as a result of the dissolution of the Redevelopment Agency. See Note 16 for additional information.

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.

\$ 26,825,000

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (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. \$ 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. 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. 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. 5,560,000

Total Tax Allocation Bonds \$ 140,145,000

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

The annual requirements to amortize the tax allocation bonds outstanding as of June 30, 2012, including interest payments are as follows:

Year Ending June 30,	Tax Allocation Bonds		
	Principal	Interest	Total
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	1,965,000	6,538,994	8,503,994
2018-2022	11,105,000	31,394,123	42,499,123
2023-2027	13,805,000	28,592,820	42,397,820
2028-2032	15,570,000	24,832,798	40,402,798
2033-2037	20,190,000	19,546,606	39,736,606
2038-2042	27,220,000	12,323,301	39,543,301
2043-2046	28,115,000	3,358,572	31,473,572
	<u>\$ 140,145,000</u>	<u>\$ 153,878,340</u>	<u>\$ 294,023,340</u>

16. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the “Dissolution Act”) and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package. The Dissolution Act required each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for impending dissolution. Assembly Bill 1x 27 provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program.

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 the Dissolution Act and Assembly Bill 1x 27 on the grounds that these bills violate the California Constitution.

On December 29, 2011, the California Supreme Court upheld the Dissolution Act and struck down Assembly Bill 1x 27.

See accompanying independent auditors’ report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

Under the Dissolution Act, each California redevelopment agency (each a "Dissolved RDA") was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On January 11, 2012, the City elected to serve as the Successor Agency of the Westminster Redevelopment Agency.

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City elected on February 9, 2011 to serve as the Housing Successor Agency.

Prior to February 1, 2012, the final seven months of activity of the Dissolved RDA are reported in the governmental funds of the City. After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Westminster Housing Authority Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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

The transfer of the assets and liabilities of the Dissolved RDA as of February 1, 2012 (except for certain assets of the former Low and Moderate Income Housing Fund, which were transferred to the Westminster Housing Authority (effectively the same date as January 31, 2012) from the governmental funds of the City to the fiduciary fund was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of February 1, 2012 was also reported in the fiduciary fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the fiduciary private-purpose trust fund (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in governmental funds - increase to net assets of the Successor Agency Trust Fund	\$(91,989,516)
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	(12,437,828)
Deferred bond costs assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	(6,466,487)
Accrued bond interest reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	2,009,024
Long-term debt reported in the government-wide financial statements - decrease to the net assets of the Successor Agency Trust Fund	<u>140,145,000</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u>\$ 31,260,193</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs.

The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months. The Successor Agency did not receive RPTTF funding on June 1, 2012 for payment of enforceable obligations for the ROPS for the period July 1, 2012 to December 31, 2012. The Successor Agency made a payment in the amount of \$8,995,137 to the Orange County Auditor to return tax increment received in December 2011 and January 2012 in excess of amounts required to pay for enforceable obligations for the period January 1, 2012 to June 30, 2012. The Successor Agency's management has identified \$2,641,200 in expenditures through June 30, 2012 on enforceable obligations that the Department of Finance did not approve. Management does not concur with the Department of Finance's disapproval of these enforceable obligations.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

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 fiscal year 2011.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2012

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

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.

The Redevelopment Agency's Low and Moderate Income Housing Fund transferred loans and notes receivable in the amount of \$1,228,581 before the dissolution of the redevelopment agency and the advance receivable from the Successor Agency in the amount of \$14,645,760 on February 1, 2012 upon the dissolution of the redevelopment agency.

The Redevelopment Agency transferred capital assets in the amount of \$16.2 million (net of depreciation) to the City upon dissolution of the Redevelopment Agency. The Successor Agency contributed capital assets in the amount of \$6.1 million to the City for the period February 1, 2012 to June 30, 2012.

The State Controller of the State of California has been directed to review the propriety of any transfers of assets between Dissolved RDA 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.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

See accompanying independent auditors' report.

This page intentionally left blank

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

CITY OF WESTMINSTER

SCHEDULES OF FUNDING PROGRESS

For the year ended June 30, 2012

CalPERS MISCELLANEOUS PENSION PLAN
(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Liability (AAL) (a)	Actuarial Value of Assets (AVA) (b)	Unfunded Actuarial Liability (UAAL) (a) - (b)	Funded Ratio AVA (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/c]
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%
06/30/11	99,199	82,284	16,915	82.95%	11,196	151.08%

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.

This page intentionally left blank

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 31,363,002	\$ 31,363,002	\$ 32,475,194	\$ 1,112,192
Licenses and permits	566,160	566,160	534,216	(31,944)
Fines	952,000	952,000	871,010	(80,990)
Investment and rental	2,180,000	2,184,167	1,817,855	(366,312)
Intergovernmental	99,640	124,700	268,418	143,718
Charges for services	6,708,525	6,708,525	6,493,520	(215,005)
Other	158,246	164,246	192,777	28,531
TOTAL REVENUES	42,027,573	42,062,800	42,652,990	590,190
EXPENDITURES:				
Current:				
General government	1,585,453	1,662,013	1,813,054	(151,041)
Public safety	35,961,708	35,992,768	34,556,016	1,436,752
Public works	3,855,084	3,855,084	4,193,485	(338,401)
Community development	3,216,158	2,510,700	2,611,291	(100,591)
Community services	2,022,446	2,022,446	1,905,445	117,001
Capital outlay	8,000	8,000	-	8,000
TOTAL EXPENDITURES	46,648,849	46,051,011	45,079,291	971,720
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,621,276)	(3,988,211)	(2,426,301)	1,561,910
OTHER FINANCING SOURCES (USES):				
Sale of equipment and property	3,000	3,000	14,813	11,813
Transfers in	2,733,099	2,023,474	2,023,474	-
Transfers out	(60,662)	(60,662)	(60,662)	-
TOTAL OTHER FINANCING SOURCES (USES)	2,675,437	1,965,812	1,977,625	11,813
NET CHANGE IN FUND BALANCE	(1,945,839)	(2,022,399)	(448,676)	1,573,723
FUND BALANCE - BEGINNING OF YEAR	27,330,240	27,330,240	27,330,240	-
FUND BALANCE - END OF YEAR	\$ 25,384,401	\$ 25,307,841	\$ 26,881,564	\$ 1,573,723

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

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE

WESTMINSTER HOUSING AUTHORITY SPECIAL REVENUE FUND

For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 200,000	\$ -	\$ 29,856	\$ 29,856
EXPENDITURES:				
Current:				
Community development	2,074,622	1,308,271	1,345,176	(36,905)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,874,622)	(1,308,271)	(1,315,320)	(7,049)
OTHER FINANCING SOURCES (USES):				
Transfers in	6,891,744	1,303,581	15,949,341	14,645,760
Transfers out	(4,345,592)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,546,152	1,303,581	15,949,341	14,645,760
NET CHANGE IN FUND BALANCE	671,530	(4,690)	14,634,021	14,638,711
FUND BALANCE - BEGINNING OF YEAR	12,272,769	12,272,769	12,272,769	-
FUND BALANCE - END OF YEAR	\$ 12,944,299	\$ 12,268,079	\$ 26,906,790	\$ 14,638,711

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines	\$ 2,000	\$ 2,000	\$ 9,500	\$ 7,500
Investment and rental	-	-	929	929
Intergovernmental	2,801,451	2,801,451	693,897	(2,107,554)
Other	-	-	710,003	710,003
TOTAL REVENUES	<u>2,803,451</u>	<u>2,803,451</u>	<u>1,414,329</u>	<u>(1,389,122)</u>
EXPENDITURES:				
Current:				
Community development	<u>1,787,640</u>	<u>1,799,138</u>	<u>695,527</u>	<u>1,103,611</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,015,811</u>	<u>1,004,313</u>	<u>718,802</u>	<u>(285,511)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	352,139	352,139	-
Transfers out	<u>(629,200)</u>	<u>(1,083,811)</u>	<u>(1,083,811)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(629,200)</u>	<u>(731,672)</u>	<u>(731,672)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	386,611	272,641	(12,870)	(285,511)
FUND BALANCE - BEGINNING OF YEAR	<u>428,778</u>	<u>428,778</u>	<u>428,778</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 815,389</u>	<u>\$ 701,419</u>	<u>\$ 415,908</u>	<u>\$ (285,511)</u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,646,696	\$ 2,646,696	\$ 2,272,063	\$ (374,633)
Investment and rental	11,000	11,000	31,985	20,985
Intergovernmental	1,218,375	1,218,375	4,863,339	3,644,964
Charges for services	10,000	10,000	41,999	31,999
Other	400,000	400,000	43,524	(356,476)
TOTAL REVENUES	<u>4,286,071</u>	<u>4,286,071</u>	<u>7,252,910</u>	<u>2,966,839</u>
EXPENDITURES:				
Current:				
Community development	2,242,601	2,242,601	1,467,032	775,569
Debt service:				
Principal retirement	153,186	153,186	153,186	-
Interest and fiscal charges	66,815	66,815	66,815	-
TOTAL EXPENDITURES	<u>2,462,602</u>	<u>2,462,602</u>	<u>1,687,033</u>	<u>775,569</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,823,469</u>	<u>1,823,469</u>	<u>5,565,877</u>	<u>3,742,408</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	434,323	524,323	90,000
Transfers out	(1,234,100)	(1,234,100)	(1,234,100)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,234,100)</u>	<u>(799,777)</u>	<u>(709,777)</u>	<u>90,000</u>
NET CHANGE IN FUND BALANCE	589,369	1,023,692	4,856,100	3,832,408
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(5,593,005)</u>	<u>(5,593,005)</u>	<u>(5,593,005)</u>	<u>-</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (5,003,636)</u></u>	<u><u>\$ (4,569,313)</u></u>	<u><u>\$ (736,905)</u></u>	<u><u>\$ 3,832,408</u></u>

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

CITY OF WESTMINSTER

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2012

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.

This page intentionally left blank

OTHER SUPPLEMENTAL INFORMATION

This page intentionally left blank

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.

Redevelopment Agency (RDA) Low and Moderate Income Housing Fund - accounts 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.

CITY OF WESTMINSTER

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue Funds			
	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
ASSETS				
Cash and investments	\$ 995,788	\$ 1,393,997	\$ 1,821,845	\$ 536,588
Receivables, net of allowance:				
Taxes	-	-	217,642	-
Other	-	-	-	2,604
Due from other governments	-	306,360	-	69,033
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
TOTAL ASSETS	\$ 995,788	\$ 1,700,357	\$ 2,039,487	\$ 608,225
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and other liabilities	\$ -	\$ 115,026	\$ -	\$ 37,300
Deposits	-	52,775	-	-
Deferred revenue	-	-	558	-
TOTAL LIABILITIES	-	167,801	558	37,300
FUND BALANCES:				
Restricted for:				
Parks	995,788	-	-	-
Special police services	-	1,428,080	-	-
Municipal lighting	-	-	2,038,929	-
Other grants	-	-	-	570,925
Offsite drainage district	-	-	-	-
Debt service	-	104,476	-	-
Assigned	-	-	-	-
TOTAL FUND BALANCES	995,788	1,532,556	2,038,929	570,925
TOTAL LIABILITIES AND FUND BALANCES	\$ 995,788	\$ 1,700,357	\$ 2,039,487	\$ 608,225

See accompanying independent auditors' report.

Special Revenue Funds (Continued)			Total
Offsite Drainage District	Community Promotion	RDA Low and Moderate Income Housing	Other Governmental Funds
\$ 122,852	\$ 2,010,418	\$ -	\$ 6,881,488
-	-	-	217,642
-	-	-	2,604
-	-	-	375,393
-	3	-	3
<u>\$ 122,852</u>	<u>\$ 2,010,421</u>	<u>\$ -</u>	<u>\$ 7,477,130</u>
\$ -	\$ 22,312	\$ -	\$ 174,638
-	-	-	52,775
-	-	-	558
-	22,312	-	227,971
-	-	-	995,788
-	-	-	1,428,080
-	-	-	2,038,929
-	-	-	570,925
122,852	-	-	122,852
-	156,715	-	261,191
-	1,831,394	-	1,831,394
<u>122,852</u>	<u>1,988,109</u>	<u>-</u>	<u>7,249,159</u>
<u>\$ 122,852</u>	<u>\$ 2,010,421</u>	<u>\$ -</u>	<u>\$ 7,477,130</u>

CITY OF WESTMINSTER

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

For the year ended June 30, 2012

	Special Revenue Funds			
	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,202,062	\$ -
Investment and rental	24,174	19,475	22,779	6,176
Intergovernmental	256,518	1,397,803	-	525,305
Charges for services	-	155,136	-	-
Other	-	727,914	-	10,969
TOTAL REVENUES	<u>280,692</u>	<u>2,300,328</u>	<u>1,224,841</u>	<u>542,450</u>
EXPENDITURES:				
Current:				
General government	-	-	-	82,034
Public safety	-	1,594,978	-	-
Community development	4,575	-	880,356	177,425
Community services	-	-	-	244,083
Capital outlay	-	29,973	-	-
Debt service:				
Principal retirement	-	72,667	-	-
Interest and fiscal charges	-	31,710	-	-
TOTAL EXPENDITURES	<u>4,575</u>	<u>1,729,328</u>	<u>880,356</u>	<u>503,542</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>276,117</u>	<u>571,000</u>	<u>344,485</u>	<u>38,908</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	201,115	-	-
Transfers out	(214,500)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(214,500)</u>	<u>201,115</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES, BEFORE EXTRAORDINARY ITEM	61,617	772,115	344,485	38,908
EXTRAORDINARY LOSS	-	-	-	-
NET CHANGE IN FUND BALANCES	61,617	772,115	344,485	38,908
FUND BALANCES - BEGINNING OF YEAR	<u>934,171</u>	<u>760,441</u>	<u>1,694,444</u>	<u>532,017</u>
FUND BALANCES - END OF YEAR	<u>\$ 995,788</u>	<u>\$ 1,532,556</u>	<u>\$ 2,038,929</u>	<u>\$ 570,925</u>

See accompanying independent auditors' report.

Special Revenue Funds (Continued)			Total
Offsite Drainage District	Community Promotion	RDA Low and Moderate Income Housing	Other Governmental Funds
\$ -	\$ 595,682	\$ -	\$ 1,797,744
1,620	24,205	31,398	129,827
-	-	-	2,179,626
1,918	2,542	-	159,596
-	74,002	-	812,885
<u>3,538</u>	<u>696,431</u>	<u>31,398</u>	<u>5,079,678</u>
-	-	-	82,034
-	-	-	1,594,978
178	287,221	896,330	2,246,085
-	-	-	244,083
-	-	-	29,973
-	109,000	300,000	481,667
-	47,543	70,275	149,528
<u>178</u>	<u>443,764</u>	<u>1,266,605</u>	<u>4,828,348</u>
<u>3,360</u>	<u>252,667</u>	<u>(1,235,207)</u>	<u>251,330</u>
-	-	-	201,115
-	-	(16,444,362)	(16,658,862)
-	-	(16,444,362)	(16,457,747)
3,360	252,667	(17,679,569)	(16,206,417)
-	-	(15,784,668)	(15,784,668)
3,360	252,667	(33,464,237)	(31,991,085)
<u>119,492</u>	<u>1,735,442</u>	<u>33,464,237</u>	<u>39,240,244</u>
<u>\$ 122,852</u>	<u>\$ 1,988,109</u>	<u>\$ -</u>	<u>\$ 7,249,159</u>

CITY OF WESTMINSTER

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

PARKS DEDICATION SPECIAL REVENUE FUND

For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 40,000	\$ 40,000	\$ 24,174	\$ (15,826)
Intergovernmental	-	-	256,518	256,518
Charges for services	51,508	51,508	-	(51,508)
TOTAL REVENUES	91,508	91,508	280,692	189,184
EXPENDITURES:				
Current:				
Community development	4,575	4,575	4,575	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	86,933	86,933	276,117	189,184
OTHER FINANCING USES:				
Transfers out	(214,500)	(214,500)	(214,500)	-
NET CHANGE IN FUND BALANCE	(127,567)	(127,567)	61,617	189,184
FUND BALANCE - BEGINNING OF YEAR	934,171	934,171	934,171	-
FUND BALANCE - END OF YEAR	\$ 806,604	\$ 806,604	\$ 995,788	\$ 189,184

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 26,400	\$ 26,400	\$ 19,475	\$ (6,925)
Intergovernmental	1,595,568	1,665,205	1,397,803	(267,402)
Charges for services	182,000	182,000	155,136	(26,864)
Other	65,000	65,000	727,914	662,914
TOTAL REVENUES	1,868,968	1,938,605	2,300,328	361,723
EXPENDITURES:				
Current:				
Public safety	1,928,964	2,283,137	1,594,978	688,159
Capital outlay	85,743	95,267	29,973	65,294
Debt service:				
Principal retirement	72,667	72,667	72,667	-
Interest and fiscal charges	32,195	32,195	31,710	485
TOTAL EXPENDITURES	2,119,569	2,483,266	1,729,328	753,938
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(250,601)	(544,661)	571,000	1,115,661
OTHER FINANCING SOURCES:				
Transfers in	276,439	201,115	201,115	-
NET CHANGE IN FUND BALANCE	25,838	(343,546)	772,115	1,115,661
FUND BALANCE - BEGINNING OF YEAR	760,441	760,441	760,441	-
FUND BALANCE - END OF YEAR	\$ 786,279	\$ 416,895	\$ 1,532,556	\$ 1,115,661

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 830,500	\$ 830,500	\$ 1,202,062	\$ 371,562
Investment and rental	55,000	55,000	22,779	(32,221)
TOTAL REVENUES	<u>885,500</u>	<u>885,500</u>	<u>1,224,841</u>	<u>339,341</u>
EXPENDITURES:				
Current:				
Community development	<u>835,643</u>	<u>835,643</u>	<u>880,356</u>	<u>(44,713)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	49,857	49,857	344,485	294,628
FUND BALANCE - BEGINNING OF YEAR	<u>1,694,444</u>	<u>1,694,444</u>	<u>1,694,444</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,744,301</u>	<u>\$ 1,744,301</u>	<u>\$ 2,038,929</u>	<u>\$ 294,628</u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 12,700	\$ 12,700	\$ 6,176	\$ (6,524)
Intergovernmental	548,580	548,580	525,305	(23,275)
Other	19,800	19,800	10,969	(8,831)
TOTAL REVENUES	581,080	581,080	542,450	(38,630)
EXPENDITURES:				
Current:				
General government	76,305	106,305	82,034	24,271
Community development	236,569	231,569	177,425	54,144
Community services	246,282	246,282	244,083	2,199
Capital outlay	-	5,000	-	5,000
TOTAL EXPENDITURES	559,156	589,156	503,542	85,614
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	21,924	(8,076)	38,908	46,984
FUND BALANCE - BEGINNING OF YEAR	532,017	532,017	532,017	-
FUND BALANCE - END OF YEAR	\$ 553,941	\$ 523,941	\$ 570,925	\$ 46,984

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 3,000	\$ 3,000	\$ 1,620	\$ (1,380)
Charges for services	1,000	1,000	1,918	918
TOTAL REVENUES	4,000	4,000	3,538	(462)
EXPENDITURES:				
Current:				
Community development	200	200	178	22
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,800	3,800	3,360	(440)
FUND BALANCE - BEGINNING OF YEAR	119,492	119,492	119,492	-
FUND BALANCE - END OF YEAR	\$ 123,292	\$ 123,292	\$ 122,852	\$ (440)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 520,000	\$ 520,000	\$ 595,682	\$ 75,682
Investment and rental	35,100	35,100	24,205	(10,895)
Charges for services	1,650	1,650	2,542	892
Other	108,900	108,900	74,002	(34,898)
TOTAL REVENUES	<u>665,650</u>	<u>665,650</u>	<u>696,431</u>	<u>30,781</u>
EXPENDITURES:				
Current:				
Community development	376,024	376,024	287,221	88,803
Debt service:				
Principal retirement	109,000	109,000	109,000	-
Interest and fiscal charges	47,543	47,543	47,543	-
TOTAL EXPENDITURES	<u>532,567</u>	<u>532,567</u>	<u>443,764</u>	<u>88,803</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	133,083	133,083	252,667	119,584
FUND BALANCE - BEGINNING OF YEAR	<u>1,735,442</u>	<u>1,735,442</u>	<u>1,735,442</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,868,525</u>	<u>\$ 1,868,525</u>	<u>\$ 1,988,109</u>	<u>\$ 119,584</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

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

RDALOW AND MODERATE INCOME HOUSING SPECIAL REVENUE FUND

For the seven month period July 1, 2011 to January 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 7,360,580	\$ 7,360,580	\$ -	\$ (7,360,580)
Investment and rental	-	31,541	31,398	(143)
TOTAL REVENUES	<u>7,360,580</u>	<u>7,392,121</u>	<u>31,398</u>	<u>(7,360,723)</u>
EXPENDITURES:				
Current:				
Community development	15,795,565	1,155,657	896,330	259,327
Debt service:				
Principal retirement	-	300,000	300,000	-
Interest and fiscal charges	-	70,275	70,275	-
TOTAL EXPENDITURES	<u>15,795,565</u>	<u>1,525,932</u>	<u>1,266,605</u>	<u>259,327</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,434,985)	5,866,189	(1,235,207)	(7,101,396)
OTHER FINANCING USES:				
Transfers out	<u>(7,360,580)</u>	<u>(1,798,602)</u>	<u>(16,444,362)</u>	<u>(14,645,760)</u>
NET CHANGE IN FUND BALANCE, BEFORE EXTRAORDINARY ITEM	(15,795,565)	4,067,587	(17,679,569)	(21,747,156)
EXTRAORDINARY LOSS	-	-	<u>(15,784,668)</u>	<u>(15,784,668)</u>
NET CHANGE IN FUND BALANCE	(15,795,565)	4,067,587	(33,464,237)	(37,531,824)
FUND BALANCE - BEGINNING OF YEAR	<u>33,464,237</u>	<u>33,464,237</u>	<u>33,464,237</u>	-
FUND BALANCE - END OF YEAR	<u>\$ 17,668,672</u>	<u>\$ 37,531,824</u>	<u>\$ -</u>	<u>\$ (37,531,824)</u>

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 seven month period July 1, 2011 to January 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 29,442,320	\$ 29,442,320	\$ 12,019,165	\$ (17,423,155)
Investment and rental	140,000	3,706	3,706	-
TOTAL REVENUES	<u>29,582,320</u>	<u>29,446,026</u>	<u>12,022,871</u>	<u>(17,423,155)</u>
EXPENDITURES:				
Current:				
General government	9,288,936	8,626,527	143,069	8,483,458
Debt service:				
Principal retirement	1,195,000	1,195,000	1,195,000	-
Interest and fiscal charges	13,931,463	3,446,444	3,421,912	24,532
TOTAL EXPENDITURES	<u>24,415,399</u>	<u>13,267,971</u>	<u>4,759,981</u>	<u>8,507,990</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,166,921</u>	<u>16,178,055</u>	<u>7,262,890</u>	<u>(8,915,165)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	468,836	355,711	355,711	-
Transfers out	<u>(8,000,000)</u>	<u>(8,000,000)</u>	<u>(4,666,667)</u>	<u>3,333,333</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(7,531,164)</u>	<u>(7,644,289)</u>	<u>(4,310,956)</u>	<u>3,333,333</u>
NET CHANGE IN FUND BALANCE, BEFORE EXTRAORDINARY ITEM	<u>(2,364,243)</u>	<u>8,533,766</u>	<u>2,951,934</u>	<u>(5,581,832)</u>
EXTRAORDINARY LOSS	<u>-</u>	<u>-</u>	<u>(15,676,086)</u>	<u>(15,676,086)</u>
NET CHANGE IN FUND BALANCE	<u>(2,364,243)</u>	<u>8,533,766</u>	<u>(12,724,152)</u>	<u>(21,257,918)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>12,724,152</u>	<u>12,724,152</u>	<u>12,724,152</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 10,359,909</u>	<u>\$ 21,257,918</u>	<u>\$ -</u>	<u>\$ (21,257,918)</u>

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, 2012

	Risk Management	Compensation/ Benefits
ASSETS		
CURRENT ASSETS:		
Cash and investments	\$ 6,550,236	\$ 7,164,744
Accounts receivable	518	-
Other receivables	-	32,950
Prepaid items	-	25,146
Inventories	-	-
TOTAL CURRENT ASSETS	6,550,754	7,222,840
RESTRICTED ASSETS:		
Cash and investments	371,948	2,110,478
NONCURRENT ASSETS:		
Deferred bond charges	-	-
CAPITAL ASSETS:		
Buildings	-	-
Improvements other than buildings	-	-
Vehicles	-	-
Machinery and equipment	-	-
Office furniture, computers and equipment	-	-
Leased property	-	-
TOTAL CAPITAL ASSETS	-	-
Less accumulated depreciation	-	-
NET CAPITAL ASSETS	-	-
TOTAL ASSETS	6,922,702	9,333,318

See accompanying independent auditors' report.

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 2,594,629	\$ 773,100	\$ 17,082,709
59,140	797	60,455
-	-	32,950
45,767	-	70,913
53,070	-	53,070
<u>2,752,606</u>	<u>773,897</u>	<u>17,300,097</u>
<u>420,692</u>	<u>212,475</u>	<u>3,115,593</u>
<u>9,061</u>	<u>68,846</u>	<u>77,907</u>
-	4,163,053	4,163,053
585,555	37,300	622,855
4,050,692	-	4,050,692
204,909	33,269	238,178
1,934,470	129,857	2,064,327
333,307	-	333,307
<u>7,108,933</u>	<u>4,363,479</u>	<u>11,472,412</u>
<u>(4,141,725)</u>	<u>(1,296,717)</u>	<u>(5,438,442)</u>
<u>2,967,208</u>	<u>3,066,762</u>	<u>6,033,970</u>
<u>6,149,567</u>	<u>4,121,980</u>	<u>26,527,567</u>

(Continued)

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
(CONTINUED)

June 30, 2012

LIABILITIES AND NET ASSETS	<u>Risk Management</u>	<u>Compensation/ Benefits</u>
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 14,009	\$ 2,800
Claims payable	357,938	335,695
Compensated absences	-	1,771,983
Certificates of participation	-	-
	<u>371,947</u>	<u>2,110,478</u>
LONG-TERM LIABILITIES:		
Claims payable	1,073,813	1,007,086
Compensated absences	-	288,462
Certificates of participation	-	-
	<u>1,073,813</u>	<u>1,295,548</u>
TOTAL LONG-TERM LIABILITIES	<u>1,073,813</u>	<u>1,295,548</u>
TOTAL LIABILITIES	<u>1,445,760</u>	<u>3,406,026</u>
NET ASSETS:		
Invested in capital assets, net of related debt	-	-
Unrestricted	5,476,942	5,927,292
	<u>5,476,942</u>	<u>5,927,292</u>
TOTAL NET ASSETS	<u>\$ 5,476,942</u>	<u>\$ 5,927,292</u>

See accompanying independent auditors' report.

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 357,223	\$ 54,356	\$ 428,388
-	-	693,633
46,659	30,355	1,848,997
<u>16,810</u>	<u>127,763</u>	<u>144,573</u>
<u>420,692</u>	<u>212,474</u>	<u>3,115,591</u>
-	-	2,080,899
7,596	4,942	301,000
<u>139,520</u>	<u>900,931</u>	<u>1,040,451</u>
<u>147,116</u>	<u>905,873</u>	<u>3,422,350</u>
<u>567,808</u>	<u>1,118,347</u>	<u>6,537,941</u>
2,810,879	2,038,069	4,848,948
<u>2,770,880</u>	<u>965,564</u>	<u>15,140,678</u>
<u>\$ 5,581,759</u>	<u>\$ 3,003,633</u>	<u>\$ 19,989,626</u>

CITY OF WESTMINSTER

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

For the year ended June 30, 2012

	Risk Management	Compensation/ Benefits
OPERATING REVENUES:		
Charges for services	\$ 1,703,309	\$ 14,305,003
Other	220,111	313,430
	<u>1,923,420</u>	<u>14,618,433</u>
OPERATING EXPENSES:		
Salaries	-	4,186,864
Maintenance and operations	396,100	1,174,171
Insurance premiums and legal fees	942,228	2,393,515
Claims and benefits	748,348	7,043,978
Depreciation and amortization	-	-
	<u>2,086,676</u>	<u>14,798,528</u>
TOTAL OPERATING EXPENSES	<u>2,086,676</u>	<u>14,798,528</u>
OPERATING INCOME (LOSS)	<u>(163,256)</u>	<u>(180,095)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	-	-
Interest and fiscal charges	-	-
Gain on sale of property and equipment	-	-
	<u>-</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>-</u>	<u>-</u>
NET INCOME (LOSS) BEFORE TRANSFERS	<u>(163,256)</u>	<u>(180,095)</u>
TRANSFERS:		
Transfers in	-	-
Transfers out	(11,498)	-
	<u>(11,498)</u>	<u>-</u>
TOTAL TRANSFERS	<u>(11,498)</u>	<u>-</u>
CHANGE IN NET ASSETS	(174,754)	(180,095)
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>5,651,696</u>	<u>6,107,387</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 5,476,942</u>	<u>\$ 5,927,292</u>

See accompanying independent auditors' report.

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 2,736,159	\$ 2,031,710	\$ 20,776,181
307,566	4,780	845,887
<u>3,043,725</u>	<u>2,036,490</u>	<u>21,622,068</u>
964,806	573,205	5,724,875
1,762,383	1,072,942	4,405,596
-	312	3,336,055
-	-	7,792,326
643,410	114,874	758,284
<u>3,370,599</u>	<u>1,761,333</u>	<u>22,017,136</u>
<u>(326,874)</u>	<u>275,157</u>	<u>(395,068)</u>
65,154	20,625	85,779
(8,171)	(78,179)	(86,350)
3,322	-	3,322
<u>60,305</u>	<u>(57,554)</u>	<u>2,751</u>
<u>(266,569)</u>	<u>217,603</u>	<u>(392,317)</u>
202,303	5,582	207,885
(2,081,000)	(33,700)	(2,126,198)
<u>(1,878,697)</u>	<u>(28,118)</u>	<u>(1,918,313)</u>
(2,145,266)	189,485	(2,310,630)
<u>7,727,025</u>	<u>2,814,148</u>	<u>22,300,256</u>
<u>\$ 5,581,759</u>	<u>\$ 3,003,633</u>	<u>\$ 19,989,626</u>

CITY OF WESTMINSTER

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2012

	<u>Risk Management</u>	<u>Compensation/ Benefits</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customer	\$ 1,922,902	\$ 14,627,667
Payment to suppliers	(1,865,838)	(10,421,361)
Payment to employees	-	(4,087,669)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>57,064</u>	<u>118,637</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	(11,498)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(11,498)</u>	<u>-</u>
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	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	45,566	118,637
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>6,876,618</u>	<u>9,156,585</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,922,184</u>	<u>\$ 9,275,222</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (163,256)	\$ (180,095)
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(518)	9,234
(Increase) decrease in prepaid items	-	(493)
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and other liabilities	(7,202)	(4,172)
Increase (decrease) in claims payable	228,040	194,968
Increase (decrease) in compensated absences payable	-	99,195
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 57,064</u>	<u>\$ 118,637</u>

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
\$ 3,014,263	\$ 2,036,490	\$ 21,601,322
(956,631)	(1,084,769)	(14,328,599)
(1,565,810)	(568,616)	(6,222,095)
<u>491,822</u>	<u>383,105</u>	<u>1,050,628</u>
202,303	5,582	207,885
(2,081,000)	(33,700)	(2,126,198)
<u>(1,878,697)</u>	<u>(28,118)</u>	<u>(1,918,313)</u>
(336,359)	(12,322)	(348,681)
8,610	-	8,610
(16,296)	(123,851)	(140,147)
(7,972)	(53,711)	(61,683)
<u>(352,017)</u>	<u>(189,884)</u>	<u>(541,901)</u>
65,154	20,625	85,779
(1,673,738)	185,728	(1,323,807)
4,689,059	799,847	21,522,109
<u>\$ 3,015,321</u>	<u>\$ 985,575</u>	<u>\$ 20,198,302</u>
\$ (326,874)	\$ 275,157	\$ (395,068)
643,410	114,874	758,284
(29,462)	-	(20,746)
(45,767)	-	(46,260)
196	-	196
242,144	(11,515)	219,255
-	-	423,008
8,175	4,589	111,959
<u>\$ 491,822</u>	<u>\$ 383,105</u>	<u>\$ 1,050,628</u>

This page intentionally left blank

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, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS:				
Restricted cash and investments	<u>\$ 65,876</u>	<u>\$ 18,795</u>	<u>\$ 40,228</u>	<u>\$ 44,443</u>
LIABILITIES:				
Due to bondholders	<u>\$ 65,876</u>	<u>\$ 18,795</u>	<u>\$ 40,228</u>	<u>\$ 44,443</u>

See accompanying independent auditors' report.

STATISTICAL SECTION

This page intentionally left blank

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2012

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

Contents:	<u>Pages</u>
<u>Financial Trends</u> these schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	124 - 133
<u>Revenue Capacity</u> these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	134 - 143
<u>Debt Capacity</u> these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	144 - 150
<u>Demographic and Economic Information</u> these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	141 - 152
<u>Operating Information</u> these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	153 - 155

CITY OF WESTMINSTER

NET ASSETS BY COMPONENT

Last Ten 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:	<u>\$ 147,991,259</u>	<u>\$ 156,526,172</u>	<u>\$ 172,915,724</u>	<u>\$ 198,231,094</u>
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:	<u>\$ 34,520,238</u>	<u>\$ 34,553,312</u>	<u>\$ 35,072,740</u>	<u>\$ 34,460,756</u>
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:	<u>\$ 182,511,497</u>	<u>\$ 191,079,484</u>	<u>\$ 207,988,464</u>	<u>\$ 232,691,850</u>

Fiscal Year Ended June 30,

2007	2008	2009	2010	2011	2012
\$ 93,264,276	\$ 97,870,305	\$ 100,104,347	\$ 115,917,966	\$ 130,622,799	\$ 224,286,618
62,906,004	78,051,423	99,106,443	88,669,819	81,222,098	14,770,657
64,244,252	71,423,945	63,917,681	57,608,308	58,305,385	63,601,972
<u>\$ 220,414,532</u>	<u>\$ 247,345,673</u>	<u>\$ 263,128,471</u>	<u>\$ 262,196,093</u>	<u>\$ 270,150,282</u>	<u>\$ 302,659,247</u>
\$ 31,234,034	\$ 30,019,525	\$ 28,951,409	\$ 28,200,770	\$ 27,813,299	\$ 27,240,106
367,355	380,756	335,645	113,911	113,160	113,158
1,872,906	1,093,307	2,017,567	3,408,574	5,392,113	8,209,794
<u>\$ 33,474,295</u>	<u>\$ 31,493,588</u>	<u>\$ 31,304,621</u>	<u>\$ 31,723,255</u>	<u>\$ 33,318,572</u>	<u>\$ 35,563,058</u>
\$ 124,498,310	\$ 127,889,830	\$ 129,055,756	\$ 144,118,736	\$ 158,436,098	\$ 251,526,724
63,273,359	78,432,179	99,442,088	88,783,730	81,335,258	14,883,815
66,117,158	72,517,252	65,935,248	61,016,882	63,697,498	71,811,766
<u>\$ 253,888,827</u>	<u>\$ 278,839,261</u>	<u>\$ 294,433,092</u>	<u>\$ 293,919,348</u>	<u>\$ 303,468,854</u>	<u>\$ 338,222,305</u>

CITY OF WESTMINSTER

CHANGES IN NET ASSETS
EXPENSES AND PROGRAM REVENUES

Last Ten 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	<u>51,784,311</u>	<u>57,159,115</u>	<u>56,825,776</u>	<u>65,778,759</u>
Business-type activity:				
Water enterprise	8,871,713	10,077,883	10,675,044	11,145,539
Total business-type activity expenses	<u>8,871,713</u>	<u>10,077,883</u>	<u>10,675,044</u>	<u>11,145,539</u>
Total primary government expenses	<u>60,656,024</u>	<u>67,236,998</u>	<u>67,500,820</u>	<u>76,924,298</u>
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	<u>16,723,336</u>	<u>14,220,428</u>	<u>15,954,650</u>	<u>15,172,144</u>
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	<u>9,489,236</u>	<u>10,162,780</u>	<u>10,329,216</u>	<u>10,091,120</u>
Total primary government program revenues	<u>26,212,572</u>	<u>24,383,208</u>	<u>26,283,866</u>	<u>25,263,264</u>
Net revenues (expenses):				
Governmental activities	(35,060,975)	(42,938,687)	(40,871,126)	(50,606,615)
Business-type activity	<u>617,523</u>	<u>84,897</u>	<u>(345,828)</u>	<u>(1,054,419)</u>
Total net revenues (expenses)	<u>(34,443,452)</u>	<u>(42,853,790)</u>	<u>(41,216,954)</u>	<u>(51,661,034)</u>

Source: City Finance Department

Fiscal Year Ended June 30,

2007	2008	2009	2010	2011	2012
\$ 7,867,505	\$ 8,529,466	\$ 9,175,952	\$ 21,335,005	\$ 11,836,459	\$ 1,904,232
36,299,935	34,981,171	37,564,132	36,313,972	37,050,903	39,706,407
9,276,287	10,149,119	10,263,012	10,041,239	10,839,138	12,138,788
12,185,104	12,502,817	12,693,678	12,043,058	14,699,366	11,110,694
2,883,655	2,873,862	3,050,217	2,979,397	2,977,448	2,874,153
2,229,851	2,728,406	2,812,049	6,027,294	6,135,877	4,624,156
<u>70,742,337</u>	<u>71,764,841</u>	<u>75,559,040</u>	<u>88,739,965</u>	<u>83,539,191</u>	<u>72,358,430</u>
12,084,948	12,112,328	12,215,154	11,910,470	12,264,194	12,072,927
<u>12,084,948</u>	<u>12,112,328</u>	<u>12,215,154</u>	<u>11,910,470</u>	<u>12,264,194</u>	<u>12,072,927</u>
82,827,285	83,877,169	87,774,194	100,650,435	95,803,385	84,431,357
770,204	931,322	859,442	871,954	947,291	1,393,011
2,693,966	2,510,083	2,949,945	3,178,152	2,963,243	2,399,733
661,371	710,098	684,585	1,104,193	1,301,079	1,911,770
1,839,972	2,056,317	1,677,390	1,707,098	1,638,817	1,367,032
260,998	323,492	353,094	394,655	388,247	378,061
6,673,336	8,170,763	8,990,834	7,167,620	11,945,008	9,931,063
4,887,888	3,824,058	410,664	1,277,811	1,171,634	8,122,092
<u>17,787,735</u>	<u>18,526,133</u>	<u>15,925,954</u>	<u>15,701,483</u>	<u>20,355,319</u>	<u>25,502,762</u>
10,673,586	10,866,749	11,190,581	12,704,027	14,374,002	14,842,016
<u>10,673,586</u>	<u>10,866,749</u>	<u>11,190,581</u>	<u>12,704,027</u>	<u>14,374,002</u>	<u>14,842,016</u>
28,461,321	29,392,882	27,116,535	28,405,510	34,729,321	40,344,778
(52,954,602)	(53,238,708)	(59,633,086)	(73,038,482)	(63,183,872)	(46,855,668)
<u>(1,411,362)</u>	<u>(1,245,579)</u>	<u>(1,024,573)</u>	<u>793,557</u>	<u>2,109,808</u>	<u>2,769,089</u>
<u>(54,365,964)</u>	<u>(54,484,287)</u>	<u>(60,657,659)</u>	<u>(72,244,925)</u>	<u>(61,074,064)</u>	<u>(44,086,579)</u>

CITY OF WESTMINSTER

CHANGES IN NET ASSETS
GENERAL REVENUES

Last Ten 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)
Extraordinary item	-	-	-	-
Total governmental activities	<u>47,519,253</u>	<u>51,473,600</u>	<u>57,260,678</u>	<u>64,129,652</u>
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	<u>1,203,965</u>	<u>(51,823)</u>	<u>865,256</u>	<u>442,435</u>
Total primary government	<u>48,723,218</u>	<u>51,421,777</u>	<u>58,125,934</u>	<u>64,572,087</u>
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	<u>\$ 14,279,766</u>	<u>\$ 8,567,987</u>	<u>\$ 16,908,980</u>	<u>\$ 12,911,053</u>

Source: City Finance Department

Fiscal Year Ended June 30,

2007	2008	2009	2010	2011	2012
\$ 16,537,117	\$ 16,182,971	\$ 13,238,135	\$ 12,212,474	\$ 13,164,455	\$ 12,994,495
44,158,452	47,114,786	48,096,950	47,264,839	47,004,633	25,159,373
5,398,058	5,431,551	5,478,092	5,010,797	5,082,094	5,020,744
535,896	411,655	319,341	274,349	1,214,413	46,649
3,034,760	2,908,715	3,098,184	2,825,328	2,199,984	3,020,103
5,754,628	7,295,177	5,926,914	3,949,401	1,885,429	1,266,006
-	-	-	-	-	-
(280,871)	824,994	(741,732)	568,916	587,053	597,070
-	-	-	-	-	31,260,193
<u>75,138,040</u>	<u>80,169,849</u>	<u>75,415,884</u>	<u>72,106,104</u>	<u>71,138,061</u>	<u>79,364,633</u>
144,030	89,866	47,566	26,318	72,561	72,467
-	-	46,308	167,675	-	-
280,871	(824,994)	741,732	(568,916)	(587,052)	(597,070)
<u>424,901</u>	<u>(735,128)</u>	<u>835,606</u>	<u>(374,923)</u>	<u>(514,491)</u>	<u>(524,603)</u>
<u>75,562,941</u>	<u>79,434,721</u>	<u>76,251,490</u>	<u>71,731,181</u>	<u>70,623,570</u>	<u>78,840,030</u>
22,183,438	26,931,141	15,782,798	(932,378)	7,954,189	32,508,965
(986,461)	(1,980,707)	(188,967)	418,634	1,595,317	2,244,486
<u>\$ 21,196,977</u>	<u>\$ 24,950,434</u>	<u>\$ 15,593,831</u>	<u>\$ (513,744)</u>	<u>\$ 9,549,506</u>	<u>\$ 34,753,451</u>

CITY OF WESTMINSTER

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten 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	<u>\$ 12,450,935</u>	<u>\$ 15,801,997</u>	<u>\$ 22,013,470</u>	<u>\$ 25,919,648</u>
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:	<u>\$ 58,563,728</u>	<u>\$ 67,283,877</u>	<u>\$ 71,258,331</u>	<u>\$ 71,510,253</u>
General fund:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Unassigned	-	-	-	-
Total general fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
All other governmental funds:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: GASB 54 was implement in 2011, prior years have no comparable data.

Fiscal Year Ended June 30,					
2007	2008	2009	2010	2011	2012
\$ 439,516	\$ 178,817	\$ 71,467	\$ 8,006	\$ -	\$ -
23,542,289	26,769,605	25,838,264	27,419,072	-	-
<u>\$ 23,981,805</u>	<u>\$ 26,948,422</u>	<u>\$ 25,909,731</u>	<u>\$ 27,427,078</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 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	-	-
<u>\$ 90,696,976</u>	<u>\$ 108,660,351</u>	<u>\$ 187,569,183</u>	<u>\$ 157,624,519</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,944	\$ 39,055
-	-	-	-	27,320,296	26,842,509
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,330,240</u>	<u>\$ 26,881,564</u>
\$ -	\$ -	\$ -	\$ -	\$ 27,768,885	\$ 27,633,116
-	-	-	-	109,183,565	5,761,682
-	-	-	-	22,253,296	19,901,437
-	-	-	-	(6,145,831)	(1,391,240)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,059,915</u>	<u>\$ 51,904,995</u>

CITY OF WESTMINSTER

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	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	<u>64,068,762</u>	<u>64,252,149</u>	<u>73,996,188</u>	<u>80,542,573</u>
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	<u>55,829,770</u>	<u>59,062,302</u>	<u>67,269,546</u>	<u>77,611,204</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,238,992</u>	<u>5,189,847</u>	<u>6,726,642</u>	<u>2,931,369</u>
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 issued	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers in	26,033,282	24,021,375	20,305,765	25,103,940
Transfers out	<u>(25,968,650)</u>	<u>(23,897,738)</u>	<u>(19,949,775)</u>	<u>(23,880,599)</u>
Total other financing sources (uses)	<u>72,765</u>	<u>6,881,364</u>	<u>3,459,285</u>	<u>1,226,731</u>
Net change in fund balances, before extraordinary item	8,311,757	12,071,211	10,185,927	4,158,100
Extraordinary loss	-	-	-	-
Net change in fund balances	<u>\$ 8,311,757</u>	<u>\$ 12,071,211</u>	<u>\$ 10,185,927</u>	<u>\$ 4,158,100</u>
Debt service as a percentage of noncapital expenditures	8.2%	8.5%	14.5%	12.6%

Source: City Finance Department

Fiscal Year Ended June 30,					
2007	2008	2009	2010	2011	2012
\$ 73,577,733	\$ 74,944,551	\$ 72,937,249	\$ 69,844,492	\$ 73,504,074	\$ 48,564,166
673,474	788,416	541,564	620,236	530,628	534,216
1,122,580	1,163,930	1,204,324	933,524	1,110,773	880,510
6,333,700	7,940,173	6,576,597	4,484,131	2,490,896	2,310,873
7,086,980	8,796,697	6,681,802	5,523,241	7,578,633	8,005,280
6,731,530	7,182,259	7,147,861	8,159,633	7,329,150	6,695,115
637,458	411,497	600,436	699,080	822,043	1,759,189
<u>96,163,455</u>	<u>101,227,523</u>	<u>95,689,833</u>	<u>90,264,337</u>	<u>93,366,197</u>	<u>68,749,349</u>
8,691,822	9,889,172	10,202,999	22,574,407	12,752,912	2,038,157
33,692,840	34,862,431	35,678,439	35,994,815	35,095,326	36,150,994
3,704,058	3,963,226	3,894,763	3,526,715	3,461,921	4,193,485
10,118,124	11,488,332	11,387,018	11,791,113	11,816,018	9,904,011
2,181,583	2,327,286	2,345,372	2,370,867	2,315,418	2,149,528
8,712,611	10,481,427	18,211,162	35,440,808	66,502,982	20,989,342
4,512,892	1,494,041	567,487	1,548,636	1,766,261	1,829,853
2,071,102	2,901,203	998,797	6,359,141	5,718,438	3,638,255
-	-	-	-	-	-
-	2,038,705	4,684,354	-	772,601	-
<u>73,685,032</u>	<u>79,445,823</u>	<u>87,970,391</u>	<u>119,606,502</u>	<u>140,201,877</u>	<u>80,893,625</u>
<u>22,478,423</u>	<u>21,781,700</u>	<u>7,719,442</u>	<u>(29,342,165)</u>	<u>(46,835,680)</u>	<u>(12,144,276)</u>
1,679	15,660	6,034	5,602	1,846,367	14,813
-	-	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	28,706,358
<u>(27,304,597)</u>	<u>(40,482,862)</u>	<u>(47,558,167)</u>	<u>(34,309,807)</u>	<u>(48,926,310)</u>	<u>(26,190,975)</u>
<u>(5,229,543)</u>	<u>(851,708)</u>	<u>70,150,699</u>	<u>602,847</u>	<u>42,486,239</u>	<u>2,530,196</u>
17,248,880	20,929,992	77,870,141	(28,739,318)	(4,349,441)	(9,614,080)
-	-	-	-	-	(91,989,516)
<u>\$ 17,248,880</u>	<u>\$ 20,929,992</u>	<u>\$ 77,870,141</u>	<u>\$ (28,739,318)</u>	<u>\$ (4,349,441)</u>	<u>\$ (101,603,596)</u>
11.3%	10.3%	9.8%	10.4%	12.6%	10.0%

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City Direct Rate:										
City basic rate	0.09340	0.09340	0.09340	0.09340	0.09340	0.09340	0.09443	0.17142	0.09443	0.09443
Redevelopment agency	<u>0.26190</u>	<u>0.31095</u>	<u>0.35554</u>	<u>0.39537</u>	<u>0.44615</u>	<u>0.47658</u>	<u>0.48403</u>	<u>0.39240</u>	<u>0.47443</u>	<u>0.48394</u>
Total City Direct Rate	0.35530	0.40435	0.44894	0.48877	0.53955	0.56998	0.57846	0.56382	0.56886	0.57837
Overlapping Rates:										
Special Districts	0.05071	0.05011	0.04981	0.04921	0.04871	0.44000	0.04400	0.04300	0.04400	0.04380
County of Orange	0.15285	0.15285	0.15285	0.15285	0.15285	0.15250	0.15277	0.15277	0.15277	0.15490
School Districts	<u>0.70974</u>	<u>0.71025</u>	<u>0.76727</u>	<u>0.75058</u>	<u>0.74778</u>	<u>0.71000</u>	<u>0.70980</u>	<u>0.70980</u>	<u>0.70980</u>	<u>0.70690</u>
Total Direct Rate	<u>1.00670</u>	<u>1.00661</u>	<u>1.06333</u>	<u>1.04604</u>	<u>1.04274</u>	<u>1.39590</u>	<u>1.00100</u>	<u>1.07699</u>	<u>1.00100</u>	<u>1.00003</u>

Notes:

In 1978 the voters of the State of California passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of voter approved bonds.

CITY OF WESTMINSTER

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2012		2003	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Land Partners Company	\$ 111,348,075	1.61%	\$ -	0.00%
Retail Property Trust	96,917,745	1.40%	106,067,788	2.39%
WRI West Gate South LP	66,325,940	0.96%	-	0.00%
PK I Pavilions Place LP	48,216,575	0.70%	-	0.00%
Asian Garden Limited	37,768,279	0.54%	22,458,987	0.51%
CP II Park Lane LLC	29,500,588	0.43%	-	0.00%
Springdale Villa LP	24,623,467	0.36%	-	0.00%
Mary Warne-Parks Trust	22,500,000	0.32%	-	0.00%
An Tang Dao Trust	21,868,918	0.32%	-	0.00%
Delma Corporation	20,632,080	0.30%	15,918,303	0.36%
WRI Golden State LLLC	-	0.00%	56,759,216	1.28%
Mitsui SBD America Fund	-	0.00%	23,998,030	0.54%
CMF Inc	-	0.00%	17,579,652	0.40%
California Drive-In Theaters	-	0.00%	14,409,352	0.32%
Granite Park Lane LP	-	0.00%	14,099,968	0.32%
M Westland LLC	-	0.00%	13,071,086	0.29%
Westport LLC	-	0.00%	12,934,309	0.29%
	<u>\$ 479,701,667</u>	<u>6.94%</u>	<u>\$ 297,296,691</u>	<u>6.70%</u>

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

This page intentionally left blank

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
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%
2012	2,482,399	2,444,304	98.47%	n/a	2,444,304	98.47%

Note:

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

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

CITY OF WESTMINSTER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended June 30,	City			Taxable Assessed Value
	Secured	Unsecured	Less: Exemptions	
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
2012	3,064,980,617	101,438,368	82,540,972	3,083,878,013

Notes:

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

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

Redevelopment Agency

Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
\$ 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%
6,810,028,867	260,385,471	135,330,222	6,935,084,116	0.57837%

CITY OF WESTMINSTER

WATER CUSTOMERS

Current Year and Nine Years Ago

Water Customer	2012		2003	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
City of Westminster	\$ 261,307	1.81%	\$ 152,910	1.69%
Arnel Management	151,648	1.05%	134,922	1.49%
Westminster School District	122,569	0.85%	91,125	1.01%
Garden Grove Unified	111,306	0.77%	40,460	0.45%
Huntington Beach Union High School	99,710	0.69%	-	0.00%
Pembroke Management Inc.	82,595	0.57%	-	0.00%
Westminster Village HOA	69,884	0.48%	-	0.00%
Mission Del Amo Mobile Home Park	65,534	0.45%	44,961	0.50%
Los Alisos Mobile	62,459	0.43%	43,771	0.48%
Bolsa-Bushard LLC	57,281	0.40%	-	0.00%
Pembroke Mgmt Company	-	0.00%	42,813	0.47%
Prado Verde Estates	-	0.00%	37,301	0.41%
JMR Enterprises	-	0.00%	37,124	0.41%
Granite Park Lane	-	0.00%	34,885	0.39%
Total	<u>\$ 1,084,293</u>		<u>\$ 660,272</u>	
Total Metered Water Sales	<u>\$ 14,463,204</u>		<u>\$ 9,044,865</u>	

Source: City of Westminster

CITY OF WESTMINSTER

WATER RATES

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Monthly Base Rate</u>	<u>Rate per 1,000 Gallons</u>
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
2012	6.52	2.30

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.

This page intentionally left blank

CITY OF WESTMINSTER

WATER SOLD BY TYPE OF CUSTOMER

Last Ten Fiscal Years
(in millions of gallons)

Fiscal Year Ended June 30,	Type of Customer					Total
	Residential	Industrial	Commercial	Military	Government	
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
2012	11,620,170	119,472	2,561,499	-	104,206	14,405,347

Total direct rate
per 1,000 gallons

CITY OF WESTMINSTER

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				
	Tax Allocation Bonds	Certificates of Participation	Notes Payable	Capitalized Lease	Total Governmental Activities
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
2012	-	4,604,047	-	-	4,604,047

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

Business-type Activities					
Certificates of Participation	Loans Payable	Total Business-type Activities	Total Primary Government	Percentage of Personal Income	Debt per Capita
\$ 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
2,938,059	2,007,163	4,945,222	9,549,269	n/a	105

CITY OF WESTMINSTER

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Outstanding General Bonded Debt			Percent of Assessed Value	Per Capita
	General Obligation Bonds	Tax Allocation Bonds	Total		
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%	-
2012	-	-	-	0.00%	-

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

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING DEBT

June 30, 2012

City Assessed Valuation	\$ 6,935,761,541
Redevelopment Agency Incremental Valuation	<u>(3,764,787,978)</u>
Total Assessed Valuation	<u><u>\$ 3,170,973,563</u></u>

	Percentage Applicable (1)	Outstanding Debt 6/30/12	Estimated Share of Overlapping Debt
<u>Direct Debt Repaid with Property Taxes:</u>			
Metropolitan Water District	0.175%	\$ 196,545,000	\$ 343,954
Coast Community College District	3.540%	317,803,867	11,250,257
Garden Grove Unified School District	5.669%	128,500,160	7,284,674
Westminster School District	45.013%	33,735,681	15,185,442
Huntington Beach Union High School District	6.743%	225,384,998	15,197,710
City of Westminster 1915 Act Bonds	100.000%	35,000	35,000
Total Direct Debt Repaid with Property Taxes		<u><u>\$ 902,004,706</u></u>	<u><u>\$ 49,297,037</u></u>

Overlapping Other Debt:

Orange County General Fund Obligations	0.842%	\$ 233,751,000	\$ 1,968,183
Orange County Pension Obligations	0.842%	214,405,353	1,805,293
Orange County Board of Education Certificates of Participation	0.842%	16,000,000	134,720
Municipal Water District of Orange County Water Facilities Corporation	0.989%	12,145,000	120,114
Coast Community College District Certificates of Participation	3.540%	20,240,000	716,496
Huntington Beach Union High School District Certificates of Participation	6.743%	59,666,090	4,023,284
Ocean View School District Certificates of Participation	2.863%	6,120,000	175,216
Westminster School District Certificates of Participation	45.013%	22,740,000	10,686,086
City of Westminster Certificates of Participation	100.000%	4,850,000	4,850,000
Total Gross Overlapping Other Debt		<u><u>\$ 589,917,443</u></u>	<u><u>24,479,392</u></u>

Less: MWDOC Water Facilities Corporation (100% self-supporting) (120,114)

Total Net Overlapping Other Debt \$ 24,359,278

Gross Combined Total Direct and Overlapping Debt \$ 73,656,315

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,			
	2003	2004	2005	2006
Assessed valuation	\$ 3,171,581,353	\$ 3,171,581,353	\$ 3,171,581,353	\$ 3,171,752,702
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	792,895,338	792,895,338	792,895,338	792,938,176
Debt limit percentage	15%	15%	15%	15%
Debt limit	118,934,301	118,934,301	118,934,301	118,940,726
Total net debt applicable to limitation: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 118,934,301</u>	<u>\$ 118,934,301</u>	<u>\$ 118,934,301</u>	<u>\$ 118,940,726</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Fiscal Year Ended June 30,					
2007	2008	2009	2010	2011	2012
\$ 3,171,750,696	\$ 3,171,050,607	\$ 3,171,067,155	\$ 3,169,064,658	\$ 3,168,813,154	\$ 3,170,973,563
<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
792,937,674	792,762,652	792,766,789	792,266,165	792,203,289	792,743,391
<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
118,940,651	118,914,398	118,915,018	118,839,925	118,830,493	118,911,509
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 118,940,651</u>	<u>\$ 118,914,398</u>	<u>\$ 118,915,018</u>	<u>\$ 118,839,925</u>	<u>\$ 118,830,493</u>	<u>\$ 118,911,509</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF WESTMINSTER

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Certificates of Participation					Coverage
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2012	14,920,732	10,539,703	4,381,029	518,758	199,751	6.10

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

CITY OF WESTMINSTER

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (1)	Personal Income (in thousands)(2)*	Per Capita Personal Income (2) *	Unemployment Rate (3)
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%
2012	90,677	n/a	n/a	7.90%

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

Employer	2012		2003	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
City of Westminster	363	0.85%	2003 Data not available	
Walmart	350	0.82%		
Macy's	300	0.71%		
Target	230	0.54%		
Westminster High School	200	0.47%		
Sears	200	0.47%		
Home Depot	200	0.47%		
Best Buy	200	0.47%		
Piercey Automotive	200	0.47%		
Magnolia Home Theater	200	0.47%		
Westminster Memorial Park	180	0.42%		

"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

Function	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	76	57	57	47	46	47	49	47	39	33
Public safety	178	171	174	169	168	174	171	167	162	158
Public works	36	33	36	35	38	36	34	29	30	28
Community development	58	55	39	50	46	43	40	43	42	39
Community service	41	63	64	64	66	73	74	68	63	60
Water	29	28	30	28	29	31	29	28	28	27
Total	<u>418</u>	<u>407</u>	<u>400</u>	<u>393</u>	<u>393</u>	<u>404</u>	<u>397</u>	<u>382</u>	<u>364</u>	<u>345</u>

CITY OF WESTMINSTER

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Arrests	2,384	2,384	2,384	2,694	2,568	*1,663	2,092	2,553	2,547	2,513
Traffic violations	14,102	10,863	10,863	11,763	8,796	6,547	6,662	11,432	11,106	8,407
Parking violations	17,608	18,321	18,321	21,839	21,731	15,884	19,102	15,504	16,322	15,193
Fire:										
Number of calls answered	5,674	5,729	5,898	5,804	5,665	*4,248	5,835	5,781	5,880	6,006
Inspections conducted	1,149	1,382	1,552	2,846	1,547	*644	1,820	1,347	1,945	1,555
Public works:										
Street resurfacing (miles)	9.03	17.86	11.73	7.00	9.00	18.00	15.00	18.00	16.78	15.00
Parks and recreation:										
Number of recreation classes	707	602	673	988	924	991	786	532	1,391	1,143
Number of facility rentals	53	80	76	84	89	85	80	80	87	97
Water:										
New connections	353	410	284	56	38	**7,095	**4,214	**3,725	**3,317	30
Average daily consumption (in hundred cubic feet)	16,188	16,120	15,576	15,176	15,367	14,910	14,678	13,477	13,219	13,724

* As of September 30, 2008

** Includes replacement meters

CITY OF WESTMINSTER
 CAPITAL ASSET STATISTICS
 BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works:										
Street (miles)	171	171	171	171	171	171	180	180	180	180
Streetlights	4,700	4,687	4,687	4,687	4,695	4,697	4,697	4,697	4,662	4,747
Traffic signals	61	62	63	64	64	68	66	66	68	68
Parks and recreation:										
Parks	25	25	25	25	24	24	25	25	25	25
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	157	157	157	157	230	230	230	230	230	230
Maximum daily capacity (in acre per feet per day)	81	60	60	60	76	76	76	76	73	73

Source: City of Westminster



City of Progress Built on Pride

