



The City of Progress Built on Pride

City of Westminster, CA

Comprehensive Annual Financial Report

Fiscal Year Ended
June 30, 2013



CITY OF WESTMINSTER, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
YEAR ENDED JUNE 30, 2013

Prepared by:

Department of Finance

Eddie Manfro
City Manager

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CITY OF WESTMINSTER

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INTRODUCTORY SECTION

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City of Westminster

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

November 19, 2013

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, 2013.

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, 2013, 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, 2013, 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.

TRI TA
Mayor

ANDY QUACH
Mayor Pro Tem

DIANA LEE CAREY
Council Member

SERGIO CONTRERAS
Council Member

MARGIE L. RICE
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, 2014.

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 91,169.

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 93 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 94 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 six 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 3.8%). While this is an improvement over last year, it included one-time revenues of \$3.3 million, and the revenues of \$44.3 million are significantly below our peak of \$48 million in 2008. While taxes actually increased for the third time in five years by \$4.0 million (or 12.3%), several other revenues declined with the largest decreases in "investment and rental", which saw a decline of \$1.4 million (or 78.9%) and "charges for services", which saw a decline of \$886 thousand (or 13.6%).

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 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 loss of redevelopment funds, staff reduced the operating budget by implementing golden handshake programs to its employees as an incentive for early retirement during fiscal years 2010 and 2011. In addition, a severance package was given to employees whose jobs were lost at the beginning of fiscal year 2013. The result of all these incentives has resulted in the decrease of salaries of almost \$4.0 million city wide since 2010. In spite of these expenditure reductions, the overall actual general fund expenditures exceed general fund revenues by \$695 thousand for the fiscal year 2012-13.

With all the ongoing 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 a flagship Infiniti dealership, as well as a McMahon's 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 have 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.
- Reductions in City personnel.
- 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 31% of the City's total General Fund Revenues.

Awards and Acknowledgements

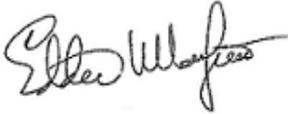
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Westminster for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the 18th consecutive year that the City has received 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, 2011. 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', written in a cursive style.

Eddie Manfro
City Manager

CITY OF WESTMINSTER

Principal Officials

CITY COUNCIL

TRI TA, Mayor

ANDY QUACH, Mayor Pro Tem

DIANA LEE CAREY, Council Member

SERGIO CONTRERAS, Council Member

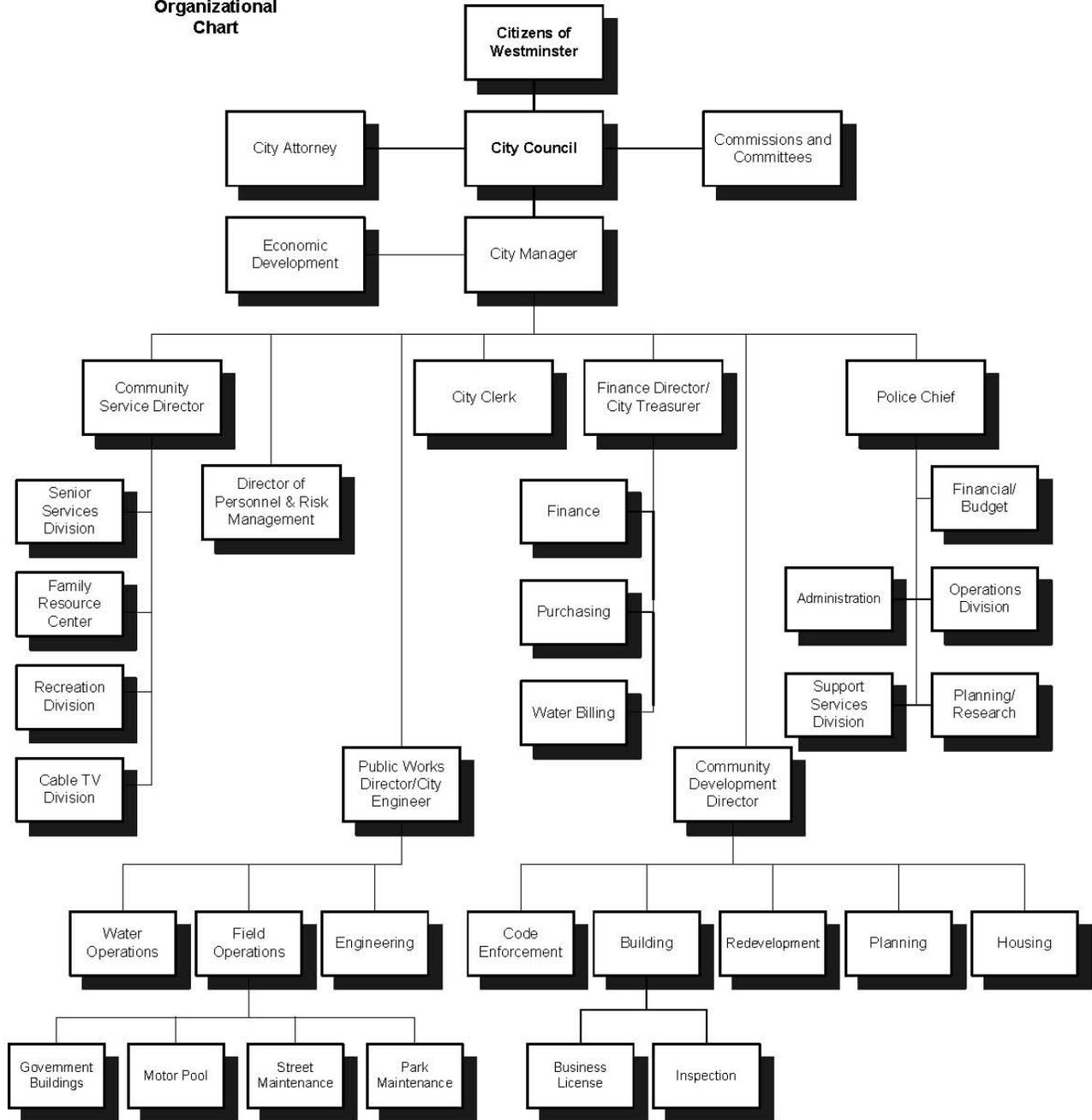
MARGIE L. RICE, Council Member

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**





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Westminster
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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FINANCIAL SECTION

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CITY OF WESTMINSTER

Comprehensive Annual Financial Report

June 30, 2013

Financial Section

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INDEPENDENT AUDITORS' REPORT

City Council Members
City of Westminster
Westminster, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Westminster (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the basic financial statements, the City incorporated deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure of net position due to the adoption of Governmental Accounting Standards Board's Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". The adoption of this standard also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Our opinion is not modified with respect to this matter.

As discussed in Notes 1 and 15 to the basic financial statements, the City has changed its method for accounting and reporting certain items previously reported as assets or liabilities during fiscal year 2012-2013 due to the early adoption of Governmental Accounting Standards Board's Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". The adoption of this standard required retrospective application resulting in \$281,927, \$223,627 and \$6,369,136 reductions of previously reported net position of the governmental activities, business-type activity and the Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund, respectively. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of funding progress and budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 on them. 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 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 budgetary comparison schedules and related note are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Matters (Continued)

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
November 19, 2013

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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, 2013, along with comparisons to the fiscal year ended June 30, 2012. 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 City's overall net position increased by \$8.3 million or 2.45 percent. While the net position of business-type activities decreased by \$698 thousand, or 1.98 percent, the net position of governmental activities increased by \$9.0 million, or 2.96 percent. Of the total amount of Primary Government assets, \$67.2 million (unrestricted) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's revenues decreased by \$6.0 million, while expenses decreased by \$10.8 million. The drop in revenue is mostly due to decreases of \$7.9 million in taxes. Most expenses decreased with the largest decreases coming from Community Development, which has a decrease of \$5.7 million and interest on long term debt which has a decrease of \$4.4 million. The majority of the overall changes to revenue and expenses are still related to the passing of Assembly Bill 1x 26 which dissolved redevelopment agencies as of February 1, 2012, and the subsequent fallout. 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). The prior year amounts include seven months of data from the WRA. Additional information can be found in Notes 16 and 17 in the notes to the basic financial statements.
- As of June 30, 2013 the City's governmental funds reported a combined ending fund balance of \$81.5 million, an increase of \$2.8 million. Of this amount, \$25.9 million is unassigned and available for spending at the City's discretion.
- Unassigned fund balance for the General Fund was \$25.9 million, or 58 percent of total General Fund expenditures.
- Total City debt (excluding compensated absences and claims liabilities) decreased by \$813 thousand, or 8 percent. The changes in debt consisted of principal reduction payments.

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 position presents information on the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid (e.g., uncollected taxes or earned but unused vacation leave).

Both of the Government-wide 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 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 23-25 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 (general, special revenue, 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, and Capital Improvements, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the other governmental funds is provided in the form of combining statements beginning on page 99 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 93 of this report. The basic governmental fund financial statements can be found on pages 26-32 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 33-37 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 38-39 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 41-90 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 91-97 of this report.

Combining statements and individual fund statements for other (non-major) governmental funds, internal service funds and the agency fund are presented immediately following the required supplementary information, and can be found on pages 99-122 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 position may serve over time as a useful indicator of a government’s financial position. City assets and deferred outflows of resources exceeded liabilities by \$346.0 million at June 30, 2013. This is an increase of \$8.3 million as summarized below and on the following pages. A more detailed “Statement of Net Position” can be found on page 23 of this report.

Statement of Net Position Governmental Activities				
	June 30, 2013	June 30, 2012*	Increase/ (Decrease) From 2012	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 109,453,576	\$ 106,421,327	\$ 3,032,249	2.85%
Capital assets, net of accumulated depreciation	<u>237,267,531</u>	<u>228,890,665</u>	<u>8,376,866</u>	3.66%
Total assets	<u>346,721,107</u>	<u>335,311,992</u>	<u>11,409,115</u>	3.40%
Deferred Outflows of Resources:				
Deferred loss on refunding, net of accumulated amortization	<u>221,161</u>	<u>235,895</u>	<u>(14,734)</u>	-6.25%
Liabilities:				
Current and other liabilities	11,718,537	11,553,696	164,841	1.43%
Long-term liabilities	<u>23,882,666</u>	<u>21,616,871</u>	<u>2,265,795</u>	10.48%
Total liabilities	<u>35,601,203</u>	<u>33,170,567</u>	<u>2,430,636</u>	7.33%
Net position:				
Net investment in capital assets	233,128,695	224,286,618	8,842,077	3.94%
Restricted**	18,418,248	16,851,559	1,566,689	9.30%
Unrestricted	<u>59,794,122</u>	<u>61,239,143</u>	<u>(1,445,021)</u>	-2.36%
Total net position	<u>\$ 311,341,065</u>	<u>\$ 302,377,320</u>	<u>\$ 8,963,745</u>	2.96%
*As restated, see Note 15 in the notes to the basic financial statements on pages 83-84 of this report.				
**Includes a reclassification for current year comparisons.				

See accompanying independent auditor’s report.

Governmental activities remained fairly static for fiscal years 2012 and 2013. The greatest changes have occurred in “Long-term liabilities,” “Net position - Restricted,” and “Deferred loss on refunding, net of accumulated amortization.” “Long-term liabilities” increased by \$2.3 million or 10.48 percent due mostly to an increase in the OPEB (Other Post-Employment Benefits) liability of \$2.1 million. Additional information on this liability can be found in Note 9 in the notes to the basic financial statements.

“Net position - Restricted” increased by \$1.6 million or 9.30 percent. The majority of this increase is due to a \$1.8 million increase in the “Special Gas Tax and Street Improvements” fund balance. This fund had a deficit fund balance for the last several years. This deficit was primarily the result of cash being transferred to the Capital Projects Fund prior to the funding of projects. As projects are completed and funded, revenue is posted to the source fund, assisting in the reduction of the fund deficit. As of June 30, 2013, the fund no longer has a deficit balance.

The decrease in “Deferred loss on refunding, net of accumulated amortization” is the annual amortization cost.

Statement of Net Position Business-type Activity				
	June 30, 2013	June 30, 2012*	Increase/ (Decrease) From 2012	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 9,451,868	\$ 9,873,288	\$ (421,420)	-4.27%
Capital assets, net of accumulated depreciation	31,785,540	32,185,328	(399,788)	-1.24%
Total assets	<u>41,237,408</u>	<u>42,058,616</u>	<u>(821,208)</u>	-1.95%
Deferred Outflows of Resources:				
Deferred loss on refunding, net of accumulated amortization	285,949	311,941	(25,992)	-8.33%
Liabilities:				
Current and other liabilities	2,253,558	2,071,523	182,035	8.79%
Long-term liabilities	4,628,666	4,959,603	(330,937)	-6.67%
Total liabilities	<u>6,882,224</u>	<u>7,031,126</u>	<u>(148,902)</u>	-2.12%
Net position:				
Net investment in capital assets	27,137,496	27,240,106	(102,610)	-0.38%
Restricted	113,160	113,158	2	0.00%
Unrestricted	7,390,477	7,986,167	(595,690)	-7.46%
Total net position	<u>\$ 34,641,133</u>	<u>\$ 35,339,431</u>	<u>\$ (698,298)</u>	-1.98%
*As restated, see Note 15 in the notes to the basic financial statements on pages 83-84 of this report.				

Business-type activity remained fairly static for fiscal years 2013 and 2012. The greatest changes occurred in “Current and other liabilities”, “Deferred loss on refunding, net of accumulated amortization”, “Net position – Unrestricted”, and “Long-term liabilities”.

See accompanying independent auditor’s report.

The increase in “Current and other liabilities” of \$182 thousand or 8.79 percent is due mostly to an increase in “Accounts payable and other liabilities” of \$124 thousand. The final quarter invoice to the Orange County Water District increased \$169 thousand over the prior year invoice, which was accrued in fiscal year 2012. This invoice is the cost of water pulled from the ground. It varies from quarter to quarter based on demand. Fiscal year 2013 was a very dry year, resulting in an increased demand in water.

The decrease in “Deferred loss on refunding, net of accumulated amortization” is the annual amortization cost.

The decrease in “Net position – Unrestricted”, of \$596 thousand or 7.46 percent is due to a decrease in total assets of \$821.2 thousand. During the year, \$2.1 million was transferred to a capital project reserve account to cover future projects that focus on conservation. This amount is derived from high usage water billings, and the current year transfer is a “catch up” for fiscal years 2010 through 2012. See Note 5 in the notes to the basic financial statements.

The decrease in “Long-term liabilities,” of \$331 thousand, or 6.67 percent is due to the structure of the current debt. As the debt decreases, the annual principal payments increase. The amount “Due within one year” increased by \$50 thousand, in addition to a net decrease in debt of \$281 thousand.

Statement of Net Position Primary Government				
	June 30, 2013	June 30, 2012*	Increase/ (Decrease) From 2012	Percent Increase/ (Decrease)
Assets:				
Current and other assets	\$ 118,905,444	\$ 116,294,615	\$ 2,610,829	2.25%
Capital assets, net of accumulated depreciation	269,053,071	261,075,993	7,977,078	3.06%
Total assets	<u>387,958,515</u>	<u>377,370,608</u>	<u>10,587,907</u>	2.81%
Deferred Outflows of Resources:				
Deferred loss on refunding, net of accumulated amortization	507,110	547,836	(40,726)	-7.43%
Liabilities:				
Current and other liabilities	13,972,095	13,625,219	346,876	2.55%
Long-term liabilities	28,511,332	26,576,474	1,934,858	7.28%
Total liabilities	<u>42,483,427</u>	<u>40,201,693</u>	<u>2,281,734</u>	5.68%
Net position:				
Net investment in capital assets	260,266,191	251,526,724	8,739,467	3.47%
Restricted**	18,531,408	16,964,717	1,566,691	9.23%
Unrestricted	67,184,599	69,225,310	(2,040,711)	-2.95%
Total net position	<u>\$ 345,982,198</u>	<u>\$ 337,716,751</u>	<u>\$ 8,265,447</u>	2.45%
*As restated, see Note 15 in the notes to the basic financial statements on pages 83-84 of this report.				
**Includes a reclassification for current year comparisons.				

See accompanying independent auditor’s report.

The City's restricted portion of net position (\$18.5 million or 5.4 percent of total net position) represents resources that are subject to external restrictions on how they may be used. This is a \$1.57 million, or 9.23 percent increase from prior year.

Unrestricted net position (\$67.2 million or 19.4 percent of total net position) decreased \$2.0 million or 2.95 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 (75.2 percent) of the City's net position reflects its investment of \$260.3 million in capital assets (net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall increase of \$8.7 million, or 3.47 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 2013, the City shows positive balances in all three categories of net position, 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 position changed during fiscal year 2013. The City's net position increased overall by \$8.3 million as summarized below and on the following pages. A more detailed "Statement of Net Activities", can be found on pages 24-25 of this report.

Statement of Activities				
Governmental Activities				
	For the year ended		Increase/ (Decrease)	Percent Increase/ (Decrease)
	June 30, 2013	June 30, 2012		
Revenues:				
Program revenues:				
Charges for services	\$ 7,774,849	\$ 7,449,607	\$ 325,242	4.37%
Operating grants and contributions	7,357,298	9,931,063	(2,573,765)	-25.92%
Capital grants and contributions	13,785,183	8,122,092	5,663,091	69.72%
General revenues:				
Taxes	38,324,014	46,241,364	(7,917,350)	-17.12%
Unrestricted investment earnings	(222,757)	1,266,006	(1,488,763)	-117.60%
Total Revenues	67,018,587	73,010,132	(5,991,545)	-8.21%
Expenses:				
General government	3,145,098	1,904,232	1,240,866	65.16%
Public safety	38,072,257	39,706,407	(1,634,150)	-4.12%
Public works	11,889,094	12,138,788	(249,694)	-2.06%
Community development	5,393,309	11,110,694	(5,717,385)	-51.46%
Community services	2,722,324	2,874,153	(151,829)	-5.28%
Interest on long term debt	218,241	4,624,156	(4,405,915)	-95.28%
Total Expenses	61,440,323	72,358,430	(10,918,107)	-15.09%
Increase in net position before transfers	5,578,264	651,702	4,926,562	755.95%
Transfers	3,385,481	597,070	2,788,411	467.02%
Increase in net position before extraordinary gain, and restatement	8,963,745	1,248,772	7,714,973	617.80%
Extraordinary gain	-	31,260,193	(31,260,193)	-100.00%
Restatement*	-	(281,927)	281,927	-100.00%
Change in net position	8,963,745	32,227,038	(23,263,293)	-72.19%
Net position - Beginning of Year, as Restated	302,377,320	270,150,282	32,227,038	11.93%
Net position - End of Year	<u>\$ 311,341,065</u>	<u>\$ 302,377,320</u>	<u>\$ 8,963,745</u>	2.96%

*See Note 15 in the notes to the basic financial statements on pages 83-84 of this report.

Governmental activities increased the City's net position by \$9.0 million. As a percentage of total expenses, public safety remains the largest expense function (62.0 percent), followed by public works (19.4 percent), community development (8.8 percent), general government (5.1 percent), community services (4.4 percent), and interest on long term debt (.3 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 \$6.0 million or 8.21 percent. The majority of the decrease in “General revenues - Taxes” is due to the net loss of property tax revenue of \$8.9 million, or 35.2 percent. Of this amount, \$13.1 million is attributable to the loss of the WRA funds, as compared to fiscal year 2012. The City did receive some one time monies in fiscal year 2013 of approximately \$4.3 million as a result of the WRA dissolution. Sales taxes showed a slight increase of \$937 thousand, but overall most other City taxes were fairly static as compared to fiscal year 2012.

“Capital grants and contributions” increased by \$5.7 million or 69.72 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 \$12.9 million transferred from SA-WRA to the City. The majority of these additions are construction in progress on public use properties and a land parcel.

“Operating grants and contributions” decreased by \$2.6 million or 25.92 percent. This revenue source will also vary from year to year, depending on the completion of grant funded projects and the allocations received.

“Unrestricted investment earnings” decreased by \$1.5 million or 117.60 percent. This balance includes the City’s “mark-to-market” amount from its various investments. Fiscal year 2012’s “mark-to-market” posted a gain of \$987 thousand, while fiscal year 2013 posted a market loss of \$286 thousand. Absent the “mark-to-market” postings, fiscal year 2013 “Unrestricted investment earnings” showed a decrease of \$229 thousand or 23 percent.

Operating expenses decreased most significantly in “Community development,” “Public safety” and “Interest on long term debt.” With the loss of the WRA, of which a majority of the associated costs were posted to community development, the overall costs of the City have decreased. Approximately, \$4.5 million of the \$5.7 million decrease in “Community development” is associated with WRA related expenditures. Some of these costs were reallocated to other departments (mostly “General government,” which shows an increase of \$1.2 million) in fiscal year 2013, while others no longer exist. The majority of the “lost” expenses are related to capital projects and payroll. The City is winding down projects that existed at the time of the redevelopment dissolution. Some of the projects are related to bond issuances, while others had existing contracts in place. At the beginning of the fiscal year, over 40 full and part-time positions were eliminated. These eliminated positions and subsequent reorganization of some of the existing positions affected all departments.

“Public safety” showed a decrease of \$1.6 million. Vacant positions were not immediately filled. In addition to the loss of personnel related costs, all departments have made great efforts to reduce expenditures where possible while still providing a responsible level of service to the community.

“Interest on long term debt” decreased by \$4.4 million. This reduction is due to \$140 million in debt related to the WRA being transferred to SA-WRA in the prior year. Last year’s interest costs included \$4.1 million directly related to the WRA.

See accompanying independent auditor’s report.

Statement of Activities Business-type Activity				
	For the year ended		Increase/ (Decrease) From 2012	Percent Increase/ (Decrease)
	June 30, 2013	June 30, 2012		
Revenues:				
Program revenues:				
Charges for services	\$ 14,805,527	\$ 14,842,016	\$ (36,489)	-0.25%
General revenues:				
Unrestricted investment earnings	86,479	72,467	14,012	19.34%
Total Revenues	14,892,006	14,914,483	(22,477)	-0.15%
Expenses:				
Water enterprise	12,204,823	12,072,927	131,896	1.09%
Total Expenses	12,204,823	12,072,927	131,896	1.09%
Increase (decrease) in net position before transfers	2,687,183	2,841,556	(154,373)	-5.43%
Transfers	(3,385,481)	(597,070)	(2,788,411)	467.02%
Increase (decrease) in net position before restatement	(698,298)	2,244,486	(2,942,784)	-131.11%
Restatement*	-	(223,627)	223,627	-100.00%
Change in net position	(698,298)	2,020,859	(2,719,157)	-134.55%
Net position - Beginning of Year, as Restated	35,339,431	33,318,572	2,020,859	6.07%
Net position - End of Year	<u>\$ 34,641,133</u>	<u>\$ 35,339,431</u>	<u>\$ (698,298)</u>	<u>-1.98%</u>

*See Note 15 in the notes to the basic financial statements on pages 83-84 of this report.

Business-type activity decreased the City’s net position by \$698 thousand. For the most part, the Water Utility Fund’s revenues and expenses were static for fiscal years 2013 and 2012. The largest changes occurred in “Transfers” and “Unrestricted investment earnings.”

“Transfers” increased by \$2.8 million. As previously noted, \$2.1 million was transferred to a capital project reserve fund to cover future projects that focus on conservation. This amount is derived from high usage billings, and the current year transfer is a “catch up” for fiscal years 2010 through 2012. The current year “high usage” billings amount is \$705 thousand. This amount was reduced from “Charges for services” during the year, and posted to the capital project reserve fund. Had this practice been in place in the prior year, “high usage” billings of \$736 thousand would have been deducted from the 2012 “Charges for services”, and a 5 percent overall increase from fiscal year 2012 would have been reflected. This 5 percent increase is due to the City having a dry year resulting in some increased water usage as well as having a full year of a water rate increase which was implanted in the prior year. See Note 5 in the notes to the basic financial statements.

“Unrestricted investment earnings” increased by \$14 thousand or 19.34 percent due to an overall increase in the average cash balance throughout the year.

See accompanying independent auditor’s report.

**Statement of Activities
Primary Government**

	<u>For the year ended</u>		Increase/ (Decrease) From 2012	Percent Increase/ (Decrease)
	June 30, 2013	June 30, 2012		
Revenues:				
Program revenues:				
Charges for services	\$ 22,580,376	\$ 22,291,623	\$ 288,753	1.30%
Operating grants and contributions	7,357,298	9,931,063	(2,573,765)	-25.92%
Capital grants and contributions	13,785,183	8,122,092	5,663,091	69.72%
General revenues:				
Taxes	38,324,014	46,241,364	(7,917,350)	-17.12%
Unrestricted investment earnings	(136,278)	1,338,473	(1,474,751)	-110.18%
Total Revenues	81,910,593	87,924,615	(6,014,022)	-6.84%
Expenses:				
General government	3,145,098	1,904,232	1,240,866	65.16%
Public safety	38,072,257	39,706,407	(1,634,150)	-4.12%
Public works	11,889,094	12,138,788	(249,694)	-2.06%
Community development	5,393,309	11,110,694	(5,717,385)	-51.46%
Community services	2,722,324	2,874,153	(151,829)	-5.28%
Interest on long term debt	218,241	4,624,156	(4,405,915)	-95.28%
Water enterprise	12,204,823	12,072,927	131,896	1.09%
Total Expenses	73,645,146	84,431,357	(10,786,211)	-12.78%
Increase in net position before extraordinary gain, and restatement	8,265,447	3,493,258	4,772,189	136.61%
Extraordinary gain	-	31,260,193	(31,260,193)	-100.00%
Restatement*	-	(505,554)	505,554	-100.00%
Change in net position	8,265,447	34,247,897	(25,982,450)	-75.87%
Net position - Beginning of Year, as Restated	337,716,751	303,468,854	34,247,897	11.29%
Net position - End of Year	\$ 345,982,198	\$ 337,716,751	\$ 8,265,447	2.45%

*See Note 15 in the notes to the basic financial statements on pages 83-84 of this report.

FINANCIAL ANALYSIS OF CITY FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Overall, the City had an increase of \$2.8 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. The City presents its financial statements using GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of the Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds. Refer to pages 26-32 of this report for more detail on governmental funds.

See accompanying independent auditor's report.

As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$81.5 million, an increase of \$2.8 million in comparison with the prior year. Of the \$81.5 million, \$27.5 million, or 33.8 percent, is classified as nonspendable fund balance, \$7.0 million, or 8.6 percent, is classified as restricted fund balance, \$21.1 million or 25.9 percent, is classified as assigned fund balance, and \$25.9 million or 31.7 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.

The General Fund is the chief operating fund of the City. As of June 30, 2013, the total fund balance was \$25.9 million. The nonspendable portion of this balance is \$34 thousand. The remaining unassigned fund balance is available for spending at the City's discretion. The City is in the process of developing reserve policies that will provide a more strategic treatment of fund balances utilizing the GASB 54 classifications. Total fund balance represents 57.6 percent of total General Fund expenditures.

The major factors in fund balance changes are as follows:

Governmental Funds

- The **General Fund** recognized a \$967 thousand decrease in fund balance. Revenue increased by \$1.6 million while expenditures decreased by \$101 thousand. Included in revenue is a one-time payment of \$3.3 million in property taxes as a result of the continuing dissolution of the former Westminster Redevelopment Agency (WRA). "Charges for services" decreased by \$900 thousand. Again, a large portion of this decrease is attributable to the loss of the WRA. For the most part, a majority of the revenues did reflect a small loss. 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 2013 in order to offset some costs previously covered by transfers from the WRA. The annual WRA transfers for operating and personnel costs in 2012 were \$988 thousand, and \$935 thousand respectively. Although overall expenditures decreased, there are rising costs as well, including PERS rates which continue to grow each year, and the City's contract with the Orange County Fire Authority (OCFA), which has mandatory annual increases. In fiscal year 2013, PERS rates increased by 2.08 percent for miscellaneous employees and .79 percent for safety employees. The OCFA costs increased \$189 thousand.
- The **Westminster Housing Authority Fund** recognized a \$152 thousand decrease in fund balance due to expenditures of \$192 thousand, and revenues and transfers in of \$40 thousand. In 2012, \$14.6 million was transferred in as an "Advance from the Successor Agency". This amount represents prior Supplemental Educational Revenue Augmentation Fund (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. There is \$26.6 million of the fund's \$26.8 million total fund balance that is nonspendable due to the unpredictability of receipts on its outstanding receivables. The remaining \$113 thousand is restricted to low and moderated income housing functions.

See accompanying independent auditor's report.

- The **Housing and Community Development Fund** recognized a \$557 thousand increase 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 \$1.1 million increase in fund balance. This is grant funded and many of the projects are reimbursable only upon completion. The fund received \$2.1 million in "Intergovernmental" income in fiscal year 2013. This program recognized a positive fund balance after a few years of deficits while the City was working towards completing the various reimbursable projects.
- The **Capital Improvements Capital Projects Fund** recognized a \$1.4 million increase in fund balance. Ten million dollars was transferred in from various source funds to complete newly approved projects. A total of \$5.8 million was spent on capital outlay during the year. In addition, \$3.6 million in closed or completed projects were transferred back to the source fund. See Note 5 in the notes to the basic financial statements for additional information.
- **Other Governmental Funds**, which are non-major funds, recognized a combined increase of \$898 thousand to fund balances. The majority of the increase was due to the Municipal Lighting fund showing an increase of \$727 thousand to fund balance. The Municipal Lighting fund also received a one-time payment of approximately \$1 million for property taxes as a result of the WRA dissolution. These funds are further detailed beginning on page 99 of this report.

Proprietary Funds

- The **Enterprise Water Fund** recognized a decrease of \$623 thousand to net position during fiscal year 2013 due to "Transfers out" of \$4.1; of which \$2.1 of the "Transfer out" was to the Capital Projects Reserve Fund for future projects relating to conservation. The remaining \$2 million was to the Capital Projects fund for various repair/replace type projects.
- The **Internal Service Funds** recognized a \$1.0 million decrease in net position due to expenditures exceeding revenues. These funds finance and account for goods and services provided by one City department to other City departments, or to other governments, on a cost-reimbursement basis. The City has four internal service funds. These funds are further detailed beginning on page 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 2013 fiscal year ended with an increase in the City's average portfolio balance. Average total cash and investment balances for the past ten years are noted on the following page.

See accompanying independent auditor's report.

Cash and Investments

<u>Fiscal Year</u>	<u>Average Balance (in millions)</u>	<u>% Change</u>
2004	58.9	---
2005	67.9	15.3%
2006	66.3	-2.4%
2007	67.0	1.1%
2008	67.7	1.0%
2009	69.2	2.2%
2010	62.8	-9.2%
2011	63.4	1.0%
2012	67.5	6.5%
2013	72.0	6.7%

Since 2004, the City’s average portfolio balance has increased by \$13.1 million, or 22.2%.

BUDGETARY HIGHLIGHTS

The General Fund reflected a net total positive budget variance of \$988 thousand when comparing actual amounts to the final amended 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 fiscal year 2012-13 General Fund’s original (adopted) budget revenue amount of \$42.8 million to the final budgeted revenue amount of \$45.1 million shows a net \$2.3 million increase. The majority of the increase was due to additional property taxes received in the general fund as a result of the WRA dissolution. The ending actual revenue shows a negative variance of \$852 thousand, or 1.9 percent of the budget. The largest negative variances occurred in “Fines” and “Investment and rentals,” at \$119 thousand and \$895 thousand, respectively, and the largest positive variance occurred in “Taxes” at \$80 thousand.

Comparing the fiscal year 2012-13 General Fund’s original (adopted) budget expenditure amount of \$46.4 million to the final budget expenditure amount of \$46.8 million shows a net \$433 thousand increase. The ending actual expenditure savings were \$1.8 million, or 3.9 percent of the budget. The majority of the savings are in “Public safety,” at \$873 thousand, of which \$557 thousand was in personnel costs due to unfilled vacancies.

Controlling growth in employee related expenses 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 below 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)	3.50	4.66
General Fund costs per capita	\$515	\$742

The City continues to dedicate itself to delivering 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 93 of this report.

See accompanying independent auditor’s report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets:

Capital assets (net of accumulated depreciation) at June 30, 2013 and June 30, 2012 are summarized below:

Capital Assets (net of accumulated depreciation)			
	June 30, 2013		
	Governmental Activities	Business-type Activity	Total
Land	\$ 31,736,100	\$ 2,484,846	\$ 34,220,946
Construction in progress	1,384,666	-	1,384,666
Buildings	87,805,297	3,833	87,809,130
Improvements other than buildings	9,924,000	9,885,686	19,809,686
Water distribution lines	-	15,165,380	15,165,380
Vehicles, machinery and equipment	3,669,279	4,228,761	7,898,040
Office furniture and equipment	2,918,563	17,034	2,935,597
Infrastructure	99,829,626	-	99,829,626
Total capital assets, net	<u>\$ 237,267,531</u>	<u>\$ 31,785,540</u>	<u>\$ 269,053,071</u>
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>

Capital investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounted to \$269 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 2013 was \$8.0 million, which represents an \$8.4 million or 3.7 percent increase for governmental activities and a \$400 thousand or 1.2 percent decrease for business-type activity. Major capital asset events during fiscal year 2013 included the following:

- The City added \$5.1 million in infrastructure.

See accompanying independent auditor's report.

- The City completed construction on a Civic Center parking structure and various other city improvement projects and transferred \$20.0 million from “Construction in Progress” to “Buildings” and “Improvements other than buildings” as a result.
- SA-WRA transferred \$9.4 million in land to the City as part of the continuing dissolution of the WRA.

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, 2013 and June 30, 2012 is summarized below:

Outstanding Debt			
June 30, 2013			
	Governmental Activities	Business-type Activity	Total
Certificates of participation	\$ 4,360,000	\$ 3,030,000	\$ 7,390,000
Loans payable	-	1,903,992	1,903,992
Total outstanding debt	<u>\$ 4,360,000</u>	<u>\$ 4,933,992</u>	<u>\$ 9,293,992</u>
June 30, 2012			
	Governmental Activities	Business-type Activity	Total
Certificates of participation	\$ 4,850,000	\$ 3,250,000	\$ 8,100,000
Loans payable	-	2,007,163	2,007,163
Total outstanding debt	<u>\$ 4,850,000</u>	<u>\$ 5,257,163</u>	<u>\$ 10,107,163</u>

At the end of fiscal year 2013, the City had total debt (excluding compensated absences and claims liabilities) outstanding of \$8.8 million. The City’s total debt decreased by \$762 thousand or 8 percent, during fiscal year 2013. The change in governmental debt consisted of ongoing debt service payments on certificates of participation. The change in business-type debt consisted of 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.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Over the past six years, the City has faced significant financial challenges. A combination of the economic recession and the State’s raid on local funds resulted in a General Fund deficit, which as recently as May 2011 had reached just over \$10.5 million. Recognizing the seriousness of this situation, the City Council directed staff to develop a plan to restore the City to financial stability. The first step of the plan was enacted in fiscal year 2011-12, and reduced the General Fund deficit to \$4.6 million.

See accompanying independent auditor’s report.

The adopted fiscal year 2013-14 budget incorporates the next step in putting the City back on firm financial footing. While the adopted budget is focused on further shrinking the budget deficit, it also acknowledges the City Council's commitment to providing a responsible level of service to the community. The adopted budget will also provide enhanced financial oversight and improved stability within the City's management structure. The adopted budget will further shrink the budget deficit by approximately \$1 million, bringing the remaining General Fund operating deficit to \$3.7 million. In addition, it includes a one-time appropriation of \$1.25 million for the General Plan Update. It is important to note that the City is able to operate under these conditions due to the healthy General Fund reserve that the City Council has established in order to get through times of economic uncertainty.

Taxes are the largest revenue source in the City. Total taxes are projected to remain fairly static when compared to the revised fiscal year 2012-13 budget. Sales tax revenue continues to experience low to moderate economic growth in most areas, and the fiscal year 2013-14 budget shows a 4.38 percent increase. This projection is based on expected economic trends and reflects projected increases in the cost of fuel and increased auto sales as a result of the City's new auto dealer.

Budgeted expenditures are also fairly static when compared to the revised fiscal year 2012-13 budget. Overall salary and benefit appropriations have increased by approximately 5% in fiscal year 2013-14. This increase is due mostly to rising costs for PERS retirement, and the costs of retirees' medical, due in part to additional retirees from the layoffs of July, 2012. The City also added back some positions that were previously cut or held vacant.

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 residents. This is accomplished by making fiscally responsible decisions that will ultimately strengthen the organization, and improve the fiscal health of the City.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the financial position of the City for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Administrative Services Department at the City of Westminster, 8200 Westminster Boulevard, Westminster, CA 92683, or call (714) 898-3311 or visit our website at www.westminster-ca.gov.

See accompanying independent auditor's report.

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BASIC FINANCIAL STATEMENTS

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CITY OF WESTMINSTER

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	\$ 56,495,945	\$ 4,803,019	\$ 61,298,964
Receivables, net of allowances (Note 4)	23,633,426	2,809,525	26,442,951
Prepaid items	474,839	-	474,839
Internal balances	(1,579,906)	1,579,906	-
Inventory	51,360	146,258	197,618
Restricted assets:			
Cash and investments (Note 2)	15,732,135	-	15,732,135
Cash and investments with fiscal agents (Note 2)	17	113,160	113,177
Advance to Successor Agency	14,645,760	-	14,645,760
Capital assets (Note 5):			
Not being depreciated:			
Land	31,736,100	2,484,846	34,220,946
Construction in progress	1,384,666	-	1,384,666
Being depreciated (net of accumulated depreciation):			
Buildings	87,805,297	3,833	87,809,130
Improvements other than buildings	9,924,000	9,885,686	19,809,686
Water distribution lines	-	15,165,380	15,165,380
Vehicles, machinery and equipment	3,669,279	4,228,761	7,898,040
Office furniture and equipment	2,918,563	17,034	2,935,597
Infrastructure	99,829,626	-	99,829,626
TOTAL ASSETS	346,721,107	41,237,408	387,958,515
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refunding, net of accumulated amortization	221,161	285,949	507,110
LIABILITIES:			
Accounts payable and other liabilities	2,857,143	1,705,457	4,562,600
Due to other governments	4,816,218	-	4,816,218
Unearned revenue	16,842	-	16,842
Deposits	909,401	18,000	927,401
Long-term liabilities:			
Due within one year (Note 6)	3,118,933	530,101	3,649,034
Due in more than one year (Notes 6 and 11)	23,882,666	4,628,666	28,511,332
TOTAL LIABILITIES	35,601,203	6,882,224	42,483,427
NET POSITION:			
Net investment in capital assets	233,128,695	27,137,496	260,266,191
Restricted for:			
Community development	13,761,274	-	13,761,274
Public safety	1,572,724	-	1,572,724
Public works	3,084,250	-	3,084,250
Debt service	-	113,160	113,160
Unrestricted	59,794,122	7,390,477	67,184,599
TOTAL NET POSITION	\$ 311,341,065	\$ 34,641,133	\$ 345,982,198

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

CITY OF WESTMINSTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2013

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,145,098	\$ 1,332,542	\$ 113,849	\$ -
Public safety	38,072,257	2,392,084	993,595	-
Public works	11,889,094	1,529,292	-	-
Community development	5,393,309	2,192,448	6,031,898	13,785,183
Community services	2,722,324	328,483	217,956	-
Interest on long term debt	218,241	-	-	-
Total governmental activities	61,440,323	7,774,849	7,357,298	13,785,183
Business-type activity:				
Water enterprise	12,204,823	14,805,527	-	-
Total	\$ 73,645,146	\$ 22,580,376	\$ 7,357,298	\$ 13,785,183

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 position

Net Position - Beginning of Year, As Restated

Net Position - End of Year

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activity	Total
\$ (1,698,707)	\$ -	\$ (1,698,707)
(34,686,578)	-	(34,686,578)
(10,359,802)	-	(10,359,802)
16,616,220	-	16,616,220
(2,175,885)	-	(2,175,885)
(218,241)	-	(218,241)
<u>(32,522,993)</u>	<u>-</u>	<u>(32,522,993)</u>
<u>-</u>	<u>2,600,704</u>	<u>2,600,704</u>
<u>(32,522,993)</u>	<u>2,600,704</u>	<u>(29,922,289)</u>
13,931,661	-	13,931,661
16,304,916	-	16,304,916
4,928,588	-	4,928,588
1,205,111	-	1,205,111
1,312,251	-	1,312,251
593,150	-	593,150
48,337	-	48,337
(222,757)	86,479	(136,278)
3,385,481	(3,385,481)	-
<u>41,486,738</u>	<u>(3,299,002)</u>	<u>38,187,736</u>
8,963,745	(698,298)	8,265,447
<u>302,377,320</u>	<u>35,339,431</u>	<u>337,716,751</u>
<u>\$ 311,341,065</u>	<u>\$ 34,641,133</u>	<u>\$ 345,982,198</u>

CITY OF WESTMINSTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2013

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
ASSETS			
Cash and investments (Note 2)	\$ 24,193,143	\$ -	\$ 462,445
Receivables, net of allowances (Note 4)	3,993,241	11,995,618	6,420,480
Prepaid items	33,750	-	-
Due from other funds (Note 3)	1,225,000	-	-
Advance from Successor Agency	-	14,645,760	-
Restricted assets:			
Cash and investments (Note 2)	-	134,961	-
Cash and investments with fiscal agents (Note 2)	-	-	-
TOTAL ASSETS	\$ 29,445,134	\$ 26,776,339	\$ 6,882,925
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	\$ 1,828,121	\$ 22,024	\$ 26,685
Deposits	880,721	-	-
Unearned revenue	16,842	-	-
Due to other funds (Note 3)	-	-	1,070,000
Due to other governments	2,907	-	4,813,311
TOTAL LIABILITIES	2,728,591	22,024	5,909,996
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	801,608	-	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	3,530,199	22,024	5,909,996
FUND BALANCES (NOTE 12):			
Nonspendable	33,750	26,641,378	850,000
Restricted	-	112,937	122,929
Assigned	-	-	-
Unassigned	25,881,185	-	-
TOTAL FUND BALANCES	25,914,935	26,754,315	972,929
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 29,445,134	\$ 26,776,339	\$ 6,882,925

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

Special Revenue Funds (Continued)	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Special Gas Tax and Street Improvements	Capital Improvements		
\$ 1,221,032	\$ 6,042,310	\$ 8,008,195	\$ 39,927,125
677,298	-	267,092	23,353,729
-	-	-	33,750
-	1,370,000	-	2,595,000
-	-	-	14,645,760
-	12,237,429	-	12,372,390
-	-	17	17
<u>\$ 1,898,330</u>	<u>\$ 19,649,739</u>	<u>\$ 8,275,304</u>	<u>\$ 92,927,771</u>
\$ 54,835	\$ 221,036	\$ 97,674	\$ 2,250,375
-	-	28,680	909,401
-	-	-	16,842
1,525,000	-	-	2,595,000
-	-	-	4,816,218
<u>1,579,835</u>	<u>221,036</u>	<u>126,354</u>	<u>10,587,836</u>
-	-	1,561	803,169
<u>1,579,835</u>	<u>221,036</u>	<u>127,915</u>	<u>11,391,005</u>
-	-	-	27,525,128
318,495	-	6,461,520	7,015,881
-	19,428,703	1,685,869	21,114,572
-	-	-	25,881,185
<u>318,495</u>	<u>19,428,703</u>	<u>8,147,389</u>	<u>81,536,766</u>
<u>\$ 1,898,330</u>	<u>\$ 19,649,739</u>	<u>\$ 8,275,304</u>	<u>\$ 92,927,771</u>

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CITY OF WESTMINSTER

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

June 30, 2013

Fund balances - total governmental funds		\$ 81,536,766
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:		
Capital assets	\$ 406,418,491	
Accumulated depreciation	<u>(174,697,335)</u>	231,721,156
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 position are:		
		17,313,966
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 Position. Balances as of June 30, 2013 are:		
Certificates of participation payable	(3,073,594)	
Accrued interest	<u>(9,955)</u>	(3,083,549)
OPEB obligation is not accrued in governmental funds, but rather is recognized as an expenditure when paid.		
		(16,950,443)
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred inflows of resources in the fund financial statements.		
		<u>803,169</u>
Net position of governmental activities		<u><u>\$ 311,341,065</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, 2013

	General	Special Revenue Funds	
		Westminster Housing Authority	Housing and Community Development
REVENUES:			
Taxes	\$ 36,465,664	\$ -	\$ -
Licenses and permits	562,390	-	-
Fines	841,775	-	250
Investment and rental	384,248	26,119	4,955
Intergovernmental	170,997	-	1,437,729
Charges for services	5,607,267	-	-
Other	250,340	-	250
TOTAL REVENUES	44,282,681	26,119	1,443,184
EXPENDITURES:			
Current:			
General government	2,682,853	-	-
Public safety	34,653,245	-	-
Public works	4,143,916	-	-
Community development	1,653,216	192,070	433,739
Community services	1,844,750	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	44,977,980	192,070	433,739
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(695,299)	(165,951)	1,009,445
OTHER FINANCING SOURCES (USES):			
Sale of equipment and property	10,275	-	-
Transfers in	15,541	13,476	239,306
Transfers out	(297,146)	-	(691,730)
TOTAL OTHER FINANCING SOURCES (USES)	(271,330)	13,476	(452,424)
NET CHANGE IN FUND BALANCES	(966,629)	(152,475)	557,021
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	26,881,564	26,906,790	415,908
FUND BALANCES - END OF YEAR	\$ 25,914,935	\$ 26,754,315	\$ 972,929

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

Special Revenue Funds (Continued)	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Special Gas Tax and Street Improvements	Capital Improvements		
\$ 2,978,496	\$ -	\$ 1,847,101	\$ 41,291,261
-	-	-	562,390
-	-	-	842,025
52,292	62,964	112,307	642,885
2,138,250	-	1,140,078	4,887,054
42,253	705,055	110,572	6,465,147
19,622	-	267,170	537,382
<u>5,230,913</u>	<u>768,019</u>	<u>3,477,228</u>	<u>55,228,144</u>
-	-	48,762	2,731,615
-	-	911,460	35,564,705
-	-	-	4,143,916
1,464,510	-	1,147,399	4,890,934
-	-	246,857	2,091,607
-	5,829,518	147,810	5,977,328
158,024	-	187,404	345,428
62,220	-	73,845	136,065
<u>1,684,754</u>	<u>5,829,518</u>	<u>2,763,537</u>	<u>55,881,598</u>
<u>3,546,159</u>	<u>(5,061,499)</u>	<u>713,691</u>	<u>(653,454)</u>
-	-	-	10,275
1,444,714	9,912,053	536,080	12,161,170
(3,935,473)	(3,491,894)	(351,541)	(8,767,784)
<u>(2,490,759)</u>	<u>6,420,159</u>	<u>184,539</u>	<u>3,403,661</u>
1,055,400	1,358,660	898,230	2,750,207
(736,905)	18,070,043	7,249,159	78,786,559
<u>\$ 318,495</u>	<u>\$ 19,428,703</u>	<u>\$ 8,147,389</u>	<u>\$ 81,536,766</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, 2013

Net change in fund balances - total governmental funds		\$ 2,750,207
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>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 capital expense and capital contributions exceeded depreciation in the current period.</p>		
Net change in capital assets	\$ 5,352,852	
Depreciation expense	(9,396,822)	
Contribution of capital assets from the Successor Agency	<u>12,908,436</u>	8,864,466
<p>The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal payments	<u>345,428</u>	345,428
<p>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.</p>		
Net change in accrued interest	822	
OPEB expense	<u>(2,065,412)</u>	(2,064,590)
<p>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.</p>		
		(943,014)
<p>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.</p>		
Net change in sales tax accrual		<u>11,248</u>
Change in net position of governmental activities		<u>\$ 8,963,745</u>

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

CITY OF WESTMINSTER

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2013

	Business-type Activity <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Funds</u>
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 4,803,019	\$ 16,568,820
Receivables, net of allowances (Note 4)	2,809,525	279,697
Prepaid items	-	441,089
Inventories	146,258	51,360
Restricted assets:		
Cash and investments	-	3,359,745
Cash and investments with fiscal / other agents	113,160	-
	<u>7,871,962</u>	<u>20,700,711</u>
TOTAL CURRENT ASSETS		
CAPITAL ASSETS (NOTE 5):		
Land	2,484,846	-
Construction in progress	-	69,750
Buildings	91,579	4,163,053
Water distribution lines	41,812,449	-
Improvements other than buildings	11,808,269	622,855
Vehicles	-	4,088,734
Machinery and equipment	12,800,023	231,728
Office furniture, computers and equipment	88,874	2,065,033
Leased property	-	333,307
	<u>69,086,040</u>	<u>11,574,460</u>
Less accumulated depreciation	<u>(37,300,500)</u>	<u>(6,028,085)</u>
	<u>31,785,540</u>	<u>5,546,375</u>
NET CAPITAL ASSETS		
	<u>39,657,502</u>	<u>26,247,086</u>
TOTAL ASSETS		
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	285,949	221,161
	<u>285,949</u>	<u>221,161</u>

(Continued)

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

CITY OF WESTMINSTER

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 (CONTINUED)

June 30, 2013

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
	<u> </u>	<u> </u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 1,705,457	\$ 596,815
Deposits	18,000	-
Claims payable	-	934,615
Compensated absences	193,307	1,679,317
Certificates of participation	230,000	148,998
Loans payable	<u>106,794</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>2,253,558</u>	<u>3,359,745</u>
LONG-TERM LIABILITIES:		
Claims payable	-	2,803,847
Compensated absences	31,469	273,377
Certificates of participation	2,800,000	1,137,406
Loans payable	<u>1,797,197</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES	<u>4,628,666</u>	<u>4,214,630</u>
TOTAL LIABILITIES	<u>6,882,224</u>	<u>7,574,375</u>
NET POSITION:		
Net investment in capital assets	27,137,496	4,481,132
Restricted for debt service	113,160	-
Unrestricted	<u>5,810,571</u>	<u>14,412,740</u>
TOTAL NET POSITION	33,061,227	<u>\$ 18,893,872</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>1,579,906</u>	
Net position of business-type activity	<u>\$ 34,641,133</u>	

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

CITY OF WESTMINSTER

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

For the year ended June 30, 2013

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Charges for services	\$ 14,755,272	\$ 20,040,834
Other	50,255	892,132
TOTAL OPERATING REVENUES	<u>14,805,527</u>	<u>20,932,966</u>
OPERATING EXPENSES:		
Salaries	2,688,490	4,957,280
Maintenance and operations	2,084,325	4,796,139
Purchased water	3,849,862	-
Equity taxes	2,174,044	-
Insurance premiums and legal fees	1,997	3,493,176
Claims and benefits	-	7,978,731
Depreciation and amortization	1,113,135	738,590
TOTAL OPERATING EXPENSES	<u>11,911,853</u>	<u>21,963,916</u>
OPERATING INCOME (LOSS)	<u>2,893,674</u>	<u>(1,030,950)</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	86,479	104,050
Interest and fiscal charges	(218,132)	(81,354)
Loss on sale of property and equipment	-	(1,688)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(131,653)</u>	<u>21,008</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>2,762,021</u>	<u>(1,009,942)</u>
TRANSFERS:		
Transfers in	738,347	812,117
Transfers out	(4,123,828)	(820,022)
TOTAL TRANSFERS	<u>(3,385,481)</u>	<u>(7,905)</u>
CHANGE IN NET POSITION	(623,460)	(1,017,847)
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>33,684,687</u>	<u>19,911,719</u>
NET POSITION - END OF YEAR	<u>\$ 33,061,227</u>	<u>\$ 18,893,872</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ (74,838)	
Change in net position - Enterprise Funds	<u>(623,460)</u>	
Change in net position of business-type activity	<u>\$ (698,298)</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, 2013

	Business-type Activity <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 14,513,518	\$ 20,746,674
Payment to suppliers	(8,021,534)	(15,504,155)
Payment to employees	(2,646,652)	(5,154,583)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,845,332</u>	<u>87,936</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	738,347	812,117
Cash paid to other funds	(4,123,828)	(820,022)
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	<u>(3,385,481)</u>	<u>(7,905)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(713,347)	(264,472)
Proceeds from sale of capital assets	-	11,788
Principal payments on long-term debt	(323,172)	(144,573)
Interest and fiscal charges	(192,140)	(56,561)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,228,659)</u>	<u>(453,818)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	<u>86,479</u>	<u>104,050</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(682,329)	(269,737)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,598,508</u>	<u>20,198,302</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,916,179</u>	<u>\$ 19,928,565</u>
CASH AND CASH EQUIVALENTS:		
Cash and investments - current assets	\$ 4,803,019	\$ 16,568,820
Cash and investments - restricted assets	<u>113,160</u>	<u>3,359,745</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 4,916,179</u>	<u>\$ 19,928,565</u>

(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, 2013

	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)	\$ 2,893,674	\$ (1,030,950)
Depreciation and amortization	1,113,135	738,590
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(292,009)	(186,292)
(Increase) decrease in prepaid items	-	(370,176)
(Increase) decrease in inventories	(43,738)	1,710
Increase (decrease) in accounts payable and other liabilities	132,432	168,427
Increase (decrease) in claims payable	-	963,930
Increase (decrease) in compensated absences payable	41,838	(197,303)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 3,845,332	 \$ 87,936

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

CITY OF WESTMINSTER

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

June 30, 2013

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund	Agency Fund
	<u>Trust Fund</u>	<u>Fund</u>
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 24,792,247	\$ -
Interest receivable	109,438	-
Restricted assets:		
Cash and investments	-	8,327
Cash and investments with fiscal / other agents	<u>33,085,031</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>57,986,716</u>	<u>8,327</u>
NONCURRENT ASSETS:		
Capital Assets (Note 15):		
Land	<u>3,018,606</u>	<u>-</u>
TOTAL NONCURRENT ASSETS	<u>3,018,606</u>	<u>-</u>
TOTAL ASSETS	<u>61,005,322</u>	<u>\$ 8,327</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	1,531,978	\$ -
Certificates of participation, current portion	9,335,000	-
Due to bondholders	-	8,327
Due to the City of Westminster	<u>376,764</u>	<u>-</u>
TOTAL CURRENT LIABILITIES	<u>11,243,742</u>	<u>8,327</u>
LONG-TERM LIABILITIES:		
Certificates of participation	121,685,000	-
Advance payable to Housing Authority	<u>14,645,760</u>	<u>-</u>
TOTAL LONG-TERM LIABILITIES	<u>136,330,760</u>	<u>-</u>
TOTAL LIABILITIES	<u>147,574,502</u>	<u>\$ 8,327</u>
NET POSITION:		
Net position for private purpose	<u>(86,569,180)</u>	
TOTAL NET POSITION	<u>\$ (86,569,180)</u>	

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

CITY OF WESTMINSTER

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2013

	Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund
ADDITIONS:	
Taxes and assessments	\$ 28,979,074
Investment and rental	201,726
Other revenues	<u>26,313</u>
TOTAL ADDITIONS	<u>29,207,113</u>
DEDUCTIONS:	
General government	605,053
Community development	1,311,788
Interest and fiscal expense	7,090,766
Contribution to City	12,908,436
County payment	<u>45,240,985</u>
TOTAL DEDUCTIONS	<u>67,157,028</u>
CHANGE IN NET POSITION	(37,949,915)
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	<u>(48,619,265)</u>
NET POSITION AT END OF YEAR	<u><u>\$ (86,569,180)</u></u>

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

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CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of the Reporting Entity:

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

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

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

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

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Description of the Reporting Entity (Continued):

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

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

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Government-Wide and Fund Financial Statements (Continued):

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.

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

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

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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

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.

See accompanying independent auditors’ report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

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

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

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Classifications (Continued):

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

The City reports the following major enterprise fund:

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

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

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

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

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

The Agency 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.

New Accounting Pronouncements:

Implemented

In fiscal year 2012-2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*". This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, "*Elements of Financial Statements*" into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new Statement of Net Position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

New Accounting Pronouncements (Continued):

Implemented (Continued)

In fiscal year 2012-2013, the City early implemented GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". This statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Due to the early implementation of this statement, bond issue costs, which should be recognized as an expense in the period incurred, were eliminated. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this standard decreased the net position at July 1, 2012 of the governmental activities, business-type activity and the Successor Agency to the Westminster Redevelopment Agency Private-Purpose Trust Fund by \$281,927, \$223,627 and \$6,369,136, respectively.

Pending Accounting Standards

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

- GASB 66 - "*Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62*", effective for periods beginning after December 15, 2012.
- GASB 67 - "*Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*", effective for the fiscal years beginning after June 15, 2013.
- GASB 68 - "*Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*", effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - "*Government Combinations and Disposals of Government Operations*", effective for periods beginning after December 15, 2013.
- GASB 70 - "*Accounting and Financial Reporting for Nonexchange Financial Guarantees*", effective for the periods beginning after June 15, 2013.

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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Assets (Continued):

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

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

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred loss on refunding, net of accumulated amortization reported in the government-wide statement of net position and the proprietary funds financial statements. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenues*, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from two sources: taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Net Position Flow Assumptions:

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

It is the City's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Long-Term Obligations:

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

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

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, 2013 all encumbrances at year-end were closed. Unexpended appropriations are reencumbered in the following year after reconsideration, without additional budget appropriation.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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).

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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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.

2. CASH AND INVESTMENTS:

Cash and Investments:

Cash and investments at June 30, 2013 consisted of the following:

	Government Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
Unrestricted assets:			
Cash and investments	\$ 61,298,964	\$ 24,792,247	\$ 86,091,211
Total unrestricted assets	<u>61,298,964</u>	<u>24,792,247</u>	<u>86,091,211</u>
Restricted assets:			
Cash and investments	15,732,135	8,327	15,740,462
Cash and investments with fiscal agents	113,177	33,085,031	33,198,208
Total restricted assets	<u>15,845,312</u>	<u>33,093,358</u>	<u>48,938,670</u>
 TOTAL CASH AND INVESTMENTS	 <u>\$ 77,144,276</u>	 <u>\$ 57,885,605</u>	 <u>\$ 135,029,881</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

Cash and Investments (Continued):

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

Primary Government

Deposits	\$ 1,513,112
Investments	<u>75,631,164</u>
	<u>\$ 77,144,276</u>

Fiduciary Funds

Pooled with the Primary Government	\$ 8,327
Deposits	569,798
Investments	<u>57,307,480</u>
	<u>\$ 57,885,605</u>

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

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

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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

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

<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	1 year	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.

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

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk:

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

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

Primary Government

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 36 Months	37 - 60 Months	
Local Agency Investment Fund	\$ 16,938,682	\$ -	\$ -	\$ 16,938,682
United States Treasury Obligations	735,195	4,235,834	5,746,740	10,717,769
Federal Home Loan Mortgage Corporation	803,345	3,179,210	8,112,889	12,095,444
Federal Home Loan Bank	2,665,388	5,187,083	4,055,887	11,908,358
Federal National Mortgage Association	2,012,115	5,472,279	3,257,123	10,741,517
Federal Farm Credit Bank	5,874,113	2,846,163	2,135,078	10,855,354
Tennessee Valley Authority	1,455,245	-	-	1,455,245
Money Market Mutual Funds	918,795	-	-	918,795
	<u>\$ 31,402,878</u>	<u>\$ 20,920,569</u>	<u>\$ 23,307,717</u>	<u>\$ 75,631,164</u>

Fiduciary Funds

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 36 Months	37 - 60 Months	
Local Agency Investment Fund	\$ 24,314,111	\$ -	\$ -	\$ 24,314,111
United States Treasury Obligations	1,301,066	-	749,233	2,050,299
Federal Home Loan Mortgage Corporation	3,752,545	-	576,423	4,328,968
Federal Home Loan Bank	1,513,616	-	639,974	2,153,590
Federal National Mortgage Association	2,005,870	339,800	606,297	2,951,967
Federal Farm Credit Bank	1,818,602	330,752	-	2,149,354
Money Market Mutual Funds	19,359,191	-	-	19,359,191
	<u>\$ 54,065,001</u>	<u>\$ 670,552</u>	<u>\$ 2,571,927</u>	<u>\$ 57,307,480</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Total as of June 30, 2013</u>	<u>AAA</u>	<u>AA+</u>	<u>Not Required to be Rated</u>	<u>Not Rated</u>
Local Agency Investment Fund	N/A	\$ 16,938,682	\$ -	\$ -	\$ -	\$16,938,682
United States Treasury Obligations	N/A	10,717,769	-	-	10,717,769	-
Federal Home Loan Mortgage Corporation	N/A	12,095,444	-	12,095,444	-	-
Federal Home Loan Bank	N/A	11,908,358	-	11,908,358	-	-
Federal National Mortgage Association	N/A	10,741,517	-	10,741,517	-	-
Federal Farm Credit Bank	N/A	10,855,354	-	10,855,354	-	-
Tennessee Valley Authority	N/A	1,455,245	-	1,455,245	-	-
Money Market Mutual Funds	AAA	918,795	918,795	-	-	-
		<u>\$ 75,631,164</u>	<u>\$ 918,795</u>	<u>\$47,055,918</u>	<u>\$ 10,717,769</u>	<u>\$16,938,682</u>

Fiduciary Funds

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Total as of June 30, 2013</u>	<u>AAA</u>	<u>AA+</u>	<u>Not Required to be Rated</u>	<u>Not Rated</u>
Local Agency Investment Fund	N/A	\$ 24,314,111	\$ -	\$ -	\$ -	\$24,314,111
United States Treasury Obligations	N/A	2,050,299	-	-	2,050,299	-
Federal Home Loan Mortgage Corporation	N/A	4,328,968	-	4,328,968	-	-
Federal Home Loan Bank	N/A	2,153,590	-	2,153,590	-	-
Federal National Mortgage Association	N/A	2,951,967	-	2,951,967	-	-
Federal Farm Credit Bank	N/A	2,149,354	-	2,149,354	-	-
Money Market Mutual Funds	AAA	19,359,191	19,359,191	-	-	-
		<u>\$ 57,307,480</u>	<u>\$19,359,191</u>	<u>\$11,583,879</u>	<u>\$ 2,050,299</u>	<u>\$24,314,111</u>

N/A - Not Applicable

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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	\$ 12,095,444
Federal Home Loan Bank	United States Government Sponsored Agency Securities	11,908,358
Federal National Mortgage Association	United States Government Sponsored Agency Securities	10,741,517
Federal Farm Credit Bank	United States Government Sponsored Agency Securities	10,855,354

Fiduciary Funds

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Mortgage Corporation	United States Government Sponsored Agency Securities	\$ 4,328,968
Federal National Mortgage Association	United States Government Sponsored Agency Securities	2,951,967

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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, 2013, 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, 2013

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund receivables and payables at June 30, 2013 are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,225,000	\$ -
Special Revenue Funds:		
Housing and Community Development	-	1,070,000
Special Gas Tax and Street Improvements	-	1,525,000
Capital Projects Fund:		
Capital Improvements	<u>1,370,000</u>	<u>-</u>
	<u>\$ 2,595,000</u>	<u>\$ 2,595,000</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, 2013 are as follows:

Governmental Activities:

	<u>Transfers In</u>						<u>Total</u>
	<u>General</u>	<u>Westminster Housing Authority</u>	<u>Housing and Community Development</u>	<u>Special Gas Tax and Street Improvements</u>	<u>Capital Improvements</u>	<u>Other Governmental</u>	
Transfers Out:							
General	\$ -	\$ 13,476	\$ -	\$ -	\$ 65,000	\$ 180,662	\$ 259,138
Housing and Community Development	10,000	-	-	-	681,730	-	691,730
Special Gas Tax and Street Improvements	-	-	-	-	3,935,473	-	3,935,473
Capital Improvements	-	-	239,306	1,444,714	-	295,418	1,979,438
Other Governmental Funds	5,541	-	-	-	346,000	-	351,541
Water Enterprise	-	-	-	-	4,063,828	60,000	4,123,828
Internal Service	-	-	-	-	820,022	-	820,022
	<u>\$ 15,541</u>	<u>\$ 13,476</u>	<u>\$ 239,306</u>	<u>\$ 1,444,714</u>	<u>\$ 9,912,053</u>	<u>\$ 536,080</u>	<u>\$ 12,161,170</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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

Interfund Transfer Balances (Continued):

Business-type Activity:

	Transfers In		
	Water Enterprise	Internal Service	Total
<u>Transfers Out:</u>			
General	\$ 25,000	\$ 13,008	\$ 38,008
Capital Improvements	<u>713,347</u>	<u>799,109</u>	<u>1,512,456</u>
	<u>\$ 738,347</u>	<u>\$ 812,117</u>	<u>\$ 1,550,464</u>

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

4. RECEIVABLES:

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

Governmental Funds:

	General	Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Other Governmental	Total
Taxes	\$ 3,003,894	\$ -	\$ -	\$ -	\$ 15,972	\$ 3,019,866
Accounts	322,547	-	-	-	-	322,547
Interest	251,656	-	-	-	-	251,656
Loans	-	5,721,797	4,813,311	-	-	10,535,108
Notes	-	6,273,821	850,000	-	-	7,123,821
Other	-	-	-	-	1,333	1,333
Due from other governments	<u>415,144</u>	<u>-</u>	<u>757,169</u>	<u>677,298</u>	<u>249,787</u>	<u>2,099,398</u>
Net Total Receivables	<u>\$ 3,993,241</u>	<u>\$ 11,995,618</u>	<u>\$ 6,420,480</u>	<u>\$ 677,298</u>	<u>\$ 267,092</u>	<u>\$ 23,353,729</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

4. RECEIVABLES (CONTINUED):

Proprietary Funds:

	Water <u>Enterprise</u>	Internal <u>Service</u>	<u>Total</u>
Accounts	\$ 2,809,525	\$ 12,770	\$ 2,822,295
Other	-	206,411	206,411
Due from other governments	<u>-</u>	<u>60,516</u>	<u>60,516</u>
Net Total Receivables	<u>\$ 2,809,525</u>	<u>\$ 279,697</u>	<u>\$ 3,089,222</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	\$ 487,226
HOME Rehab Loans, due upon sale of property	177,518
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	282,722
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>\$ 4,813,311</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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	\$ 2,653,393
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>\$ 5,721,797</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 categorized as nonspendable.	<u>\$ 850,000</u>
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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".	\$ 354,231
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See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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".

\$ 421,386

\$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".

210,996

\$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.

158,334

\$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, 2013, \$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 \$ 6,273,821

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

5. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2013 is as follows:

Governmental Activities:	Balance at July 1, 2012	Additions	Deletions	Transfers (a)	Balance at June 30, 2013
Capital assets, not being depreciated:					
Land	\$ 22,316,878	\$ -	\$ -	\$ 9,419,222	\$ 31,736,100
Construction in progress	<u>20,939,816</u>	<u>468,212</u>	<u>(20,023,362)</u>	<u>-</u>	<u>1,384,666</u>
Total capital assets, not being depreciated	<u>43,256,694</u>	<u>468,212</u>	<u>(20,023,362)</u>	<u>9,419,222</u>	<u>33,120,766</u>
Capital assets, being depreciated:					
Buildings	84,054,683	17,700,563	-	-	101,755,246
Improvements other than buildings	7,788,597	5,201,594	-	-	12,990,191
Vehicles, machinery and equipment	8,997,314	370,185	(198,361)	-	9,169,138
Office furniture and equipment	6,244,690	273,643	(131,318)	-	6,387,015
Leased property	333,307	-	-	-	333,307
Infrastructure	<u>249,128,707</u>	<u>5,115,699</u>	<u>(7,109)</u>	<u>-</u>	<u>254,237,297</u>
Total capital assets, being depreciated	<u>356,547,298</u>	<u>28,661,684</u>	<u>(336,788)</u>	<u>-</u>	<u>384,872,194</u>
Less accumulated depreciation for:					
Buildings	(12,164,902)	(1,785,047)	-	-	(13,949,949)
Improvements other than buildings	(2,664,346)	(401,845)	-	-	(3,066,191)
Vehicles, machinery and equipment	(4,956,699)	(728,045)	184,885	-	(5,499,859)
Office furniture and equipments	(3,215,181)	(384,587)	131,316	-	(3,468,452)
Leased property	(333,307)	-	-	-	(333,307)
Infrastructure	<u>(147,578,892)</u>	<u>(6,835,888)</u>	<u>7,109</u>	<u>-</u>	<u>(154,407,671)</u>
Total accumulated depreciation	<u>(170,913,327)</u>	<u>(10,135,412)</u>	<u>323,310</u>	<u>-</u>	<u>(180,725,429)</u>
Total capital assets, being depreciated, net	<u>185,633,971</u>	<u>18,526,272</u>	<u>(13,478)</u>	<u>-</u>	<u>204,146,765</u>
Total governmental activities capital assets, net	<u>\$ 228,890,665</u>	<u>\$ 18,994,484</u>	<u>\$ (20,036,840)</u>	<u>\$ 9,419,222</u>	<u>\$ 237,267,531</u>

(a) The net transfer of \$9,419,922 relates to the transfer of capital assets to the City from the Successor Agency to the Westminster Redevelopment Agency.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

5. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activity capital assets at June 30, 2013 is as follows:

Business-type Activity:	<u>Balance at June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2013</u>
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	713,347	-	41,812,449
Machinery and equipment	12,809,479	-	(9,456)	12,800,023
Office furniture and equipment	<u>92,010</u>	<u>-</u>	<u>(3,136)</u>	<u>88,874</u>
Total capital assets, being depreciated	<u>65,900,439</u>	<u>713,347</u>	<u>(12,592)</u>	<u>66,601,194</u>
Less accumulated depreciation for:				
Buildings	(87,440)	(306)	-	(87,746)
Improvements other than buildings	(1,684,683)	(237,900)	-	(1,922,583)
Water distribution lines	(26,012,396)	(634,673)	-	(26,647,069)
Machinery and equipment	(8,345,419)	(235,299)	9,456	(8,571,262)
Office furniture and equipment	<u>(70,019)</u>	<u>(4,957)</u>	<u>3,136</u>	<u>(71,840)</u>
Total accumulated depreciation	<u>(36,199,957)</u>	<u>(1,113,135)</u>	<u>12,592</u>	<u>(37,300,500)</u>
Total capital assets, being depreciated, net	<u>29,700,482</u>	<u>(399,788)</u>	<u>-</u>	<u>29,300,694</u>
Business-type Activity capital assets, net	<u>\$ 32,185,328</u>	<u>\$ (399,788)</u>	<u>\$ -</u>	<u>\$ 31,785,540</u>

The City maintains a reserve fund for capital improvement designed to encourage and improve on water conservation. For the year ended June 30, 2013, the Enterprise Funds' conservation projects reserve account totaled \$2,708,716.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

5. CAPITAL ASSETS (CONTINUED):

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

Governmental Activities:

General government	\$ 69,411
Public safety	1,371,698
Public works	6,858,279
Community development	524,536
Community services	572,898
Internal service funds	<u>738,590</u>
Total depreciation expense - governmental activities	<u>\$ 10,135,412</u>

Business-type Activity:

Water Fund	<u>\$ 1,113,135</u>
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6. LONG-TERM LIABILITIES:

The following is a summary of long-term liabilities transactions for the year ended June 30, 2013:

Governmental Activities:

	Balance July 1, 2012			Balance June 30, 2013	Due Within One Year	Due in More Than One Year
		Additions	Reductions			
Certificates of participation	\$ 4,850,000	\$ -	\$ 490,000	\$ 4,360,000	\$ 505,000	\$ 3,855,000
Compensated absences	2,149,997	1,231,474	1,428,777	1,952,694	1,679,317	273,377
Claims liabilities	2,774,531	2,303,998	1,340,067	3,738,462	934,616	2,803,846
OPEB liability (Note 9)	<u>14,885,031</u>	<u>4,272,000</u>	<u>2,206,588</u>	<u>16,950,443</u>	<u>-</u>	<u>16,950,443</u>
Total						
Governmental Activities	<u>24,659,559</u>	<u>7,807,472</u>	<u>5,465,432</u>	<u>27,001,599</u>	<u>3,118,933</u>	<u>23,882,666</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

6. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity:

	Balance July 1, 2012			Balance June 30, 2013	Due Within One Year	Due in More Than One Year
	2012	Additions	Reductions	2013	One Year	One Year
Certificates of participation	\$ 3,250,000	\$ -	\$ 220,000	\$ 3,030,000	\$ 230,000	\$ 2,800,000
Loans payable	2,007,163	-	103,171	1,903,992	106,794	1,797,198
Compensated absences	<u>182,938</u>	<u>183,953</u>	<u>142,116</u>	<u>224,775</u>	<u>193,307</u>	<u>31,468</u>
Total						
Business-type Activity	<u>5,440,101</u>	<u>183,953</u>	<u>465,287</u>	<u>5,158,767</u>	<u>530,101</u>	<u>4,628,666</u>
City Total	<u>\$ 30,099,660</u>	<u>\$ 7,991,425</u>	<u>\$ 5,930,719</u>	<u>\$ 32,160,366</u>	<u>\$ 3,649,034</u>	<u>\$ 28,511,332</u>

Governmental Activities:

Certificates of Participation

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

Principal outstanding at June 30, 2013

\$ 4,360,000

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

6. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

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, 2013 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.

Principal outstanding at June 30, 2013

\$ 3,030,000

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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, 2013, the calculation of the Enterprise Fund’s compliance with the rate coverage covenant is as follows:

Gross revenues:	
Charges for services	\$ 14,755,272
Investment income	86,479
Other	<u>50,255</u>
Total gross revenues	<u>14,892,006</u>
Operating expenses:	
Operating expenses	11,911,853
Depreciation and amortization	(1,113,135)
Vehicle replacement charges	<u>(172,018)</u>
Total operating costs	<u>10,626,700</u>
Net revenues	<u>\$ 4,265,306</u>
Installment payments:	
Principal payments	\$ 275,651
Interest payments	<u>183,875</u>
Total installment payments	<u>\$ 459,526</u>
Net revenues to installment payment coverage ratio	<u>928%</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, 2013

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, 2013, the Enterprise Fund's capital equipment replacement reserve is as follows:

Capital equipment replacement reserve	\$ <u>953,993</u>
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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.

	\$ 382,624
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\$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>1,521,368</u>
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Total Loans Payable	\$ <u>1,903,992</u>
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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, 2013

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, 2013, including interest payments are as follows:

Year Ending June 30,	Certificates of Participation Governmental and Business-type Activity		
	Principal	Interest	Total
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	855,000	177,706	1,032,706
2019-2023	3,100,000	419,763	3,519,763
2024	<u>335,000</u>	<u>14,656</u>	<u>349,656</u>
	<u>\$ 7,390,000</u>	<u>\$ 1,654,918</u>	<u>\$ 9,044,918</u>
Year Ending June 30,	Loans Payable		
	Principal	Interest	Total
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	122,599	49,974	172,573
2019-2023	486,287	188,206	674,493
2024-2028	436,792	111,329	548,121
2029-2033	<u>408,112</u>	<u>29,352</u>	<u>437,464</u>
	<u>\$ 1,903,992</u>	<u>\$ 619,335</u>	<u>\$ 2,523,327</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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
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	977,599	227,680	1,205,279
2019-2023	3,586,287	607,969	4,194,256
2024-2028	771,792	125,985	897,777
2029-2033	408,112	29,352	437,464
	<u>\$ 9,293,992</u>	<u>\$ 2,274,253</u>	<u>\$ 11,568,245</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. On September 2, 2012, the bonds were paid in full and cash and investments for bonds and interest coupons redemption of \$8,327 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, 2013

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 2013 was \$1,570,331 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 2013, the City's actual and contributed annual pension cost was \$1,570,331. The required contribution for the fiscal year 2013 was determined as part of the June 30, 2010 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, 2013

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, 2013 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
6/30/11	\$ 1,156,143	100%	\$ -
6/30/12	1,659,093	100%	-
6/30/13	1,570,331	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, 2013

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 26.612% of covered payroll. The City's contributions to CalPERS for the years ended June 30, 2013, 2012 and 2011 were \$2,387,034, \$2,463,073 and \$1,976,001, 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, 2013, the City's payroll covered by the plan was \$858,662. Contributions to the plan totaled \$64,400 with employee contributions in the amount of \$51,543 (6.0% of current covered payroll) and City contributions in the amount of \$12,857 (1.5% of current covered payroll).

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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>2013 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 (\$115 in 2013)
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, 2013

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, 2013, the City paid \$2,206,588 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	\$ 4,878,000
Interest on net OPEB obligation	553,000
Adjustment to annual required contribution	<u>(1,159,000)</u>
Annual OPEB cost (expense)	4,272,000
Actual contributions made	<u>(2,206,588)</u>
Increase in net OPEB obligation	2,065,412
Net OPEB Obligation - beginning of year	<u>14,885,031</u>
Net OPEB Obligation - end of year	<u>\$ 16,950,443</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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, 2013, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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
06/30/13	4,272,000	2,206,588	51.7 %	16,950,443

d. Funded Status and Funding Progress:

As of June 30, 2012, the third actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$62,216,000, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$62,216,000. 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 \$20,722,000 and the ratio of the UAAL to the covered payroll was 300%.

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, 2013

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, 2012 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included an investment interest rate of 4.00% 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 8.5% for HMOs and PPOs for 2014 premiums over 2013 premiums, both grading down to 5.0% for calendar year 2021 and thereafter. The post-Medicare annual medical cost increase rates were 8.9% for HMOs and PPOs for 2014 premiums over 2013 premiums, both grading down to 5.0% for calendar year 2021 and thereafter. The PEMHCA minimum was assumed to increase with medical inflation (4.5%) annually after 2015. 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, 2013 was 26 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, 2013

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, 2013

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, 2013, the Risk Management Fund had accumulated fund equity of \$4,783,101. Also, at June 30, 2013, the Compensation/Benefits Fund had a reserve for catastrophic losses of \$4,851,724, which is reported as net position in this fund. The claims liabilities of \$2,532,072 and \$1,386,390 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2013 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 2013 and 2012 were as follows:

	Risk Management Fund		Compensation/Benefits Fund	
	2013	2012	2013	2012
Beginning-year liability	\$ 1,431,751	\$ 1,203,710	\$ 1,342,781	\$ 1,147,814
Current-year claims and changes in estimates	934,869	748,349	1,369,129	965,744
Claim payments	<u>(14,548)</u>	<u>(520,308)</u>	<u>(1,325,520)</u>	<u>(770,777)</u>
Balance at fiscal year-end	<u>\$ 2,352,072</u>	<u>\$ 1,431,751</u>	<u>\$ 1,386,390</u>	<u>\$ 1,342,781</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

12. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS:

The various fund balance classifications established as of June 30, 2013 were as follows:

	General	Special Revenue Funds			Capital	Other	Total
		Westminster Housing Authority	Housing and Community Development	Special Gas Tax and Street Improvements	Projects Fund Capital Improvements		
Nonspendable:							
Prepaid items	\$ 33,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,750
Receivables	-	11,995,618	850,000	-	-	-	12,845,618
Advance	-	14,645,760	-	-	-	-	14,645,760
Total Nonspendable	33,750	26,641,378	850,000	-	-	-	27,525,128
Restricted for:							
Housing authority	-	112,937	-	-	-	-	112,937
Housing and community development	-	-	122,929	-	-	-	122,929
Special gas tax and Street improvements	-	-	-	98,252	-	-	98,252
Debt service	-	-	-	220,243	-	261,306	481,549
Parks	-	-	-	-	-	1,248,817	1,248,817
Special police services	-	-	-	-	-	1,468,202	1,468,202
Municipal lighting	-	-	-	-	-	2,765,754	2,765,754
Other grants	-	-	-	-	-	587,476	587,476
Offside drainage district	-	-	-	-	-	129,965	129,965
Total Restricted	-	112,937	122,929	318,495	-	6,461,520	7,015,881
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	19,428,703	1,685,869	21,114,572
Unassigned	25,881,185	-	-	-	-	-	25,881,185
Total Fund							
Balances	\$25,914,935	\$ 26,754,315	\$ 972,929	\$ 318,495	\$ 19,428,703	\$ 8,147,389	\$81,536,766

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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 by the City Council to institute a formal action for the purpose of establishing committed fund balances. Once established, any modification or rescinding of this balance would require formal Council action.

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.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

13. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

Excess of Expenditures over Appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Other Governmental Funds:			
Community Promotion			
Special Revenue Fund	\$ 157,715	\$ 170,636	\$ (12,921)

14. COMMITMENTS AND CONTINGENCIES:

Claims and Judgments:

At June 30, 2013, the City was a defendant in a number of lawsuits arising in the ordinary course of operations which allege liability on the part of the City in connection with workers compensation and general liability matters. Management believes that potential losses relating to these lawsuits will not materially affect the financial position of the City.

Grant Contingencies:

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

15. RESTATEMENT OF NET POSITION AND FUND BALANCE:

Net position for the government-wide financial statements as of July 1, 2012 was restated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activity</u>
Net position as previously reported as of June 30, 2012	\$ 302,659,247	\$ 35,563,058
Reduction in net position to remove unamortized bond issuance costs for the implementation of GASB Statement 65.	<u>(281,927)</u>	<u>(223,627)</u>
Net position as restated July 1, 2012	<u>\$ 302,377,320</u>	<u>\$ 35,339,431</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

15. RESTATEMENT OF NET POSITION AND FUND BALANCE (CONTINUED):

Net position for the proprietary fund financial statements as of July 1, 2012 was restated as follows:

	<u>Water Enterprise Fund</u>	<u>Internal Service Funds</u>
Net position as previously reported as of June 30, 2012	\$ 33,908,314	\$ 19,989,626
Reduction in net position to remove unamortized bond issuance costs for the implementation of GASB Statement 65.	<u>(223,627)</u>	<u>(77,907)</u>
Net position as restated July 1, 2012	<u>\$ 33,684,687</u>	<u>\$ 19,911,719</u>

Net position for the fiduciary fund financial statements as of July 1, 2012 was restated as follows:

	<u>Private-Purpose Trust Fund</u>
Net position as previously reported as of June 30, 2012	\$ (42,250,129)
Reduction in net position to remove unamortized bond issuance costs for the implementation of GASB Statement 65.	<u>(6,369,136)</u>
Net position as restated July 1, 2012	<u>\$ (48,619,265)</u>

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES:

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

Capital Assets:

The Successor Agency transferred land in the amount of \$9,419,222 and other capital assets in the amount of \$3,489,214 to the City in fiscal year 2012-2013.

Long-Term Liabilities:

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Balance at July 1, <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance at June 30, <u>2013</u>	Due Within <u>One Year</u>	Due in More Than <u>One Year</u>
Tax allocation bonds payable	<u>\$140,145,000</u>	<u>\$ -</u>	<u>\$ 9,125,000</u>	<u>\$131,020,000</u>	<u>\$ 9,335,000</u>	<u>\$121,685,000</u>

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.

\$ 25,595,000

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (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. 8,065,000

\$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. This bond was paid in full during fiscal year 2013. \$ _____ -

Total Tax Allocation Bonds \$ 131,020,000

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

16. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

Long-Term Liabilities (Continued):

The annual requirements to amortize the tax allocation bonds outstanding as of June 30, 2013, including interest payments are as follows:

Year Ending June 30,	Tax Allocation Bonds		
	Principal	Interest	Total
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	2,050,000	6,457,988	8,507,988
2019-2023	11,565,000	30,914,917	42,479,917
2024-2028	14,470,000	27,909,539	42,379,539
2029-2033	15,965,000	23,929,179	39,894,179
2034-2038	21,435,000	18,263,031	39,698,031
2039-2043	28,855,000	10,651,388	39,506,388
2044-2046	21,665,000	1,922,178	23,587,178
	<u>\$ 131,020,000</u>	<u>\$ 146,759,396</u>	<u>\$ 277,779,396</u>

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, 2013, the aggregate principal amount of Bonds outstanding totaled \$5,782,500.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

17. 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.

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.

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.

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.

See accompanying independent auditors’ report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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

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's management has identified \$5,060,188 in expenditures through June 30, 2013 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. Management is pursuing a multi-tracked approach in order to remedy the Department of Finances' denial of this item. Under authority granted to the Successor Agency by AB 1484, the Successor Agency Board intends to reauthorize the contract in question in order to align its approval with the Department of Finance's approved process. This effort will be coupled with management's intent to use the Meet and Confer process to clearly delineate the City's position and the justifications for the questioned enforceable obligations. The Successor Agency has also initiated legal proceedings in order to aid in the clarification of this issue.

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.

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The Successor Agency made payments totaling \$45,240,985 to the CAC as a result of the due diligence review.

The DOF issued a Finding of Completion on June 20, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews.

See accompanying independent auditors' report.

CITY OF WESTMINSTER

NOTES TO BASIC FINANCIAL STATEMENTS
(CONTINUED)

June 30, 2013

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

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.

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 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 and an additional amount of \$12.9 million in fiscal year 2012-2013 which consisted of land and other capital assets.

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.

18. SUBSEQUENT EVENTS:

Events occurring after June 30, 2013 have been evaluated for possible adjustments to the financial statements or disclosure as of November 19, 2013, which is the date these financial statements were available to be issued.

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WESTMINSTER

SCHEDULES OF FUNDING PROGRESS

For the year ended June 30, 2013

CalPERS MISCELLANEOUS PENSION PLAN
(dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Accrued 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%
06/30/12	-	62,216	62,216	0.00%	20,722	300.24%

See accompanying independent auditors' report.

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CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 33,980,571	\$ 36,385,606	\$ 36,465,664	\$ 80,058
Licenses and permits	542,660	542,660	562,390	19,730
Fines	961,000	961,000	841,775	(119,225)
Investment and rental	1,429,000	1,279,000	384,248	(894,752)
Intergovernmental	131,640	131,640	170,997	39,357
Charges for services	5,576,877	5,576,877	5,607,267	30,390
Other	197,500	258,000	250,340	(7,660)
TOTAL REVENUES	42,819,248	45,134,783	44,282,681	(852,102)
EXPENDITURES:				
Current:				
General government	2,895,571	2,918,071	2,682,853	235,218
Public safety	35,363,391	35,526,742	34,653,245	873,497
Public works	4,283,698	4,385,198	4,143,916	241,282
Community development	1,741,535	1,823,155	1,653,216	169,939
Community services	2,069,824	2,134,324	1,844,750	289,574
TOTAL EXPENDITURES	46,354,019	46,787,490	44,977,980	1,809,510
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,534,771)	(1,652,707)	(695,299)	957,408
OTHER FINANCING SOURCES (USES):				
Sale of equipment and property	5,000	5,000	10,275	5,275
Transfers in	10,000	10,000	15,541	5,541
Transfers out	(210,860)	(316,607)	(297,146)	19,461
TOTAL OTHER FINANCING SOURCES (USES)	(195,860)	(301,607)	(271,330)	30,277
NET CHANGE IN FUND BALANCE	(3,730,631)	(1,954,314)	(966,629)	987,685
FUND BALANCE - BEGINNING OF YEAR	26,881,564	26,881,564	26,881,564	-
FUND BALANCE - END OF YEAR	\$ 23,150,933	\$ 24,927,250	\$ 25,914,935	\$ 987,685

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 20,000	\$ 20,000	\$ 26,119	\$ 6,119
Other	100,000	100,000	-	(100,000)
TOTAL REVENUES	120,000	120,000	26,119	(93,881)
EXPENDITURES:				
Current:				
Community development	185,480	271,571	192,070	79,501
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(65,480)	(151,571)	(165,951)	(14,380)
OTHER FINANCING SOURCES:				
Transfers in	13,476	13,476	13,476	-
NET CHANGE IN FUND BALANCE	(52,004)	(138,095)	(152,475)	(14,380)
FUND BALANCE - BEGINNING OF YEAR	26,906,790	26,906,790	26,906,790	-
FUND BALANCE - END OF YEAR	\$ 26,854,786	\$ 26,768,695	\$ 26,754,315	\$ (14,380)

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Fines	\$ 2,000	\$ 2,000	\$ 250	\$ (1,750)
Investment and rental	-	-	4,955	4,955
Intergovernmental	2,148,218	2,148,218	1,437,729	(710,489)
Other	-	-	250	250
TOTAL REVENUES	<u>2,150,218</u>	<u>2,150,218</u>	<u>1,443,184</u>	<u>(707,034)</u>
EXPENDITURES:				
Current:				
Community development	<u>1,576,511</u>	<u>1,623,671</u>	<u>433,739</u>	<u>1,189,932</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>573,707</u>	<u>526,547</u>	<u>1,009,445</u>	<u>482,898</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	239,306	239,306	-
Transfers out	<u>(691,730)</u>	<u>(691,730)</u>	<u>(691,730)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(691,730)</u>	<u>(452,424)</u>	<u>(452,424)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(118,023)	74,123	557,021	482,898
FUND BALANCE - BEGINNING OF YEAR	<u>415,908</u>	<u>415,908</u>	<u>415,908</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 297,885</u>	<u>\$ 490,031</u>	<u>\$ 972,929</u>	<u>\$ 482,898</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 2,832,970	\$ 2,832,970	\$ 2,978,496	\$ 145,526
Investment and rental	11,100	11,100	52,292	41,192
Intergovernmental	2,357,225	2,357,225	2,138,250	(218,975)
Charges for services	10,000	10,000	42,253	32,253
Other	-	-	19,622	19,622
TOTAL REVENUES	<u>5,211,295</u>	<u>5,211,295</u>	<u>5,230,913</u>	<u>19,618</u>
EXPENDITURES:				
Current:				
Community development	1,583,681	1,583,681	1,464,510	119,171
Debt service:				
Principal retirement	158,024	158,024	158,024	-
Interest and fiscal charges	62,220	62,220	62,220	-
TOTAL EXPENDITURES	<u>1,803,925</u>	<u>1,803,925</u>	<u>1,684,754</u>	<u>119,171</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,407,370</u>	<u>3,407,370</u>	<u>3,546,159</u>	<u>138,789</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,444,714	1,444,714
Transfers out	<u>(3,935,473)</u>	<u>(3,935,473)</u>	<u>(3,935,473)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,935,473)</u>	<u>(3,935,473)</u>	<u>(2,490,759)</u>	<u>1,444,714</u>
NET CHANGE IN FUND BALANCE	(528,103)	(528,103)	1,055,400	1,583,503
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>(736,905)</u>	<u>(736,905)</u>	<u>(736,905)</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (1,265,008)</u>	<u>\$ (1,265,008)</u>	<u>\$ 318,495</u>	<u>\$ 1,583,503</u>

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

CITY OF WESTMINSTER

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

1. BUDGETS AND BUDGETARY ACCOUNTING:

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

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

See accompanying independent auditors' report.

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OTHER SUPPLEMENTAL INFORMATION

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OTHER GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Special Police Services Fund - accounts for the regional and local narcotics suppression programs, Federal 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.

CITY OF WESTMINSTER
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2013

	Special Revenue Funds			
	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
ASSETS				
Cash and investments	\$ 1,248,817	\$ 1,464,780	\$ 2,751,343	\$ 570,654
Receivables, net of allowance:				
Taxes	-	-	15,972	45,713
Due from other governments	-	205,407	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
TOTAL ASSETS	\$ 1,248,817	\$ 1,670,187	\$ 2,767,315	\$ 616,367
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and other liabilities	\$ -	\$ 68,783	\$ -	\$ 28,891
Deposits	-	28,680	-	-
TOTAL LIABILITIES	-	97,463	-	28,891
 DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	1,561	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	-	97,463	1,561	28,891
 FUND BALANCES:				
Restricted for:				
Parks	1,248,817	-	-	-
Special police services	-	1,468,202	-	-
Municipal lighting	-	-	2,765,754	-
Other grants	-	-	-	587,476
Offsite drainage district	-	-	-	-
Debt service	-	104,522	-	-
Assigned	-	-	-	-
TOTAL FUND BALANCES	1,248,817	1,572,724	2,765,754	587,476
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,248,817	\$ 1,670,187	\$ 2,767,315	\$ 616,367

See accompanying independent auditors' report.

<u>Special Revenue Funds (Continued)</u>		Total
<u>Offsite</u>		<u>Other</u>
<u>Drainage</u>	<u>Community</u>	<u>Governmental</u>
<u>District</u>	<u>Promotion</u>	<u>Funds</u>
\$ 129,965	\$ 1,842,636	\$ 8,008,195
-	-	61,685
-	-	205,407
-	17	17
<u>\$ 129,965</u>	<u>\$ 1,842,653</u>	<u>\$ 8,275,304</u>
\$ -	\$ -	\$ 97,674
-	-	28,680
<u>-</u>	<u>-</u>	<u>126,354</u>
-	-	1,561
<u>-</u>	<u>-</u>	<u>127,915</u>
-	-	1,248,817
-	-	1,468,202
-	-	2,765,754
-	-	587,476
129,965	-	129,965
-	156,784	261,306
-	1,685,869	1,685,869
<u>129,965</u>	<u>1,842,653</u>	<u>8,147,389</u>
<u>\$ 129,965</u>	<u>\$ 1,842,653</u>	<u>\$ 8,275,304</u>

CITY OF WESTMINSTER

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

For the year ended June 30, 2013

	Special Revenue Funds			
	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
REVENUES:				
Taxes	\$ -	\$ -	\$ 1,847,101	\$ -
Investment and rental	24,917	22,136	31,060	7,290
Intergovernmental	-	627,340	-	512,738
Charges for services	84,147	20,662	-	-
Other	-	248,749	-	18,421
TOTAL REVENUES	<u>109,064</u>	<u>918,887</u>	<u>1,878,161</u>	<u>538,449</u>
EXPENDITURES:				
Current:				
General government	-	-	-	48,762
Public safety	-	911,460	-	-
Community development	5,453	-	951,336	176,315
Community services	-	-	-	246,857
Capital outlay	-	97,846	-	49,964
Debt service:				
Principal retirement	-	74,962	-	-
Interest and fiscal charges	-	29,572	-	-
TOTAL EXPENDITURES	<u>5,453</u>	<u>1,113,840</u>	<u>951,336</u>	<u>521,898</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>103,611</u>	<u>(194,953)</u>	<u>926,825</u>	<u>16,551</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	295,418	240,662	-	-
Transfers out	(146,000)	(5,541)	(200,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>149,418</u>	<u>235,121</u>	<u>(200,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	253,029	40,168	726,825	16,551
FUND BALANCES - BEGINNING OF YEAR	<u>995,788</u>	<u>1,532,556</u>	<u>2,038,929</u>	<u>570,925</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,248,817</u>	<u>\$ 1,572,724</u>	<u>\$ 2,765,754</u>	<u>\$ 587,476</u>

See accompanying independent auditors' report.

<u>Special Revenue Funds (Continued)</u>		Total
<u>Offsite</u>		<u>Other</u>
<u>Drainage</u>	<u>Community</u>	<u>Governmental</u>
<u>District</u>	<u>Promotion</u>	<u>Funds</u>
\$ -	\$ -	\$ 1,847,101
1,724	25,180	112,307
-	-	1,140,078
5,763	-	110,572
-	-	267,170
<u>7,487</u>	<u>25,180</u>	<u>3,477,228</u>
-	-	48,762
-	-	911,460
374	13,921	1,147,399
-	-	246,857
-	-	147,810
-	112,442	187,404
-	44,273	73,845
<u>374</u>	<u>170,636</u>	<u>2,763,537</u>
<u>7,113</u>	<u>(145,456)</u>	<u>713,691</u>
-	-	536,080
-	-	(351,541)
-	-	184,539
7,113	(145,456)	898,230
122,852	1,988,109	7,249,159
<u>\$ 129,965</u>	<u>\$ 1,842,653</u>	<u>\$ 8,147,389</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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 40,000	\$ 40,000	\$ 24,917	\$ (15,083)
Charges for services	51,508	51,508	84,147	32,639
TOTAL REVENUES	91,508	91,508	109,064	17,556
EXPENDITURES:				
Current:				
Community development	4,575	6,075	5,453	622
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	86,933	85,433	103,611	18,178
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	295,418	295,418
Transfers out	(146,000)	(146,000)	(146,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(146,000)	(146,000)	149,418	295,418
NET CHANGE IN FUND BALANCE	(59,067)	(60,567)	253,029	313,596
FUND BALANCE - BEGINNING OF YEAR	995,788	995,788	995,788	-
FUND BALANCE - END OF YEAR	\$ 936,721	\$ 935,221	\$ 1,248,817	\$ 313,596

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 23,900	\$ 23,900	\$ 22,136	\$ (1,764)
Intergovernmental	524,433	901,317	627,340	(273,977)
Charges for services	52,000	52,000	20,662	(31,338)
Other	65,000	89,999	248,749	158,750
TOTAL REVENUES	665,333	1,067,216	918,887	(148,329)
EXPENDITURES:				
Current:				
Public safety	874,241	1,277,513	911,460	366,053
Capital outlay	6,349	128,495	97,846	30,649
Debt service:				
Principal retirement	74,962	74,962	74,962	-
Interest and fiscal charges	30,015	30,015	29,572	443
TOTAL EXPENDITURES	985,567	1,510,985	1,113,840	397,145
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(320,234)	(443,769)	(194,953)	248,816
OTHER FINANCING SOURCES (USES):				
Transfers in	167,384	273,131	240,662	(32,469)
Transfers out	-	-	(5,541)	(5,541)
TOTAL OTHER FINANCING SOURCES (USES)	167,384	273,131	235,121	(38,010)
NET CHANGE IN FUND BALANCE	(152,850)	(170,638)	40,168	210,806
FUND BALANCE - BEGINNING OF YEAR	1,532,556	1,532,556	1,532,556	-
FUND BALANCE - END OF YEAR	\$ 1,379,706	\$ 1,361,918	\$ 1,572,724	\$ 210,806

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 830,500	\$ 1,863,881	\$ 1,847,101	\$ (16,780)
Investment and rental	15,000	15,000	31,060	16,060
TOTAL REVENUES	845,500	1,878,881	1,878,161	(720)
EXPENDITURES:				
Current:				
Community development	868,071	968,071	951,336	16,735
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(22,571)	910,810	926,825	16,015
OTHER FINANCING USES:				
Transfers out	(200,000)	(200,000)	(200,000)	-
NET CHANGE IN FUND BALANCE	(222,571)	710,810	726,825	16,015
FUND BALANCE - BEGINNING OF YEAR	2,038,929	2,038,929	2,038,929	-
FUND BALANCE - END OF YEAR	\$ 1,816,358	\$ 2,749,739	\$ 2,765,754	\$ 16,015

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 7,800	\$ 7,800	\$ 7,290	\$ (510)
Intergovernmental	566,722	566,722	512,738	(53,984)
Other	19,288	19,288	18,421	(867)
TOTAL REVENUES	593,810	593,810	538,449	(55,361)
EXPENDITURES:				
Current:				
General government	62,896	62,896	48,762	14,134
Community development	251,094	251,094	176,315	74,779
Community services	251,098	251,098	246,857	4,241
Capital outlay	-	55,000	49,964	5,036
TOTAL EXPENDITURES	565,088	620,088	521,898	98,190
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	28,722	(26,278)	16,551	42,829
FUND BALANCE - BEGINNING OF YEAR	570,925	570,925	570,925	-
FUND BALANCE - END OF YEAR	\$ 599,647	\$ 544,647	\$ 587,476	\$ 42,829

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 1,000	\$ 1,000	\$ 1,724	\$ 724
Charges for services	1,000	1,000	5,763	4,763
TOTAL REVENUES	2,000	2,000	7,487	5,487
EXPENDITURES:				
Current:				
Community development	100	400	374	26
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,900	1,600	7,113	5,513
FUND BALANCE - BEGINNING OF YEAR	122,852	122,852	122,852	-
FUND BALANCE - END OF YEAR	\$ 124,752	\$ 124,452	\$ 129,965	\$ 5,513

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, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Investment and rental	\$ 15,000	\$ 15,000	\$ 25,180	\$ 10,180
TOTAL REVENUES	15,000	15,000	25,180	10,180
EXPENDITURES:				
Current:				
Community development	1,000	1,000	13,921	(12,921)
Debt service:				
Principal retirement	112,442	112,442	112,442	-
Interest and fiscal charges	44,273	44,273	44,273	-
TOTAL EXPENDITURES	157,715	157,715	170,636	(12,921)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(142,715)	(142,715)	(145,456)	(2,741)
FUND BALANCE - BEGINNING OF YEAR	1,988,109	1,988,109	1,988,109	-
FUND BALANCE - END OF YEAR	\$ 1,845,394	\$ 1,845,394	\$ 1,842,653	\$ (2,741)

See accompanying independent auditors' report.

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INTERNAL SERVICE FUNDS

Internal Service Funds finance and account for goods and services provided by one City department to other City departments, or to other governments, on a cost-reimbursement basis, including depreciation. The City used the following Internal Service Funds:

Risk Management Fund - accounts for the administration of the City's general liability insurance and for the payment of any related claims.

Compensation/Benefits Fund - finances and accounts for the City's group medical, vision and dental insurance, workers compensation insurance, unemployment insurance, employee life insurance and compensated absences.

Motor Pool/Equipment Fund - accounts for the maintenance and replacement of City-owned vehicles and equipment.

Facilities/Maintenance Fund - accounts for the City's buildings maintenance and utilities costs.

CITY OF WESTMINSTER
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS

June 30, 2013

	Risk Management	Compensation/ Benefits
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 6,547,155	\$ 5,922,474
Accounts receivable	-	-
Other receivables	-	206,410
Prepaid items	-	25,649
Inventories	-	-
	6,547,155	6,154,533
RESTRICTED ASSETS:		
Cash and investments	847,674	1,962,266
CAPITAL ASSETS:		
Constuction in progress	-	-
Buildings	-	-
Improvements other than buildings	-	-
Vehicles	-	-
Machinery and equipment	-	-
Office furniture, computers and equipment	-	-
Leased property	-	-
TOTAL CAPITAL ASSETS	-	-
Less accumulated depreciation	-	-
NET CAPITAL ASSETS	-	-
TOTAL ASSETS	7,394,829	8,116,799
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on refunding, net of accumulated amortization	-	-

See accompanying independent auditors' report.

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 2,736,910	\$ 1,362,281	\$ 16,568,820
72,490	797	73,287
-	-	206,410
415,440	-	441,089
51,360	-	51,360
<u>3,276,200</u>	<u>1,363,078</u>	<u>17,340,966</u>
<u>352,888</u>	<u>196,917</u>	<u>3,359,745</u>
69,750	-	69,750
-	4,163,053	4,163,053
585,555	37,300	622,855
4,088,734	-	4,088,734
203,157	28,571	231,728
1,935,176	129,857	2,065,033
333,307	-	333,307
<u>7,215,679</u>	<u>4,358,781</u>	<u>11,574,460</u>
<u>(4,625,975)</u>	<u>(1,402,110)</u>	<u>(6,028,085)</u>
<u>2,589,704</u>	<u>2,956,671</u>	<u>5,546,375</u>
<u>6,218,792</u>	<u>4,516,666</u>	<u>26,247,086</u>
<u>9,050</u>	<u>212,111</u>	<u>221,161</u>

(Continued)

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
(CONTINUED)

June 30, 2013

	<u>Risk Management</u>	<u>Compensation/ Benefits</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	\$ 259,656	\$ -
Claims payable	588,017	346,598
Compensated absences	-	1,615,669
Certificates of participation	-	-
	<u>847,673</u>	<u>1,962,267</u>
LONG-TERM LIABILITIES:		
Claims payable	1,764,055	1,039,792
Compensated absences	-	263,016
Certificates of participation	-	-
	<u>1,764,055</u>	<u>1,302,808</u>
TOTAL LONG-TERM LIABILITIES	<u>1,764,055</u>	<u>1,302,808</u>
TOTAL LIABILITIES	<u>2,611,728</u>	<u>3,265,075</u>
NET POSITION:		
Net investment in capital assets	-	-
Unrestricted	4,783,101	4,851,724
	<u>4,783,101</u>	<u>4,851,724</u>
TOTAL NET POSITION	<u>\$ 4,783,101</u>	<u>\$ 4,851,724</u>

See accompanying independent auditors' report.

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 289,120	\$ 48,039	\$ 596,815
-	-	934,615
46,443	17,205	1,679,317
<u>17,325</u>	<u>131,673</u>	<u>148,998</u>
<u>352,888</u>	<u>196,917</u>	<u>3,359,745</u>
-	-	2,803,847
7,560	2,801	273,377
<u>132,253</u>	<u>1,005,153</u>	<u>1,137,406</u>
<u>139,813</u>	<u>1,007,954</u>	<u>4,214,630</u>
<u>492,701</u>	<u>1,204,871</u>	<u>7,574,375</u>
2,449,176	2,031,956	4,481,132
<u>3,285,965</u>	<u>1,491,950</u>	<u>14,412,740</u>
<u>\$ 5,735,141</u>	<u>\$ 3,523,906</u>	<u>\$ 18,893,872</u>

CITY OF WESTMINSTER

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

For the year ended June 30, 2013

	Risk Management	Compensation/ Benefits
OPERATING REVENUES:		
Charges for services	\$ 1,718,059	\$ 12,911,718
Other	88,845	551,982
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	1,806,904	13,463,700
	<hr/>	<hr/>
OPERATING EXPENSES:		
Salaries	-	3,919,493
Maintenance and operations	392,030	1,256,188
Insurance premiums and legal fees	1,173,846	2,319,725
Claims and benefits	934,869	7,043,862
Depreciation and amortization	-	-
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	2,500,745	14,539,268
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(693,841)	(1,075,568)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES):		
Investment income	-	-
Interest and fiscal charges	-	-
Gain on sale of property and equipment	-	-
	<hr/>	<hr/>
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-
	<hr/>	<hr/>
NET INCOME (LOSS) BEFORE TRANSFERS	(693,841)	(1,075,568)
	<hr/>	<hr/>
TRANSFERS:		
Transfers in	-	-
Transfers out	-	-
	<hr/>	<hr/>
TOTAL TRANSFERS	-	-
	<hr/>	<hr/>
CHANGE IN NET POSITION	(693,841)	(1,075,568)
	<hr/>	<hr/>
NET POSITION - BEGINNING OF YEAR, AS RESTATED	5,476,942	5,927,292
	<hr/>	<hr/>
NET POSITION - END OF YEAR	\$ 4,783,101	\$ 4,851,724
	<hr/> <hr/>	<hr/> <hr/>

See accompanying independent auditors' report.

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 3,101,950	\$ 2,309,107	\$ 20,040,834
246,526	4,779	892,132
<u>3,348,476</u>	<u>2,313,886</u>	<u>20,932,966</u>
826,665	211,122	4,957,280
1,812,543	1,335,378	4,796,139
(395)	-	3,493,176
-	-	7,978,731
628,499	110,091	738,590
<u>3,267,312</u>	<u>1,656,591</u>	<u>21,963,916</u>
<u>81,164</u>	<u>657,295</u>	<u>(1,030,950)</u>
74,084	29,966	104,050
(7,585)	(73,769)	(81,354)
(1,688)	-	(1,688)
<u>64,811</u>	<u>(43,803)</u>	<u>21,008</u>
<u>145,975</u>	<u>613,492</u>	<u>(1,009,942)</u>
811,490	627	812,117
(795,022)	(25,000)	(820,022)
<u>16,468</u>	<u>(24,373)</u>	<u>(7,905)</u>
162,443	589,119	(1,017,847)
<u>5,572,698</u>	<u>2,934,787</u>	<u>19,911,719</u>
<u>\$ 5,735,141</u>	<u>\$ 3,523,906</u>	<u>\$ 18,893,872</u>

CITY OF WESTMINSTER

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2013

	Risk Management	Compensation/ Benefits
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customer	\$ 1,807,422	\$ 13,290,240
Payment to suppliers	(1,334,777)	(10,579,469)
Payment to employees	-	(4,101,253)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>472,645</u>	<u>(1,390,482)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
Proceeds from sale of assets	-	-
Principal 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	472,645	(1,390,482)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>6,922,184</u>	<u>9,275,222</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 7,394,829</u>	<u>\$ 7,884,740</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (693,841)	\$ (1,075,568)
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	518	(173,460)
(Increase) decrease in prepaid items	-	(503)
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and other liabilities	245,647	(2,800)
Increase (decrease) in claims payable	920,321	43,609
Increase (decrease) in compensated absences payable	-	(181,760)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 472,645</u>	<u>\$ (1,390,482)</u>

See accompanying independent auditors' report.

<u>Motor Pool/ Equipment</u>	<u>Facilities/ Maintenance</u>	<u>Totals</u>
\$ 3,335,126	\$ 2,313,886	\$ 20,746,674
(2,248,214)	(1,341,695)	(15,504,155)
(826,917)	(226,413)	(5,154,583)
<u>259,995</u>	<u>745,778</u>	<u>87,936</u>
811,490	627	812,117
(795,022)	(25,000)	(820,022)
<u>16,468</u>	<u>(24,373)</u>	<u>(7,905)</u>
(264,472)	-	(264,472)
11,788	-	11,788
(16,810)	(127,763)	(144,573)
(6,576)	(49,985)	(56,561)
<u>(276,070)</u>	<u>(177,748)</u>	<u>(453,818)</u>
<u>74,084</u>	<u>29,966</u>	<u>104,050</u>
74,477	573,623	(269,737)
<u>3,015,321</u>	<u>985,575</u>	<u>20,198,302</u>
<u>\$ 3,089,798</u>	<u>\$ 1,559,198</u>	<u>\$ 19,928,565</u>
\$ 81,164	\$ 657,295	\$ (1,030,950)
628,499	110,091	738,590
(13,350)	-	(186,292)
(369,673)	-	(370,176)
1,710	-	1,710
(68,103)	(6,317)	168,427
-	-	963,930
(252)	(15,291)	(197,303)
<u>\$ 259,995</u>	<u>\$ 745,778</u>	<u>\$ 87,936</u>

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AGENCY FUND

Agency funds are used to account for assets held by the City as an agent for individuals, principle organizations, other governments and/or funds.

1915 Acts Bonds Fund - accounts for the collection of assessments and debt repayments on the Limited Obligation Improvement Bonds issued to finance the costs of acquisition of streets, storm drains and traffic improvements in Assessment District No. 92-1.

CITY OF WESTMINSTER

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
1915 ACT BONDS AGENCY FUND

For the year ended June 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
ASSETS:				
Restricted cash and investments	<u>\$ 44,443</u>	<u>\$ 127</u>	<u>\$ 36,243</u>	<u>\$ 8,327</u>
LIABILITIES:				
Due to bondholders	<u>\$ 44,443</u>	<u>\$ 127</u>	<u>\$ 36,243</u>	<u>\$ 8,327</u>

See accompanying independent auditors' report.

STATISTICAL SECTION

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DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2013

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.	151 - 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 POSITION BY COMPONENT

Last Ten Fiscal Years
(accrual bases of accounting)

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Governmental activities:				
Net investment in capital assets	\$ 66,853,270	\$ 69,841,696	\$ 89,013,498	\$ 93,264,276
Restricted	33,729,348	40,578,288	43,466,845	62,906,004
Unrestricted	55,943,554	62,495,740	65,750,751	64,244,252
Total governmental activities net position	<u>\$ 156,526,172</u>	<u>\$ 172,915,724</u>	<u>\$ 198,231,094</u>	<u>\$ 220,414,532</u>
Business-type activity:				
Net investment in capital assets	\$ 31,616,482	\$ 31,817,042	\$ 31,958,977	\$ 31,234,034
Restricted	355,111	361,722	367,947	367,355
Unrestricted	2,581,719	2,893,976	2,133,832	1,872,906
Total business-type activity net position	<u>\$ 34,553,312</u>	<u>\$ 35,072,740</u>	<u>\$ 34,460,756</u>	<u>\$ 33,474,295</u>
Primary government:				
Net investment in capital assets	\$ 98,469,752	\$ 101,658,738	\$ 120,972,475	\$ 124,498,310
Restricted	34,084,459	40,940,010	43,834,792	63,273,359
Unrestricted	58,525,273	65,389,716	67,884,583	66,117,158
Total primary government net position	<u>\$ 191,079,484</u>	<u>\$ 207,988,464</u>	<u>\$ 232,691,850</u>	<u>\$ 253,888,827</u>

Source: City Finance Department

Fiscal Year Ended June 30,

2008	2009	2010	2011	2012	2013
\$ 97,870,305	\$ 100,104,347	\$ 115,917,966	\$ 130,622,799	\$ 224,286,618	\$ 233,128,695
78,051,423	99,106,443	88,669,819	81,222,098	14,770,657	18,418,248
71,423,945	63,917,681	57,608,308	58,305,385	63,601,972	59,794,122
<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>	<u>\$ 311,341,065</u>
\$ 30,019,525	\$ 28,951,409	\$ 28,200,770	\$ 27,813,299	\$ 27,240,106	\$ 27,137,496
380,756	335,645	113,911	113,160	113,158	113,158
1,093,307	2,017,567	3,408,574	5,392,113	8,209,794	7,390,477
<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>	<u>\$ 34,641,131</u>
\$ 127,889,830	\$ 129,055,756	\$ 144,118,736	\$ 158,436,098	\$ 251,526,724	\$ 260,266,191
78,432,179	99,442,088	88,783,730	81,335,258	14,883,815	18,531,406
72,517,252	65,935,248	61,016,882	63,697,498	71,811,766	67,184,599
<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>	<u>\$ 345,982,196</u>

CITY OF WESTMINSTER

CHANGES IN NET POSITION
EXPENSES AND PROGRAM REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Expenses:				
Governmental activities:				
General government	\$ 6,433,847	\$ 6,015,172	\$ 6,228,357	\$ 7,867,505
Public safety	28,682,303	30,959,971	31,688,177	36,299,935
Public works	3,600,981	7,382,183	8,622,725	9,276,287
Community development	14,275,910	8,075,648	14,741,768	12,185,104
Community services	1,862,386	1,894,745	2,122,936	2,883,655
Interest on long-term debt	2,303,688	2,498,057	2,374,796	2,229,851
Total governmental activities expenses	<u>57,159,115</u>	<u>56,825,776</u>	<u>65,778,759</u>	<u>70,742,337</u>
Business-type activity:				
Water enterprise	10,077,883	10,675,044	11,145,539	12,084,948
Total business-type activity expenses	<u>10,077,883</u>	<u>10,675,044</u>	<u>11,145,539</u>	<u>12,084,948</u>
Total primary government expenses	<u>67,236,998</u>	<u>67,500,820</u>	<u>76,924,298</u>	<u>82,827,285</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	947,660	1,449,420	1,633,260	770,204
Public safety	3,662,085	3,931,255	3,305,174	2,693,966
Public works	1,148,568	871,794	837,055	661,371
Community development	2,031,913	2,020,380	1,954,382	1,839,972
Community services	255,160	271,867	294,745	260,998
Operating grants and contributions	5,958,376	5,564,678	6,705,228	6,673,336
Capital grants and contributions	216,666	1,845,256	442,300	4,887,888
Total governmental activities program revenues	<u>14,220,428</u>	<u>15,954,650</u>	<u>15,172,144</u>	<u>17,787,735</u>
Business-type activity:				
Charges for services:				
Water enterprise	10,162,780	10,329,216	10,091,120	10,673,586
Total business-type activity program revenues	<u>10,162,780</u>	<u>10,329,216</u>	<u>10,091,120</u>	<u>10,673,586</u>
Total primary government program revenues	<u>24,383,208</u>	<u>26,283,866</u>	<u>25,263,264</u>	<u>28,461,321</u>
Net revenues (expenses):				
Governmental activities	(42,938,687)	(40,871,126)	(50,606,615)	(52,954,602)
Business-type activity	84,897	(345,828)	(1,054,419)	(1,411,362)
Total net revenues (expenses)	<u>(42,853,790)</u>	<u>(41,216,954)</u>	<u>(51,661,034)</u>	<u>(54,365,964)</u>

Source: City Finance Department

Fiscal Year Ended June 30,

2008	2009	2010	2011	2012	2013
\$ 8,529,466	\$ 9,175,952	\$ 21,335,005	\$ 11,836,459	\$ 1,904,232	\$ 3,145,098
34,981,171	37,564,132	36,313,972	37,050,903	39,706,407	38,072,257
10,149,119	10,263,012	10,041,239	10,839,138	12,138,788	11,889,094
12,502,817	12,693,678	12,043,058	14,699,366	11,110,694	5,393,309
2,873,862	3,050,217	2,979,397	2,977,448	2,874,153	2,722,324
2,728,406	2,812,049	6,027,294	6,135,877	4,624,156	218,241
<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>	<u>61,440,323</u>
12,112,328	12,215,154	11,910,470	12,264,194	12,072,927	12,204,823
<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>	<u>12,204,823</u>
83,877,169	87,774,194	100,650,435	95,803,385	84,431,357	73,645,146
931,322	859,442	871,954	947,291	1,393,011	1,332,542
2,510,083	2,949,945	3,178,152	2,963,243	2,399,733	2,392,084
710,098	684,585	1,104,193	1,301,079	1,911,770	1,529,292
2,056,317	1,677,390	1,707,098	1,638,817	1,367,032	2,192,448
323,492	353,094	394,655	388,247	378,061	328,483
8,170,763	8,990,834	7,167,620	11,945,008	9,931,063	7,357,298
3,824,058	410,664	1,277,811	1,171,634	8,122,092	13,785,183
<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>	<u>28,917,330</u>
10,866,749	11,190,581	12,704,027	14,374,002	14,842,016	14,805,527
<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>	<u>14,805,527</u>
29,392,882	27,116,535	28,405,510	34,729,321	40,344,778	43,722,857
(53,238,708)	(59,633,086)	(73,038,482)	(63,183,872)	(46,855,668)	(32,522,993)
<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>2,600,704</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>	<u>(29,922,289)</u>

CITY OF WESTMINSTER

CHANGES IN NET POSITION
GENERAL REVENUES

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Sales taxes	\$ 15,886,793	\$ 16,845,993	\$ 17,407,934	\$ 16,537,117
Property taxes, levied for general purposes	21,221,236	25,799,308	35,816,370	44,158,452
Utility users tax	4,750,700	5,013,869	5,203,530	5,398,058
Motor vehicle taxes	5,921,745	5,371,319	242,717	535,896
Other taxes	2,729,143	2,756,886	2,869,831	3,034,760
Unrestricted investment earnings	770,069	2,142,307	2,875,268	5,754,628
Miscellaneous	-	-	-	-
Transfers	193,914	(669,004)	(285,998)	(280,871)
Extraordinary item	-	-	-	-
Total governmental activities	<u>51,473,600</u>	<u>57,260,678</u>	<u>64,129,652</u>	<u>75,138,040</u>
Business-type activity:				
Unrestricted investment earnings	141,345	195,651	168,027	144,030
Miscellaneous	746	601	(11,590)	-
Transfers	(193,914)	669,004	285,998	280,871
Total business-type activity	<u>(51,823)</u>	<u>865,256</u>	<u>442,435</u>	<u>424,901</u>
Total primary government	<u>51,421,777</u>	<u>58,125,934</u>	<u>64,572,087</u>	<u>75,562,941</u>
Changes in net position				
Governmental activities	8,534,913	16,389,552	13,523,037	22,183,438
Business-type activity	33,074	519,428	(611,984)	(986,461)
Total primary government	<u>\$ 8,567,987</u>	<u>\$ 16,908,980</u>	<u>\$ 12,911,053</u>	<u>\$ 21,196,977</u>

Source: City Finance Department

Fiscal Year Ended June 30,

2008	2009	2010	2011	2012	2013
\$ 16,182,971	\$ 13,238,135	\$ 12,212,474	\$ 13,164,455	\$ 12,994,495	\$ 13,931,661
47,114,786	48,096,950	47,264,839	47,004,633	25,159,373	16,304,916
5,431,551	5,478,092	5,010,797	5,082,094	5,020,744	4,928,588
411,655	319,341	274,349	1,214,413	46,649	48,337
2,908,715	3,098,184	2,825,328	2,199,984	3,020,103	3,110,512
7,295,177	5,926,914	3,949,401	1,885,429	1,266,006	(222,757)
-	-	-	-	-	-
824,994	(741,732)	568,916	587,053	597,070	3,385,481
-	-	-	-	31,260,193	-
<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>	<u>41,486,738</u>
89,866	47,566	26,318	72,561	72,467	86,479
-	46,308	167,675	-	-	-
(824,994)	741,732	(568,916)	(587,052)	(597,070)	(3,385,481)
<u>(735,128)</u>	<u>835,606</u>	<u>(374,923)</u>	<u>(514,491)</u>	<u>(524,603)</u>	<u>(3,299,002)</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>	<u>38,187,736</u>
26,931,141	15,782,798	(932,378)	7,954,189	32,508,965	8,963,745
(1,980,707)	(188,967)	418,634	1,595,317	2,244,486	(698,298)
<u>\$ 24,950,434</u>	<u>\$ 15,593,831</u>	<u>\$ (513,744)</u>	<u>\$ 9,549,506</u>	<u>\$ 34,753,451</u>	<u>\$ 8,265,447</u>

CITY OF WESTMINSTER

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
General fund:				
Reserved	\$ 1,855,144	\$ 1,453,642	\$ 1,099,215	\$ 439,516
Unreserved	13,946,853	20,559,828	24,820,433	23,542,289
Total general fund	<u>\$ 15,801,997</u>	<u>\$ 22,013,470</u>	<u>\$ 25,919,648</u>	<u>\$ 23,981,805</u>
All other governmental funds:				
Reserved	\$ 18,041,121	\$ 21,234,149	\$ 28,162,911	\$ 39,922,224
Unreserved, reported in:				
Special revenue funds	808,575	163,573	(3,617,166)	(2,081,224)
Debt service funds	-	-	-	-
Capital projects funds	48,434,181	49,860,609	46,964,508	52,855,976
Total all other governmental funds	<u>\$ 67,283,877</u>	<u>\$ 71,258,331</u>	<u>\$ 71,510,253</u>	<u>\$ 90,696,976</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,					
2008	2009	2010	2011	2012	2013
\$ 178,817	\$ 71,467	\$ 8,006	\$ -	\$ -	\$ -
26,769,605	25,838,264	27,419,072	-	-	-
<u>\$ 26,948,422</u>	<u>\$ 25,909,731</u>	<u>\$ 27,427,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 46,499,980	\$ 36,271,246	\$ 40,314,773	\$ -	\$ -	\$ -
1,025,637	(3,258,634)	(4,615,396)	-	-	-
-	19,877,443	4,090,059	-	-	-
61,134,734	134,679,128	117,835,083	-	-	-
<u>\$ 108,660,351</u>	<u>\$ 187,569,183</u>	<u>\$ 157,624,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 9,944	\$ 39,055	\$ 33,750
-	-	-	27,320,296	26,842,509	25,881,185
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,330,240</u>	<u>\$ 26,881,564</u>	<u>\$ 25,914,935</u>
\$ -	\$ -	\$ -	\$ 27,768,885	\$ 27,633,116	\$ 27,491,378
-	-	-	109,183,565	5,761,682	7,015,881
-	-	-	22,253,296	19,901,437	21,114,572
-	-	-	(6,145,831)	(1,391,240)	23,293,000
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,059,915</u>	<u>\$ 51,904,995</u>	<u>\$ 78,914,831</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,			
	2004	2005	2006	2007
Revenues:				
Taxes	\$ 51,707,823	\$ 59,082,016	\$ 64,656,552	\$ 73,577,733
Licenses and permits	740,893	781,468	610,347	673,474
Fines	1,156,610	1,198,103	1,115,973	1,122,580
Investment and rental	1,168,895	2,583,482	3,323,952	6,333,700
Intergovernmental	2,673,376	3,995,166	4,010,412	7,086,980
Charges for services	5,530,755	5,981,705	6,230,734	6,731,530
Other	1,273,797	374,248	594,603	637,458
Total revenues	<u>64,252,149</u>	<u>73,996,188</u>	<u>80,542,573</u>	<u>96,163,455</u>
Expenditures				
Current:				
General government	4,869,899	6,143,610	7,152,460	8,691,822
Public safety	28,107,348	30,295,390	31,171,238	33,692,840
Public works	3,020,997	2,934,063	3,185,114	3,704,058
Community development	7,294,351	7,056,187	8,621,528	10,118,124
Community services	1,789,396	1,823,333	1,972,542	2,181,583
Capital outlay	10,126,674	12,022,185	18,959,758	8,712,611
Debt service:				
Principal retirement	1,602,971	4,617,646	4,345,269	4,512,892
Interest and fiscal charges	2,131,874	2,303,283	2,203,295	2,071,102
Note issuance cost	118,792	73,849	-	-
Bond issuance cost	-	-	-	-
Total expenditures	<u>59,062,302</u>	<u>67,269,546</u>	<u>77,611,204</u>	<u>73,685,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,189,847</u>	<u>6,726,642</u>	<u>2,931,369</u>	<u>22,478,423</u>
Other financing sources (uses):				
Sale of equipment and property	557,727	3,295	3,390	1,679
Issuance of notes	6,200,000	3,100,000	-	-
Refunding bonds issued	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers in	24,021,375	20,305,765	25,103,940	22,073,375
Transfers out	<u>(23,897,738)</u>	<u>(19,949,775)</u>	<u>(23,880,599)</u>	<u>(27,304,597)</u>
Total other financing sources (uses)	<u>6,881,364</u>	<u>3,459,285</u>	<u>1,226,731</u>	<u>(5,229,543)</u>
Net change in fund balances, before extraordinary item	12,071,211	10,185,927	4,158,100	17,248,880
Extraordinary loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 12,071,211</u>	<u>\$ 10,185,927</u>	<u>\$ 4,158,100</u>	<u>\$ 17,248,880</u>
Debt service as a percentage of noncapital expenditures	7.9%	12.7%	11.2%	10.1%

Source: City Finance Department

Fiscal Year Ended June 30,					
2008	2009	2010	2011	2012	2013
\$ 74,944,551	\$ 72,937,249	\$ 69,844,492	\$ 73,504,074	\$ 48,564,166	\$ 41,291,261
788,416	541,564	620,236	530,628	534,216	562,390
1,163,930	1,204,324	933,524	1,110,773	880,510	842,025
7,940,173	6,576,597	4,484,131	2,490,896	2,310,873	642,885
8,796,697	6,681,802	5,523,241	7,578,633	8,005,280	4,887,054
7,182,259	7,147,861	8,159,633	7,329,150	6,695,115	6,465,147
411,497	600,436	699,080	822,043	1,759,189	537,382
<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>	<u>55,228,144</u>
9,889,172	10,202,999	22,574,407	12,752,912	2,038,157	2,731,615
34,862,431	35,678,439	35,994,815	35,095,326	36,150,994	35,564,705
3,963,226	3,894,763	3,526,715	3,461,921	4,193,485	4,143,916
11,488,332	11,387,018	11,791,113	11,816,018	9,904,011	4,890,934
2,327,286	2,345,372	2,370,867	2,315,418	2,149,528	2,091,607
10,481,427	18,211,162	35,440,808	66,502,982	20,989,342	5,977,328
1,494,041	567,487	1,548,636	1,766,261	1,829,853	345,428
2,901,203	998,797	6,359,141	5,718,438	3,638,255	136,065
-	-	-	-	-	-
2,038,705	4,684,354	-	772,601	-	-
<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>55,881,598</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>	<u>(653,454)</u>
15,660	6,034	5,602	1,846,367	14,813	10,275
-	73,055,000	-	40,265,000	-	-
35,656,258	-	-	-	-	-
(37,132,228)	-	-	-	-	-
41,091,464	44,647,832	34,907,052	49,301,182	28,706,358	12,161,170
<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>(8,767,784)</u>
<u>(851,708)</u>	<u>70,150,699</u>	<u>602,847</u>	<u>42,486,239</u>	<u>2,530,196</u>	<u>3,403,661</u>
20,929,992	77,870,141	(28,739,318)	(4,349,441)	(9,614,080)	2,750,207
-	-	-	-	(91,989,516)	-
<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>	<u>\$ 2,750,207</u>
9.3%	9.0%	9.4%	11.2%	9.1%	1.0%

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
City Direct Rate:										
City basic rate	0.09340	0.09340	0.09340	0.09340	0.09340	0.09443	0.17142	0.09443	0.09443	0.09443
Redevelopment agency	<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>	<u>0.48930</u>
Total City Direct Rate	0.40435	0.44894	0.48877	0.53955	0.56998	0.57846	0.56382	0.56886	0.57837	0.58373
Overlapping Rates:										
Special Districts	0.05011	0.04981	0.04921	0.04871	0.44000	0.04400	0.04300	0.04400	0.04380	0.04400
County of Orange	0.15285	0.15285	0.15285	0.15285	0.15250	0.15277	0.15277	0.15277	0.15490	0.15277
School Districts	<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>	<u>0.70980</u>
Total Direct Rate	<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>	<u>1.00100</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	2013		2004	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Retail Property Trust	\$ 124,995,015	1.78%	\$ 116,566,444	2.43%
WRI West Gate South LP	67,730,199	0.97%	57,910,760	1.21%
Land Partners	61,671,112	0.88%	-	0.00%
PK I Pavilions Place LP	49,186,273	0.70%	-	0.00%
Asian Garden Limited	39,199,329	0.56%	28,710,920	0.60%
CP II Park Lane LLC	30,277,689	0.43%	-	0.00%
An Tang Dao Trust	25,215,477	0.36%	-	0.00%
Mary Warne-Parks Trust	22,950,000	0.33%	-	0.00%
Delma Corporation	21,329,287	0.30%	16,250,950	0.34%
CLPF-7400 Hazard LLC	20,853,294	0.30%	-	0.00%
REVX-224 Inc	-	0.00%	31,103,787	0.65%
CMF Inc	-	0.00%	17,931,245	0.37%
California Drive-In Theaters	-	0.00%	14,697,539	0.31%
Granite Park Lane LP	-	0.00%	14,381,936	0.30%
Springdale Villa LP	-	0.00%	14,000,000	0.29%
M Westland LLC	-	0.00%	13,524,457	0.28%
	<u>\$ 463,407,675</u>	<u>6.61%</u>	<u>\$ 325,078,038</u>	<u>6.78%</u>

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

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CITY OF WESTMINSTER

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
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%
2013	2,478,261	2,446,175	98.71%	n/a	2,446,175	98.71%

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	
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
2013	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
\$ 4,705,155,866	\$ 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%
6,918,154,624	217,478,421	120,375,213	7,015,257,832	0.58373%

CITY OF WESTMINSTER

WATER CUSTOMERS

Current Year and Nine Years Ago

Water Customer	2013		2004	
	Water Charges	Percent of Total Water Revenues	Water Charges	Percent of Total Water Revenues
City of Westminster	\$ 309,461	2.15%	\$ 123,096	1.56%
Arnel Management	181,914	1.26%	130,674	1.66%
Garden Grove Unified	166,569	1.16%	48,850	0.62%
Westminster School District	133,128	0.92%	108,379	1.38%
Los Alisos	99,363	0.69%	-	0.00%
Huntington Beach Union High School	85,382	0.59%	-	0.00%
Westminster Village HOA	84,044	0.58%	40,901	0.52%
Mission Del Amo Mobile Home Park	81,256	0.56%	36,253	0.46%
Pembroke Mgmt Company	73,704	0.51%	50,685	0.64%
Tres Vidas Apartments	70,309	0.49%	-	0.00%
Prado Verde Estates	-	0.00%	37,510	0.48%
JMR Enterprises	-	0.00%	35,515	0.45%
Granite Park Lane	-	0.00%	53,021	0.67%
Total	<u>\$ 1,285,130</u>		<u>\$ 664,884</u>	
Total Metered Water Sales	<u>\$ 14,393,181</u>		<u>\$ 7,869,347</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>
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
2013	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.

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CITY OF WESTMINSTER

WATER SOLD BY TYPE OF CUSTOMER

Last Ten Fiscal Years
(in millions of gallons)

Fiscal Year Ended June 30,	Type of Customer					Total
	Residential	Industrial	Commercial	Military	Government	
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
2013	12,038,551	111,678	2,564,280	-	98,127	14,812,636

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			Total Governmental Activities
	Tax Allocation Bonds	Certificates of Participation	Notes Payable	
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
2013	-	4,138,839	-	4,138,839

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
\$ 4,065,018	\$ 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
2,744,051	1,903,992	4,648,043	8,786,882	n/a	96

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		
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%	-
2013	-	-	-	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, 2013

2012-13 Assessed Valuation:			<u>\$ 7,023,383,445</u>
	<u>Percentage</u>	<u>Total Debt</u>	<u>City's Share of</u>
	<u>Applicable (1)</u>	<u>6/30/2013</u>	<u>Debt 6/30/13</u>
<u>Overlapping Tax and Assessment Debt:</u>			
Metropolitan Water District	0.333%	\$ 165,085,000	\$ 549,733
Coast Community College District	6.864%	648,598,698	44,519,815
Garden Grove Unified School District	8.937%	127,000,160	11,350,004
Huntington Beach Union High School District	12.750%	210,579,998	26,848,950
Westminster School District	61.446%	72,734,435	44,692,401
Total Overlapping Tax and Assessment Debt			<u>\$ 127,960,903</u>
<u>Ratios to 2012-13 Assessed Valuation:</u>			
Total Overlapping Tax and Assessment Debt	1.82%		
<u>Direct and Overlapping General Fund Debt:</u>			
Orange County General Fund Obligations	1.642%	\$ 190,546,000	\$ 3,128,765
Orange County Pension Obligations	1.642%	206,287,244	5,029,237
Orange County Board of Education Certificates of Participation	1.642%	15,770,000	258,943
Municipal Water District of Orange County Water Facilities Corporation	1.963%	10,035,000	196,987
Huntington Beach Union High School District Certificates of Participation	12.750%	60,101,090	7,662,889
Ocean View School District Certificates of Participation	5.480%	5,570,000	305,236
Westminster School District Certificates of Participation	61.446%	23,315,000	14,326,135
City of Westminster Certificates of Participation	100.000%	4,360,000	4,360,000
Total Gross Direct and Overlapping General Fund Debt			<u>\$ 35,268,192</u>
Less: MWDOC Water Facilities Corporation (100% self-supporting)			196,987
Total Net Direct and Overlapping General Fund Debt			<u>\$ 35,071,205</u>
<u>Overlapping Tax Increment Debt:</u>	100.000%	133,355,000	<u>\$ 133,355,000</u>
Total Direct Debt			\$ 4,360,000
Total Gross Overlapping Debt			\$ 425,579,095
Total Net Overlapping Debt			\$ 425,382,108
Gross Combined Total Debt			\$ 296,584,095 (2)
Net Combined Total Debt			\$ 296,387,108

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2012-13 Assessed Valuation:

Total Direct Debt (\$4,360,000)	0.06%
Gross Combined Total Debt	4.22%
Net Combined Total Debt	4.22%

Ratios to Redevelopment Incremental Valuation (\$733,214,702):

Total Overlapping Tax Increment Debt	18.19%
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Source: California Municipal Statistics

CITY OF WESTMINSTER

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	2004	2005	2006	2007
Assessed valuation	\$ 3,171,581,353	\$ 3,171,581,353	\$ 3,171,752,702	\$ 3,171,750,696
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	792,895,338	792,895,338	792,938,176	792,937,674
Debt limit percentage	15%	15%	15%	15%
Debt limit	118,934,301	118,934,301	118,940,726	118,940,651
Total net debt applicable to limitation: General obligation bonds	-	-	-	-
Legal debt margin	<u>\$ 118,934,301</u>	<u>\$ 118,934,301</u>	<u>\$ 118,940,726</u>	<u>\$ 118,940,651</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,					
2008	2009	2010	2011	2012	2013
\$ 3,171,050,607	\$ 3,171,067,155	\$ 3,169,064,658	\$ 3,168,813,154	\$ 3,170,973,563	\$ 7,023,383,445
25%	25%	25%	25%	25%	25%
792,762,652	792,766,789	792,266,165	792,203,289	792,743,391	1,755,845,861
15%	15%	15%	15%	15%	15%
118,914,398	118,915,018	118,839,925	118,830,493	118,911,509	263,376,879
-	-	-	-	-	-
<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>	<u>\$ 263,376,879</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	
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	10,623,725	3,822,838	506,930	215,261	5.29
2012	14,914,482	10,533,453	4,381,029	518,758	199,751	6.10
2013	14,892,006	10,626,700	4,265,306	275,651	183,875	9.28

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)
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%
2013	91,169	n/a	n/a	6.80%

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	2013		2004	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Westminster School District	671	1.44%	2004 Data not available	
Kindred Hospital-Westminster	557	1.20%		
Walmart	380	0.82%		
City of Westminster	352	0.76%		
Macy's	260	0.56%		
Westminster High School	230	0.49%		
Home Depot	185	0.40%		
Honda World	185	0.40%		
Target	178	0.38%		
JC Penney Co	167	0.36%		

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

CITY OF WESTMINSTER

FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	57	57	47	46	47	49	47	39	33	22
Public safety	171	174	169	168	174	171	167	162	158	141
Public works	33	36	35	38	36	34	29	30	28	28
Community development	55	39	50	46	43	40	43	42	39	22
Community service	63	64	64	66	73	74	68	63	60	49
Water	28	30	28	29	31	29	28	28	27	25
Total	<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>	<u>287</u>

CITY OF WESTMINSTER

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police:										
Arrests	2,384	2,384	2,694	2,568	*1,663	2,092	2,553	2,547	2,513	2,960
Traffic violations	10,863	10,863	11,763	8,796	6,547	6,662	11,432	11,106	8,407	5,566
Parking violations	18,321	18,321	21,839	21,731	15,884	19,102	15,504	16,322	15,193	12,525
Fire:										
Number of calls answered	5,729	5,898	5,804	5,665	*4,248	5,835	5,781	5,880	6,006	6,446
Inspections conducted	1,382	1,552	2,846	1,547	*644	1,820	1,347	1,945	1,555	513
Public works:										
Street resurfacing (miles)	17.86	11.73	7.00	9.00	18.00	15.00	18.00	16.78	15.00	5.50
Parks and recreation:										
Number of recreation classes	602	673	988	924	991	786	532	1,391	1,143	1,081
Number of facility rentals	80	76	84	89	85	80	80	87	97	72
Water:										
New connections	410	284	56	38	**7,095	**4,214	**3,725	**3,317	30	33
Average daily consumption (in hundred cubic feet)	16,120	15,576	15,176	15,367	14,910	14,678	13,477	13,219	13,724	14,054

* 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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	180	180	180	180	180
Streetlights	4,687	4,687	4,687	4,695	4,697	4,697	4,697	4,662	4,747	4,733
Traffic signals	62	63	64	64	68	66	66	68	68	68
Parks and recreation:										
Parks	25	25	25	24	24	25	25	25	25	24
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	157	157	157	230	230	230	230	230	230	230
Maximum daily capacity (in acre per feet per day)	60	60	60	76	76	76	76	73	73	73

Source: City of Westminster

