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CITY OF WESTMINSTER, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2008

Prepared by:

Department of Finance

Paul Espinoza
Finance Director/City Treasurer

FSR
11/25/08

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CITY OF WESTMINSTER

TABLE OF CONTENTS

June 30, 2008

	Page Number
INTRODUCTORY SECTION:	
Letter of Transmittal	i - vi
Principal Officials	vii
Organization Chart	viii
Certificate of Achievement for Excellence in Financial Reporting	ix
FINANCIAL SECTION:	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis (Required Supplementary Information)	3 - 20
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	21
Statement of Activities	22 - 23
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	24 - 25
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	27
Statement of Revenues, Expenditures and Changes in Fund Balances	28 - 29
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds:	
Statement of Net Assets	31 - 32
Statement of Revenues, Expenses and Changes in Fund Net Assets	33
Statement of Cash Flows	34 - 35
Fiduciary Funds:	
Statement of Fiduciary Assets and Liabilities	36
Notes to Basic Financial Statements	37 - 78

CITY OF WESTMINSTER

TABLE OF CONTENTS
(CONTINUED)

June 30, 2008

	Page Number
FINANCIAL SECTION (CONTINUED):	
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	79
RDA Low and Moderate Income Housing Special Revenue Fund	80
Housing and Community Development Special Revenue Fund	81
Special Gas Tax and Street Improvements Special Revenue Fund	82
Note to Required Supplementary Information	83
Supplementary Information:	
Other Special Revenue Funds:	85
Combining Balance Sheet	86 - 87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88 - 89
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Parks Dedication Special Revenue Fund	90
Special Police Services Special Revenue Fund	91
Municipal Lighting Special Revenue Fund	92
Other Grants Special Revenue Fund	93
Offsite Drainage District Special Revenue Fund	94
Community Promotion Special Revenue Fund	95
Debt Service Funds:	97
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Redevelopment Agency Debt Service Fund	98
Internal Service Funds:	99
Combining Statement of Net Assets	100 - 103
Combining Statement of Revenues, Expenses and Changes in Net Assets	104 - 105
Combining Statement of Cash Flows	106 - 107
Agency Funds:	109
Statement of Changes in Assets and Liabilities	110

CITY OF WESTMINSTER

TABLE OF CONTENTS
(CONTINUED)

June 30, 2008

	Page Number
STATISTICAL SECTION:	
Description of Statistical Section Contents	111
Financial Trends:	
Net Assets by Component - Last Six Fiscal Years	112 - 113
Changes in Net Assets - Expenses and Program Revenues - Last Six Fiscal Years	114 - 115
Changes in Net Assets - General Revenues - Last Six Fiscal Years	116 - 117
Fund Balances of Governmental Funds - Last Six Fiscal Years	118 - 119
Changes in Fund Balances of Governmental Funds - Last Six Fiscal Years	120 - 121
Revenue Capacity:	
Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	122
Principal Property Taxpayers	123
Property Tax Levies and Collections - Last Ten Fiscal Years	125
Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	126 - 127
Water Customers	128
Water Rates - Last Ten Fiscal Years	129
Water Sold by Customer - Last Ten Fiscal Years	131
Debt Capacity:	
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	132 - 133
Ratio of General Bonded Debt Outstanding - Last Ten Fiscal Years	134
Direct and Overlapping Debt	135
Legal Debt Margin Information - Last Ten Fiscal Years	136 - 137
Pledged Revenue Coverage - Last Ten Fiscal Years	138
Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years	139
Principal Employers	140
Operating Information:	
Full-Time Equivalent City Employees by Function - Last Nine Fiscal Years	141
Operating Indicators by Function - Last Ten Fiscal Years	142
Capital Asset Statistics by Function - Last Ten Fiscal Years	143

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MAYOR

ANDY QUACH
MAYOR PRO TEM

FRANK G. FRY
COUNCIL MEMBER

KERMIT D. MARSH
COUNCIL MEMBER

TRI TA
COUNCIL MEMBER

RAMON SILVER
CITY MANAGER

November 3, 2008

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, 2008.

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 Diehl Evans & Co., 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, 2008, 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, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Westminster's MD&A can be found immediately following the report of the independent auditors.

Profile of the City of Westminster

The City of Westminster, incorporated in 1957, is located in the northeast corner of Orange County. The City of Westminster currently occupies a land area of 10.6 square miles and serves a population of 92,870.

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

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

The appropriated budget is prepared by fund (e.g., general), department (e.g., public works), and program (e.g., engineering). Department heads may make transfers of appropriations within a department. Transfers of appropriations between departments within the same fund require the City Manager's approval. Transfers between funds, however, require approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 79 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 80 of this report.

Factors Affecting Financial Condition

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

Local Economy. The City of Westminster continues to enjoy a healthy financial climate as a result of several key factors. Due to its location, between the beaches and entertainment venues of Orange County, Westminster offers some of the most dynamic and unique retail development opportunities in Southern California. The City is well served by I-405 and SR-22 and is highly accessible by other major freeways. Since motorists are able to quickly access the I-5, I-605, SR-57 and SR-55, the City has been able to tap into the different consumer bases of nearly all of Orange County and nearby Los Angeles County. As growth in retail demand is a function of trade area population and income growth, it is important to not only retain internal sales, but increase the amount of retail sales that is captured from outside communities. With 3.0 percent of the Orange County population and 3.8 percent of the estimated retail sales, Westminster is actually capturing more than its proportionate share of countywide sales. Westminster is a net importer of sales in the automobile, general merchandise, building materials & hardware and apparel sectors. With nearly 3.1 million Southern California residents living within a 20 minute drive time of the City's center and over 75% of those trade area residents falling into middle to high income households, the City is in a great position to continue increasing its amount of retail sales.

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 edgier boutiques.

While Westminster is already a successful home to many national retailers including Lexus, Toyota, Honda, Wal-Mart, Lowe's, Home Depot, Best Buy, Target, and the Westminster Mall (with more then 1.2 million square feet of leaseable area), there is still room for growth. With an average market demand for 55,000 square feet of new retail each year and a demand for more than 70,000 square feet of restaurants alone over the next five years, it is easy to see why the local economy is as strong as it is. 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.

These three key elements, 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 instrumental to Westminster continued economic success.

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

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 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 34% of the City's total General Fund Revenues.

Cash Management. Cash temporarily idle during the year was invested in instruments permitted under Section 53600 of the California Government Code and the City's adopted investment policy. Permitted investments include demand deposits, certificates of deposit, obligations of the U.S. Treasury and agencies, as well as high-grade commercial paper and banker's acceptances. Average yield for investments was 3.94% for fiscal year 2008.

Risk Management. The City maintains self-insurance programs for workers' compensation and general liability as part of its comprehensive risk management program. The city is self-insured for worker's compensation up to $300,000 per person per occurrence. General liability self-insurance is limited to the first $350,000 of liability per occurrence. Excess coverage is maintained through the California Insurance Pool Authority (CIPA), a consortium of eleven cities in California organized to pool resources and share risks, as well as the costs of professional risk management and claims administration. Excess coverage is maintained in the amounts of $10,000,000 and $50,000,000 annual aggregate for worker's compensation and general liability, respectively. The City has accrued a liability for all known general and workers' compensation claims as of June 30, 2008. In addition, estimated amounts for claims incurred, but not yet reported, have also been accrued.

Pension and Other Postemployment Benefits. The City of Westminster is a member of the California Public Employees Retirement System (CalPERS). CalPERS sets the contribution rates for the City's represented and non-represented employee groups. Participants are required to contribute 7%-9% of their annual covered salary. The City makes 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 contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS. As a result of continued CalPERS investment losses and previously approved enhancements to the benefit plans, the City anticipates significant increases to the employer contribution rate in the next fiscal year.

The City of Westminster also provides postretirement health, dental and life benefits for retirees. As of the end of the current fiscal year, there were 233 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP do not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the City of Westminster's pension arrangements and postemployment benefits can be found in Notes 10 and 11 in the notes to the financial statements.

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, 2007. This was the thirteenth 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 annual budget document dated July 1, 2007. 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,

Ramon Silver
City Manager

Paul Espinoza
Finance Director

CITY OF WESTMINSTER

Principal Officials

CITY COUNCIL

MARGIE L. RICE, Mayor

ANDY QUACH, Mayor Pro Tem

FRANK G. FRY, Council Member

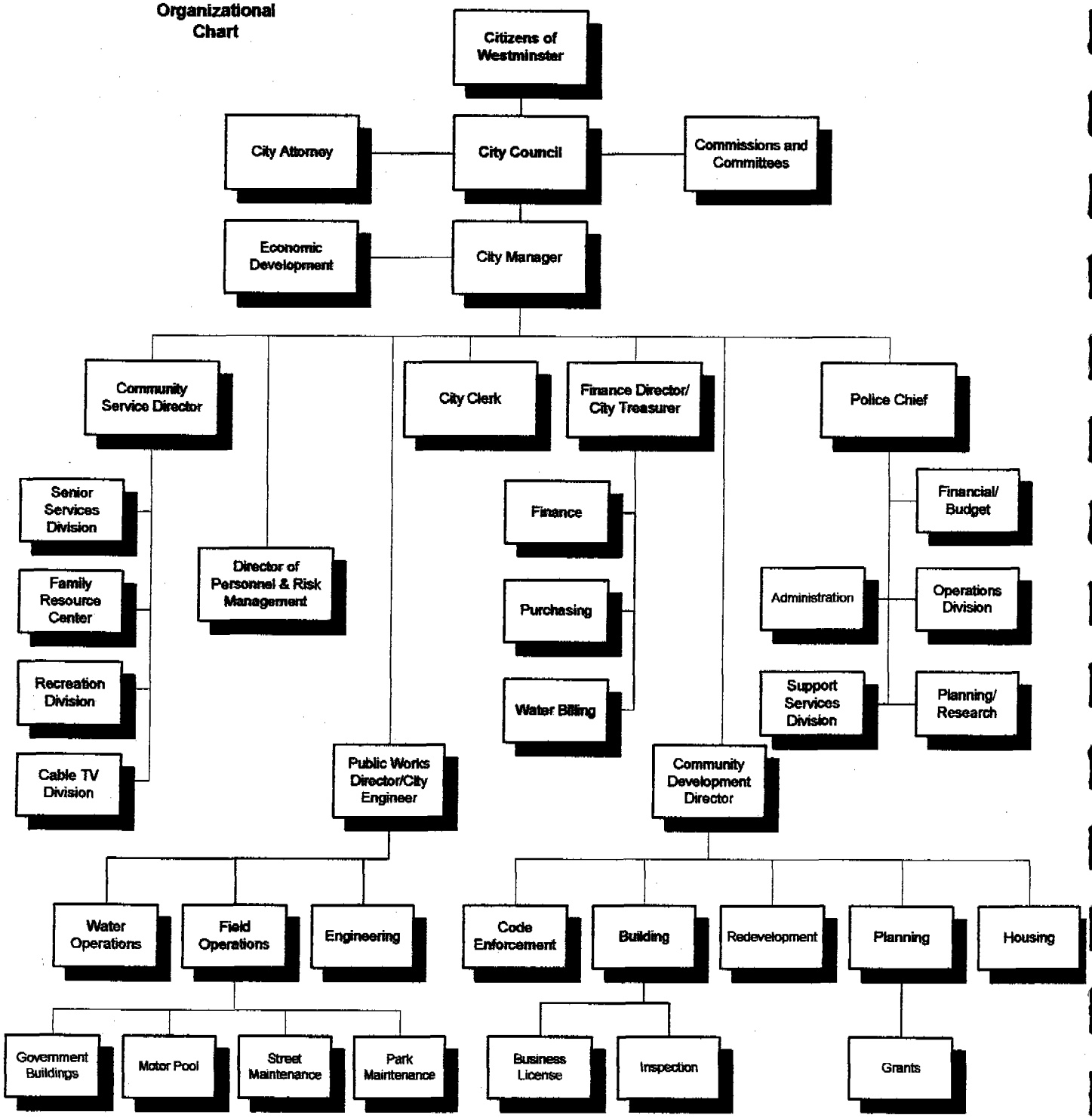
KERMIT D. MARSH, Council Member

TRI TA, Council Member

CITY STAFF

Ramon Silver	City Manager
Richard D. Jones	City Attorney
Don Anderson	Community Development Director
Andrew Hall	Police Chief
Marwan Youssef	Public Works Director/City Engineer
Marian Contreras	City Clerk
Paul Espinoza	Finance Director/City Treasurer
Eddie Manfro	Director of Human Resources & Risk Management
Greg Johnson	Community Services Director
Tami Piscotty	Assistant to the City Manager

City of Westminster Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Westminster California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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

President

Executive Director

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CITY OF WESTMINSTER

Comprehensive Annual Financial Report

June 30, 2008

Financial Section

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*A PROFESSIONAL CORPORATION

October 17, 2008

INDEPENDENT AUDITORS' REPORT

City Council Members
City of Westminster
Westminster, California

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Westminster, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Westminster's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the City of Westminster, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2008 on our consideration of the City of Westminster's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information identified in the accompanying table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required supplementary information. However, we did not audit the management's discussion and analysis and express no opinion on it. The budgetary comparison schedules and related note have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westminster's basic financial statements. The introductory section, supplementary information and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Diehl, Evans and Company, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Westminster (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, 2008, along with comparisons to the fiscal year ended June 30, 2007. 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 assets of the City exceeded its liabilities by $278.8 million (net assets) as of June 30, 2008. Of this amount, $72.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net assets increased by $25.0 million. Revenues increased by $4.8 million, while expenses increased $1.0 million. The revenue increase is mostly due to increases of $3.0 million in property taxes (provided from the Infrastructure Revitalization Project (IRP) initiated in fiscal year 2002), and $1.5 million in interest earnings (due to increased cash flow, and rising interest rates). Expenses increased slightly in General government, Public Works, and Community Development. The majority of which is related to contracted pay increases. Public Safety decreased slightly due in part to the fiscal year 2007 payoff of the City's California PERS safety side fund liability resulting in decreased PERS costs in fiscal year 2008. "Interest on long term debt" increased $499 thousand due to increased Bond rates. These Bonds were refunded by fiscal year end, and rates should decrease in future years.

- As of June 30, 2008 the City's governmental funds reported a combined ending fund balance of $135.7 million, an increase of $21.8 million. $89.0 million is unreserved and is available for spending at the City's discretion.

- Unreserved fund balance for the General Fund was $26.8 million, or 60 percent of total General Fund expenditures.

- Total City debt (excluding compensated absences and claims liabilities) decreased by $3.4 million (7.0 percent). Changes in debt consisted of bond, certificates of participation, and installment purchase agreement refundings, principal reduction payments, and $197,000 in amortized bond costs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

See accompanying independent auditor's report.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities of the City and the Westminster Redevelopment Agency, a blended component unit, include general government, public safety, community development, community services and public works. A business-type activity of the City includes the water utility. The government-wide financial statements can be found on pages 21 - 23 of this report.

Fund Financial Statements

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

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

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

See accompanying independent auditor's report.

The City maintains several individual governmental funds organized by their type (special revenue, debt service and capital projects funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, RDA Low and Moderate Income Housing, Housing and Community Development and Special Gas Tax and Street Improvements Special Revenue Funds, Westminster Redevelopment Agency Debt Service, Westminster Redevelopment Agency Capital Improvements and Redevelopment Projects Capital Projects Funds, 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 85 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 79 of this report. The basic governmental fund financial statements can be found on pages 24 - 30 of this report.

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

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

- **Internal service funds** are used to report activities that provide internal services for the City. The City uses internal service funds to account for its equipment replacement, general benefits, liability administration, information systems and equipment, and government buildings. Because internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements beginning on page 100 of this report.

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37 - 78 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 Budgetary Comparison Schedules for the General and Major Special Revenue Funds. Required supplementary information can be found on pages 79 - 83 of this report.

Combining statements for other governmental funds, internal service funds and agency funds are presented immediately following the required supplementary information, and can be found on pages 85 - 110 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. City assets exceeded liabilities by $278.8 million at June 30, 2008. This is an increase of $25.0 million as summarized below and on the following pages:

Statement of Net Assets*

	Governmental Activities			
	June 30, 2008	June 30, 2007	Increase/ (Decrease) From 2007	Percent Increase/ (Decrease)
Assets:				
Current and other assets	$ 172,444,129	$ 147,421,390	$ 25,022,739	16.97%
Capital assets, net of accumulated depreciation	135,790,183	134,297,020	1,493,163	1.11%
Total assets	308,234,312	281,718,410	26,515,902	9.41%
Liabilities:				
Current and other liabilities	20,724,768	19,820,878	903,890	4.56%
Long-term liabilities	40,163,871	41,483,000	(1,319,129)	-3.18%
Total liabilities	60,888,639	61,303,878	(415,239)	-0.68%
Net assets:				
Invested in capital assets, net of related debt	97,870,305	93,264,276	4,606,029	4.94%
Restricted	78,051,423	62,906,004	15,145,419	24.08%
Unrestricted	71,423,945	64,244,252	7,179,693	11.18%
	$ 247,345,673	$ 220,414,532	$ 26,931,141	12.22%

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

See accompanying independent auditor's report.

Governmental activities had the greatest changes occur in "Current and other assets", and "Restricted net assets". The increase of 17.0 percent in "Current and other assets" occurred, in part, because the City's "Cash and investments" and "Restricted assets-Cash and investments" have increased by $19.9 million. The City's property tax revenue has continued to grow, and showed an increase of $5.9 million in fiscal year 2008. A portion of this revenue is transferred to the Capital Projects funds for street maintenance, and various City projects. Transfers to capital projects increased by $10.3 million, while expenditures increased by only $2.0 million. In addition, the City received several reimbursements on completed grant projects during the year. With the increase in cash balances, "Unrestricted investment earnings" also increased by $1.5 million.

"Restricted net assets" increased by 24.1 percent. This increase is due to the continuing growth of property taxes. Until funds are spent, they are maintained in "Restricted net assets" of the related funds. The majority of the property taxes are deposited into the Debt Service Fund, the Redevelopment Projects Capital Projects Fund, and the RDA Low and Moderate Income Housing Special Revenue Fund.

Statement of Net Assets*

	Business-type Activity			
	June 30, 2008	June 30, 2007	Increase/ (Decrease) From 2007	Percent Increase/ (Decrease)
Assets:				
Current and other assets	$ 3,225,958	$ 3,969,630	$ (743,672)	-18.73%
Capital assets, net of accumulated depreciation	37,024,644	38,502,102	(1,477,458)	-3.84%
Total assets	40,250,602	42,471,732	(2,221,130)	-5.23%
Liabilities:				
Current and other liabilities	2,266,771	2,183,191	83,580	3.83%
Long-term liabilities	6,490,243	6,814,246	(324,003)	-4.75%
Total liabilities	8,757,014	8,997,437	(240,423)	-2.67%
Net assets:				
Invested in capital assets, net of related debt	30,019,525	31,234,034	(1,214,509)	-3.89%
Restricted	380,756	367,355	13,401	3.65%
Unrestricted	1,093,307	1,872,906	(779,599)	-41.63%
	$ 31,493,588	$ 33,474,295	$ (1,980,707)	-5.92%

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

See accompanying independent auditor's report.

Business-type activity remained fairly static for fiscal years 2008 and 2007. In an era of increasing costs, the City is making efforts to maintain customer services while keeping water rate increases to a minimum. However, the City has seen a slight reduction in net assets (5.9 percent in 2008, and 2.9 percent in 2007) as a result of losses in the last few years.

Statement of Net Assets*

	Primary Government			
	June 30, 2008	June 30, 2007	Increase/ (Decrease) From 2007	Percent Increase/ (Decrease)
Assets:				
Current and other assets	$ 175,670,087	$ 151,391,020	$ 24,279,067	16.04%
Capital assets, net of accumulated depreciation	172,814,827	172,799,122	15,705	0.01%
Total assets	348,484,914	324,190,142	24,294,772	7.49%
Liabilities:				
Current and other liabilities	22,991,539	22,004,069	987,470	4.49%
Long-term liabilities	46,654,114	48,297,246	(1,643,132)	-3.40%
Total liabilities	69,645,653	70,301,315	(655,662)	-0.93%
Net assets:				
Invested in capital assets, net of related debt	127,889,830	124,498,310	3,391,520	2.72%
Restricted	78,432,179	63,273,359	15,158,820	23.96%
Unrestricted	72,517,252	66,117,158	6,400,094	9.68%
	$ 278,839,261	$ 253,888,827	$ 24,950,434	9.83%

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

The largest portion (45.9 percent) of the City's net assets reflects its investment of $127.9 million in capital assets (land, buildings and improvements, equipment, infrastructure, and construction in progress, net of accumulated depreciation); less any related outstanding debt used to acquire those assets. This is an overall increase of $3.4 million, or 2.7 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.

Another portion of the City's net assets ($78.4 million or 28.1 percent) represents resources that are subject to external restrictions on how they may be used. This is a $15.2 million, or 24.0 percent increase from the prior year. The City's unrestricted net assets ($72.5 million or 26.0 percent) increased $6.4 million or 9.7 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).

At the end of fiscal year 2008, the City shows positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities and business-type activity.

See accompanying independent auditor's report.

Statement of Activities

The statement of activities shows how the government's net assets changed during fiscal year 2008. The City's net assets increased overall by $25.0 million as summarized below and on the following pages:

Statement of Activities*

	Governmental Activities			
	For the year ended		Increase/	Percent
	June 30, 2008	June 30, 2007	(Decrease) From 2007	Increase/ (Decrease)
Revenues:				
Program revenues:				
Charges for services	$ 6,531,312	$ 6,226,511	$ 304,801	4.90%
Operating grants and contributions	8,170,763	6,673,336	1,497,427	22.44%
Capital grants and contributions	3,824,058	4,887,888	(1,063,830)	-21.76%
General revenues:				
Taxes	72,049,678	69,664,283	2,385,395	3.42%
Unrestricted investment earnings	7,295,177	5,754,628	1,540,549	26.77%
Total Revenues	97,870,988	93,206,646	4,664,342	5.00%
Expenses:				
General government	8,529,466	7,867,505	661,961	8.41%
Public safety	34,981,171	36,299,935	(1,318,764)	-3.63%
Public works	10,149,119	9,276,287	872,832	9.41%
Community development	12,502,817	12,185,104	317,713	2.61%
Community services	2,873,862	2,883,655	(9,793)	-0.34%
Interest on long term debt	2,728,406	2,229,851	498,555	22.36%
Total Expenses	71,764,841	70,742,337	1,022,504	1.45%
Increase in net assets before transfers	26,106,147	22,464,309	3,641,838	16.21%
Transfers	824,994	(280,871)	1,105,865	-393.73%
Increase in net assets	26,931,141	22,183,438	4,747,703	21.40%
Net assets - Beginning of Year	220,414,532	198,231,094	22,183,438	11.19%
Net assets - End of Year	$ 247,345,673	$ 220,414,532	$ 26,931,141	12.22%

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

See accompanying independent auditor's report.

Governmental activities increased the City's net assets by $26.9 million, thereby accounting for 107.9 percent of the total growth in City net assets. Public safety remains the largest expense function (48.8 percent), followed by community development (17.4 percent), public works (14.1 percent), general government (11.9 percent), community services (4.0 percent) and interest on long term debt (3.8 percent). General revenues such as property and sales tax are not shown by program, but are effectively used to support program activities citywide.

Operating expenses remained fairly static for fiscal years 2008 and 2007. The most significant impact to the operating costs of the City are the result of a continuing increase in the PERS employer rate for retirement costs and the contractually obligated medical costs. Overall, salaries and benefits increased $1.5 million or 4.2 percent. The PERS employer rate for retirement costs for the Miscellaneous Plan increased to 9.26 percent in fiscal year 2008, which is an increase from fiscal year 2007's 7.31 percent. In fiscal year 2007 the City made a one-time payment of $5.5 million to PERS for a side-fund liability that was created when the City's Safety Plan was converted to a risk pool. This resulted in a fiscal year 2008 decrease in PERS costs of $386 thousand. It also resulted in a decrease of employer rates from 32.58% in fiscal year 2007 to 18.78% in fiscal year 2008. Additional information can be found in Note 10 of these financial statements.

"Interest on long term debt" increased $499 thousand (22.4 percent). The City refunded three outstanding bonds. This was done to terminate an interest rate swap agreement with Ambac Financial Services LLP. As a result, future interest rates are expected to be lower, and fixed. Additional information can be found in Note 7 of these financial statements.

"Operating grants and contributions" and "Capital grants and contributions" had a somewhat offsetting increase and decrease netting to an overall increase of $434 thousand (3.8 percent). These revenue sources will vary from year to year, depending on the completion of grant funded projects. The City had several reimbursements in the current year on completed projects, as was also the case in fiscal year 2007.

"Taxes" have continued to grow, while trends continue to show most revenues decreasing in the near future. Property taxes provided the City with an additional $3.0 million during the current fiscal year. However, sales taxes which has decreased slightly in the last two fiscal years, decreased by $374 thousand in the current fiscal year.

"Unrestricted investment earnings" increased by $1.5 million (26.8 percent). This increase is due to an overall cash account balance increase. The City has placed a lot of these funds into greater interest bearing investments. See the "Cash Management" section on the following pages as well as Note 2 of these financial statements for more information.

See accompanying independent auditor's report.

Statement of Activities*

	Business-type Activity			
	For the year ended		Increase/	Percent
	June 30, 2008	June 30, 2007	(Decrease) From 2007	Increase/ (Decrease)
Revenues:				
Program revenues:				
Charges for services	$ 10,866,749	$ 10,673,586	$ 193,163	1.81%
General revenues:				
Unrestricted investment earnings	89,866	144,030	(54,164)	-37.61%
Total Revenues	10,956,615	10,817,616	138,999	1.28%
Expenses:				
Water enterprise	12,112,328	12,084,948	27,380	0.23%
Total Expenses	12,112,328	12,084,948	27,380	0.23%
Decrease in net assets before transfers	(1,155,713)	(1,267,332)	111,619	-8.81%
Transfers	(824,994)	280,871	(1,105,865)	-393.73%
Increase in net assets	(1,980,707)	(986,461)	(994,246)	100.79%
Net assets - Beginning of Year	33,474,295	34,460,756	(986,461)	-2.86%
Net assets - End of Year	$ 31,493,588	$ 33,474,295	$ (1,980,707)	-5.92%

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

Business-type activities decreased the City's net assets by $2.0 million. The Water Utility Fund had a static year with revenue of $11.0 million and operating expenses of $12.1 million. For the water utility, fees provide the largest share of revenues (99.2 percent).

The Water Utility transferred $488 thousand to the capital projects fund for phases two and three of a five phase meter exchange project. This project was instated in accordance with manufacturer recommendations and industry standards for small meters which state that they have a reliable service life of ten years. The cost of repairs and maintenance proved to be much greater than replacing the meter. The replacements will insure more accurate reads and should help in future planning of water demands.

See accompanying independent auditor's report.

Statement of Activities*

	Primary Government			
	For the year ended		Increase/	Percent
	June 30, 2008	June 30, 2007	(Decrease) From 2007	Increase/ (Decrease)
Revenues:				
Program revenues:				
Charges for services	$ 17,398,061	$ 16,900,097	$ 497,964	2.95%
Operating grants and contributions	8,170,763	6,673,336	1,497,427	22.44%
Capital grants and contributions	3,824,058	4,887,888	(1,063,830)	-21.76%
General revenues:				
Taxes	72,049,678	69,664,283	2,385,395	3.42%
Unrestricted investment earnings	7,385,043	5,898,658	1,486,385	25.20%
Total Revenues	108,827,603	104,024,262	4,803,341	4.62%
Expenses:				
General government	8,529,466	7,867,505	661,961	8.41%
Public safety	34,981,171	36,299,935	(1,318,764)	-3.63%
Public works	10,149,119	9,276,287	872,832	9.41%
Community development	12,502,817	12,185,104	317,713	2.61%
Community services	2,873,862	2,883,655	(9,793)	-0.34%
Interest on long term debt	2,728,406	2,229,851	498,555	22.36%
Water enterprise	12,112,328	12,084,948	27,380	0.23%
Total Expenses	83,877,169	82,827,285	1,049,884	1.27%
Increase in net assets	24,950,434	21,196,977	3,753,457	17.71%
Net assets - Beginning of Year	253,888,827	232,691,850	21,196,977	9.11%
Net assets - End of Year	$ 278,839,261	$ 253,888,827	$ 24,950,434	9.83%

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

See accompanying independent auditor's 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 $20.9 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. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Refer to pages 24 - 30 of this report for more detail on governmental funds.

As of June 30, 2008, the City's governmental funds reported combined ending fund balances of $135.6 million, an increase of $20.9 million in comparison with the prior year. Of the $135.6 million, $88.9 million, or 65.6 percent, constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to pay debt service of $17.7 million, (2) to pay low and moderate income housing of $14.5 million (3) to pay notes/loans and interfund receivables of $9.3 million, (4) to land held for resale of $5.0 million, or (5) for a variety of other restricted purposes of $123 thousand. For a more detailed description of these reservations see page 74 of this report.

The General Fund is the chief operating fund of the City. As of June 30, 2008, unreserved fund balance was $26.8 million, while total fund balance was $26.9 million. Note that unreserved fund balance includes amounts set-aside for City designations such as City's reserve policy, post-employment retirement medical benefits and legal contingencies. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance, which includes designated funds, represents 60 percent of total General Fund expenditures, while total fund balance represents 61 percent of that same amount.

The major factors in fund balance changes are as follows:

Governmental Funds

- The **General Fund** recognized a $3.0 million increase due to revenues greater than expenditures of $3.5 million. Fiscal year 2007 included a one-time "Transfer Out" of $5.5 million to the Compensation/Benefits Internal Service Fund to cover a payment to PERS for the payoff of a side-fund liability.

- The **RDA Low and Moderate Income Housing Special Revenue Fund** recognized a $10.2 million increase due to revenues greater than expenditures of $7.2 million. "Transfers In" and "Transfers Out" are mainly related to rehab loans and grants. As monies are allocated, they are transferred to the Capital Projects Fund. As loans are made, the amounts are reclassified back to receivables.

- The **Housing and Community Development Special Revenue Fund** recognized a $266 thousand increase due to revenues greater than expenditures of $556 thousand. This is a grant program which is reimbursed periodically throughout the year.

See accompanying independent auditor's report.

- The **Special Gas Tax and Street Improvements Special Revenue Fund** recognized a $1.5 million increase due, in part, to a $2.9 million transfer from the Capital Projects Fund to close completed projects with residual balances for reallocation to future projects. This is grant funded and many of the projects are reimbursable only upon completion. The fund received $4.2 million in "Intergovernmental" income in fiscal year 2008.

- The **Debt Service Fund** recognized a $3.6 million decrease due to a transfer out of $18.0 million made to the Redevelopment Projects Fund to cover administrative charges.

- The **Capital Projects Funds** recognized a combined increase in fund balance of $8.3 million. This is due to the funding of various projects during the year, which have not yet been completed.

- **Other Governmental Funds**, which are non-major funds, recognized a combined increase of $1.4 million due to revenues greater than expenditures of $771 thousand. These funds are further detailed beginning on page 86 of this report.

Proprietary Funds

- The **Enterprise Water Fund** recognized a decrease of $2.0 million during fiscal year 2008 due to expenditures exceeding revenues by $834 thousand and "Transfers In" exceeding "Transfers Out" by $825 thousand.

- The **Internal Service Funds** recognized a $190 thousand decrease in fund balance. These funds finance and account for goods and services provided by one City department to other City departments, or to other governments, on a cost-reimbursement basis. The City has four internal service funds. These funds are further detailed beginning on page 100 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 2008 fiscal year ended with the thirteenth consecutive increase in the City's average portfolio balance. Average total cash and investment balances for the past ten years are noted below:

Fiscal Year	Average Balance (in millions)	% Change
1999	38.7	---
2000	49.0	26.6%
2001	57.3	16.9%
2002	62.1	8.4%
2003	70.3	13.2%
2004	83.4	18.6%
2005	92.5	10.9%
2006	97.6	5.5%
2007	111.7	14.4%
2008	132.0	18.2%

Since 1999, the City's average portfolio balance has increased by $93.3 million, or 241%.

See accompanying independent auditor's report.

BUDGETARY HIGHLIGHTS

The General Fund reflected a net total budget variance of $3.7 million when comparing actual amounts to the final budget for the current fiscal year. When preparing its budget, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations in a prudent manner. In comparing the 2007-08 General Fund's original (adopted) budget revenue amount of $45.5 million to the final budgeted revenue amount of $45.7 million shows a net $142 thousand increase. In addition, the ending actual revenue shows a positive variance of $2.3 million, with the largest variance in "Investment and rentals" at $2.3 million. "Taxes" shows a negative variance of $619 thousand. This is due to sales tax revenue coming in under budget, as the economy began slowing in the later part of the fiscal year.

Comparing the 2007-08 General Fund's original (adopted) budget expenditure amount of $45.5 million to the final budget expenditure amount of $45.8 million shows a net $484 thousand increase. In addition, the ending actual expenditure savings were $1.4 million. The majority of this savings is in "General Government", at $479 thousand.

Controlling employee growth has been a key to cost controls. The City continues to provide full services at ratios equal to or exceeding other "full service" cities while maintaining ratios for cost and employee per capita that are substantially below that of comparable cities.

	City	County Average
Employees per capita (1,000)	4.30	5.06
General Fund costs per capita	$470	$697

The City continues to dedicate itself to cost-effective service, without sacrificing the quality of service levels so important to the overall quality of life, health and safety of the community. The General Fund budget to actual report can be found on page 79 of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets:

Capital investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounted to $173 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 2008 was $16 thousand, which represents a $1.5 million or 1.1 percent increase for governmental activities and a $1.5 million or 3.9 percent decrease for business-type activity.

Additional information on the City's capital assets can be found in Note 6 in the notes to the basic financial statements. Capital assets (net of accumulated depreciation) at June 30, 2008 and June 30, 2007 are summarized on the following page:

See accompanying independent auditor's report.

Capital Assets (net of accumulated depreciation)

	June 30, 2008		
	Governmental Activities	Business-type Activity	Total
Land	$ 4,040,528	$ 2,494,846	$ 6,535,374
Construction in progress	1,621,857	-	1,621,857
Buildings	23,977,253	117,012	24,094,265
Improvements other than buildings	4,938,810	11,063,182	16,001,992
Water distribution lines	-	17,614,757	17,614,757
Vehicles, machinery and equipment	5,110,751	5,704,077	10,814,828
Office furniture and equipment	1,522,540	30,770	1,553,310
Leased property	8,570	-	8,570
Infrastructure	94,569,874	-	94,569,874
Total capital assets, net	$ 135,790,183	$ 37,024,644	$ 172,814,827

	June 30, 2007		
	Governmental Activities	Business-type Activity	Total
Land	$ 4,040,528	$ 2,494,846	$ 6,535,374
Construction in progress	2,384,090	-	2,384,090
Buildings	24,726,500	119,653	24,846,153
Improvements other than buildings	2,962,593	11,301,082	14,263,675
Water distribution lines	-	18,247,052	18,247,052
Vehicles, machinery and equipment	3,921,650	6,304,634	10,226,284
Office furniture and equipment	1,330,612	34,835	1,365,447
Leased property	33,610	-	33,610
Infrastructure	94,897,437	-	94,897,437
Total capital assets, net	$ 134,297,020	$ 38,502,102	$ 172,799,122

Major capital asset events during fiscal year 2008 included the following:

- The City completed work on a $1.1 million "Splash Pad", and $2.2 million on street medians on various streets.
- The City added 4.6 million in infrastructure.
- The City is working on the completion of a new police facility. $865 thousand was added to "Construction in Progress".

See accompanying independent auditor's report.

Long-term debt:

At the end of fiscal year 2008, the City had total debt (excluding compensated absences and claims liabilities) outstanding of $48.3 million. Additional information can be found in Note 7 in the notes to the basic financial statements. Long-term debt for June 30, 2008 and June 30, 2007 is summarized below:

Outstanding Debt

	June 30, 2008		
	Governmental Activities	Business-type Activity	Total
Tax allocation bonds payable	$ 30,140,000	$ -	$ 30,140,000
Certificates of participation	7,479,879	4,619,091	12,098,970
Loans payable	300,000	2,386,023	2,686,023
Total outstanding debt	$ 37,919,879	$ 7,005,114	$ 44,924,993

	June 30, 2007		
	Governmental Activities	Business-type Activity	Total
Tax allocation bonds payable	$ 32,895,000	$ -	$ 32,895,000
Certificates of participation	7,837,747	3,663,222	11,500,969
Loans payable	300,000	3,604,845	3,904,845
Total outstanding debt	$ 41,032,747	$ 7,268,067	$ 48,300,814

The City's total debt decreased by $3.4 million or 7.0 percent, during fiscal year 2008. The change in governmental debt consisted of the following:

- The refunding of a $40.25 million tax allocation bond with a $30.14 million tax allocation bond.
- The refunding of a $13.6 million certificates of participation with a $7.825 million certificates of participation.

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

- The refunding of a $5.21 million certificates of participation and a $2.2 million installment purchase agreement with a $5.04 certificates of participation.
- Ongoing debt service payments on loans payable.

See accompanying independent auditor's report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City budget for fiscal year 2008-09 is balanced as to revenue and expenditures without the need to dip into reserves or raise taxes. Modest service level increases as well as capital spending maintain balance in meeting community needs. The City made great strides in balancing current expenditures with prudent reserves to meet future needs by authorizing "contingency", "emergency", and "designated" reserves for all operating funds.

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

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

Future Issues

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

- Revenue Stability

  Sales Taxes revenue for the fiscal year constitutes approximately 36% of total General Fund revenues and represents the largest General Fund revenue component. Fiscal year 2007-08 has shown a slight decline of $354 thousand or 2.1 percent from the prior fiscal year. The fiscal year 2007-08 marks the second consecutive year that the City has experienced a decline in sales taxes. Furthermore, sales taxes, property taxes, and utility taxes comprise 75% of the total general fund revenues and are prone to Proposition 218 initiatives. As such, the City needs a strong economy and voter cooperation to maintain existing revenue levels.

  A downturn in the economy has been anticipated for some time and most local agencies projected their 2008-09 sales taxes accordingly. However, the current finance/credit turmoil and ensuing panic adds a new level of uncertainty that will take months to sort out. In most cases the downturn has been more severe than previously anticipated and the decline is expected to stretch out longer than was predicted just a few weeks ago. In the end, the economy is still about people and bad news tends to compound cutbacks in consumer spending and business investment.

- Water Rate Increases

  In December 2007 the City Council approved a water rate increase as a result of "pass-through" costs resulting from the decision of the Orange County Water District to increase the replenishment assessment from $229/acre foot to $237/acre foot of water pumped. Additionally, the Municipal Water District of Orange County increased purchased water from $484/acre foot to $509/acre foot. Furthermore, due to recent Federal Court Ruling requiring reduced water pumping to protect the Northern California Delta-Smelt (an endangered species) and the fact that the State of California is in its 8th year of a drought, it is expected that the City's water rate will be reviewed for a rate increase of 15% before January 1, 2009.

See accompanying independent auditor's report.

- Water Rate Increases (Continued)

  Additionally, during fiscal year 2001-02 the City completed the water rate study and the City Council approved a water rate structure. In recent years, it has been determined that this rate structure has become obsolete and is not adaptable for drastic drought-induced revenue shortfalls. To address this, in the later part of the fiscal year 2008-09 staff will be recommending to the City Council to adopt a new structure that will provide better customer equity, enhance water conservation awareness and improve financial protection against drought-induced revenue shortfalls.

- GASB 45

  With the first phase of Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (OPEB)" going into effect, planning for the OPEB liability will become a high priority for the City. For the City, the accrued expense of OPEB obligations for current and future retirees will create a significant, unfunded liability in the financial statements. This unfunded liability will is required to be disclosed on the financial statements issued for the fiscal year 2008-09 and the City will need to take a hard look at how GASB 45 and the funding of this liability will impact cash flows.

- State Actions

  On September 23, 2008 Governor Schwarzenegger signed the State of California's fiscal year budget. The budget included a one-time take-away from redevelopment agencies of $350 million or 7.7% of fiscal year 2008-09 agency's revenues. The Westminster Redevelopment Agencies portion of the ERAF payment amounts to $2.5 million and payment to the State is to be made on or before May 10, 2009.

  Fiscal year 2008-09 will be the third year after the passage of Proposition 1A that states the State of California can no longer take ERAF funds from both the City and the Redevelopment Agency, unless the State declares a fiscal state of emergency. As of the preparation of the City's fiscal year 2007-08 CAFR, no such emergency has been declared by the State thusly making the Governor's fiscal year 2008-09 ERAF shift a violation of the State's Constitution.

  On October 27, 2008 Governor Schwarzenegger called for a special session of the State Legislature to address the State's worsening economy and revenues. Given this, and the fact that the State is breaking their promise on the ERAF shift this year begs the question about next year's State Budget. In short, relying on redevelopment funds to balance the State budget this year will still result in an unbalanced State budget next year. With no real plan to balance next year's State budget; it would most likely mean another unconstitutional raid on Agency funds. Of course we cannot predict what cuts, if any, will be adopted. As such, there may be a need to revisit this budget after the State has held their special session.

- State Actions (Continued)

The Utility Users Tax has shown to be a strong component of General Fund revenues due to business expansion and continued growth in telephone usage for both residential and business users. It is important to note, however, that proposed State and Federal legislation related to Utility Users Taxes may threaten this revenue stream to the City. As internet technology advances, combining phone and video services, the City is concerned about the potential for regulatory changes that will restrict the ability to charge fees and taxes to pay for related local services. It is crucial for any pending legislation not to impact the City negatively as Utility Users Tax is the third largest revenue source for the General Fund

REQUESTS FOR INFORMATION

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

See accompanying independent auditor's report.

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS

June 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activity	Total
ASSETS:			
Cash and investments (Note 2)	$ 110,138,035	$ 1,168,183	$ 111,306,218
Receivables, net of allowances (Note 4)	20,095,874	1,856,286	21,952,160
Prepaid items	131,098	9,494	140,592
Internal balances	648,208	(648,208)	-
Inventory	49,086	131,384	180,470
Deferred charges	2,147,977	328,063	2,476,040
Land held for resale (Note 5)	5,022,817	-	5,022,817
Restricted assets:			
Cash and investments (Note 2)	34,042,120	-	34,042,120
Cash and investments with fiscal agents (Note 2)	168,914	380,756	549,670
Capital assets (net of accumulated depreciation) (Note 6):			
Land	4,040,528	2,494,846	6,535,374
Construction in progress	1,621,857	-	1,621,857
Buildings	23,977,253	117,012	24,094,265
Improvements other than buildings	4,938,810	11,063,182	16,001,992
Water distribution lines	-	17,614,757	17,614,757
Vehicles, machinery and equipment	5,110,751	5,704,077	10,814,828
Office furniture and equipment	1,522,540	30,770	1,553,310
Leased property	8,570	-	8,570
Infrastructure	94,569,874	-	94,569,874
TOTAL ASSETS	308,234,312	40,250,602	348,484,914
LIABILITIES:			
Accounts payable and other liabilities	4,687,520	1,599,909	6,287,429
Due to other governments	11,062,416	-	11,062,416
Unearned revenue	1,161,907	-	1,161,907
Deposits	388,081	20,000	408,081
Long-term liabilities:			
Due within one year (Note 7)	3,424,844	646,862	4,071,706
Due in more than one year (Note 7)	40,163,871	6,490,243	46,654,114
TOTAL LIABILITIES	60,888,639	8,757,014	69,645,653
NET ASSETS:			
Invested in capital assets, net of related debt	97,870,305	30,019,525	127,889,830
Restricted for:			
Community development	61,104,346	-	61,104,346
Public safety	502,316	-	502,316
Public works	380,467	-	380,467
Debt service	16,064,294	380,756	16,445,050
Unrestricted	71,423,945	1,093,307	72,517,252
TOTAL NET ASSETS	$ 247,345,673	$ 31,493,588	$ 278,839,261

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

CITY OF WESTMINSTER

STATEMENT OF ACTIVITIES

For the year ended June 30, 2008

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 8,529,466	$ 931,322	$ 123,166	$ -
Public safety	34,981,171	2,510,083	471,097	-
Public works	10,149,119	710,098	-	-
Community development	12,502,817	2,056,317	7,333,888	3,824,058
Community services	2,873,862	323,492	242,612	-
Interest on long term debt	2,728,406	-	-	-
Total governmental activities	71,764,841	6,531,312	8,170,763	3,824,058
Business-type activity:				
Water enterprise	12,112,328	10,866,749	-	-
Total	$ 83,877,169	$ 17,398,061	$ 8,170,763	$ 3,824,058

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

Transfers

Total general revenues and transfers

Change in net assets

Net assets - Beginning of Year

Net assets - End of Year

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

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activity	Total
$ (7,474,978)	$ -	$ (7,474,978)
(31,999,991)	-	(31,999,991)
(9,439,021)	-	(9,439,021)
711,446	-	711,446
(2,307,758)	-	(2,307,758)
(2,728,406)	-	(2,728,406)
(53,238,708)	-	(53,238,708)
-	(1,245,579)	(1,245,579)
(53,238,708)	(1,245,579)	(54,484,287)
16,182,971	-	16,182,971
47,114,786	-	47,114,786
5,431,551	-	5,431,551
1,203,102	-	1,203,102
1,137,316	-	1,137,316
568,297	-	568,297
411,655	-	411,655
7,295,177	89,866	7,385,043
824,994	(824,994)	-
80,169,849	(735,128)	79,434,721
26,931,141	(1,980,707)	24,950,434
220,414,532	33,474,295	253,888,827
$ 247,345,673	$ 31,493,588	$ 278,839,261

CITY OF WESTMINSTER

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2008

		Special Revenue Funds	
	General	RDA Low and Moderate Income Housing	Housing and Community Development
ASSETS			
Cash and investments (Note 2)	$ 22,349,056	$ -	$ 87,798
Receivables, net of allowances (Note 4)	4,653,904	6,618,217	4,937,407
Prepaid items	101,014	-	690
Due from other funds (Note 3)	3,248,656	-	-
Restricted assets:			
Cash and investments (Note 2)	-	15,655,722	-
Cash and investments with fiscal agents (Note 2)	-	-	-
Advances to other funds (Note 3)	77,803	-	-
Land held for resale (Note 5)	-	4,298,867	-
TOTAL ASSETS	$ 30,430,433	$ 26,572,806	$ 5,025,895
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other liabilities	$ 1,404,931	$ 74,142	$ 95,981
Deposits	375,972	-	-
Deferred revenue	1,699,351	-	-
Due to other funds (Note 3)	-	31,385	1,025,000
Due to other governments	1,757	-	4,045,659
Advances from other funds (Note 3)	-	-	-
TOTAL LIABILITIES	3,482,011	105,527	5,166,640
FUND BALANCES (DEFICITS):			
Reserved (Note 14)	178,817	26,467,279	850,690
Unreserved, reported in:			
General Fund	26,769,605	-	-
Special Revenue Funds	-	-	(991,435)
Capital Projects Funds	-	-	-
TOTAL FUND BALANCES (DEFICITS)	26,948,422	26,467,279	(140,745)
TOTAL LIABILITIES AND FUND BALANCES	$ 30,430,433	$ 26,572,806	$ 5,025,895

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

Special Revenue Funds (Continued)		Capital Projects Funds			
Special Gas Tax and Street Improvements	Debt Service	Capital Improvements	Redevelopment Projects	Other Governmental Funds	Total Governmental Funds
$ 1,060,970	$ 20,408,127	$ 14,340,977	$ 32,159,024	$ 4,492,208	$ 94,898,160
1,228,092	1,766,977	-	648,808	98,463	19,951,868
-	-	-	8,657	12,975	123,336
-	-	3,371,000	-	-	6,619,656
-	500,000	10,999,914	3,653,566	-	30,809,202
-	103,266	-	-	65,648	168,914
-	872,888	1,288,550	-	-	2,239,241
-	-	-	723,950	-	5,022,817
$ 2,289,062	$ 23,651,258	$ 30,000,441	$ 37,194,005	$ 4,669,294	$ 159,833,194
$ 48,530	$ 65,714	$ 1,064,922	$ 831,362	$ 390,916	$ 3,976,498
-	-	-	-	12,109	388,081
311,646	88,073	-	-	897	2,099,967
3,251,000	-	-	2,142,271	170,000	6,619,656
-	7,015,000	-	-	-	11,062,416
-	77,803	-	-	-	77,803
3,611,176	7,246,590	1,064,922	2,973,633	573,922	24,224,421
339,999	16,404,668	1,288,550	732,607	416,187	46,678,797
-	-	-	-	-	26,769,605
(1,662,113)	-	-	-	3,679,185	1,025,637
-	-	27,646,969	33,487,765	-	61,134,734
(1,322,114)	16,404,668	28,935,519	34,220,372	4,095,372	135,608,773
$ 2,289,062	$ 23,651,258	$ 30,000,441	$ 37,194,005	$ 4,669,294	$ 159,833,194

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CITY OF WESTMINSTER

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

June 30, 2008

Fund balances - total governmental funds		$ 135,608,773
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet:		
Capital assets	$ 265,377,495	
Accumulated depreciation	(136,259,088)	
		129,118,407
Internal Service funds are used by management to charge the costs of various city activities to individual governmental and business-like funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Activities. Internal Service funds net assets are		15,944,423
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditures when due. All liabilities, both current and long-term, are reported in the Statement of Net Assets. Balances as of June 30, 2008 are:		
Tax allocation bonds payable	(30,140,000)	
Certificates of participation payable	(5,516,258)	
Notes payable	(300,000)	
Bond issuance costs	2,027,728	
Accrued interest	(340,373)	
		(34,268,903)
Long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the fund financial statements.		942,973
Net assets of governmental activities		$ 247,345,673

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, 2008

		Special Revenue Funds	
	General	RDA Low and Moderate Income Housing	Housing and Community Development
REVENUES:			
Taxes	$ 35,001,900	$ 7,190,197	$ -
Licenses and permits	788,416	-	-
Fines	1,162,320	-	1,610
Investment and rental	3,816,888	859,284	9,503
Intergovernmental	272,331	-	2,262,071
Charges for services	6,744,616	-	-
Other	167,398	6,249	5,758
TOTAL REVENUES	47,953,869	8,055,730	2,278,942
EXPENDITURES:			
Current:			
General government	1,113,761	-	-
Public safety	34,095,187	-	-
Public works	3,963,226	-	-
Community development	3,149,136	806,075	1,719,210
Community services	2,027,939	-	-
Capital outlay	93,689	1,935	3,993
Debt service:			
Bond issuance costs	-	-	-
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	44,442,938	808,010	1,723,203
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,510,931	7,247,720	555,739
OTHER FINANCING SOURCES (USES):			
Sale of equipment and property	15,660	-	-
Refunding bonds issued	-	-	-
Payment to refund bond escrow agent	-	-	-
Transfers in	797,589	5,625,818	358,600
Transfers out	(1,357,563)	(2,699,102)	(648,463)
TOTAL OTHER FINANCING SOURCES (USES)	(544,314)	2,926,716	(289,863)
NET CHANGE IN FUND BALANCES	2,966,617	10,174,436	265,876
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	23,981,805	16,292,843	(406,621)
FUND BALANCES (DEFICITS) - END OF YEAR	$ 26,948,422	$ 26,467,279	$ (140,745)

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

Special Revenue Funds (Continued)		Capital Projects Funds			
Special Gas Tax and Street Improvements	Debt Service	Capital Improvements	Redevelopment Projects	Other Governmental Funds	Total Governmental Funds
$ 2,813,892	$ 28,760,788	$ -	$ -	$ 1,177,774	$ 74,944,551
-	-	-	-	-	788,416
-	-	-	-	-	1,163,930
178,917	85,331	203,575	2,502,407	284,268	7,940,173
4,219,431	-	-	-	2,042,864	8,796,697
176,956	-	-	-	260,687	7,182,259
89,796	-	-	39,624	102,672	411,497
7,478,992	28,846,119	203,575	2,542,031	3,868,265	101,227,523
-	8,697,036	-	-	78,375	9,889,172
-	-	-	-	767,244	34,862,431
-	-	-	-	-	3,963,226
2,285,426	-	-	2,279,346	1,249,139	11,488,332
-	-	-	-	299,347	2,327,286
-	-	6,880,051	3,371,975	129,784	10,481,427
132,224	1,749,674	-	-	156,807	2,038,705
230,585	990,000	-	-	273,456	1,494,041
121,269	2,637,298	-	-	142,636	2,901,203
2,769,504	14,074,008	6,880,051	5,651,321	3,096,788	79,445,823
4,709,488	14,772,111	(6,676,476)	(3,109,290)	771,477	21,781,700
-	-	-	-	-	15,660
2,523,539	30,140,000	-	-	2,992,719	35,656,258
(2,391,316)	(31,905,000)	-	-	(2,835,912)	(37,132,228)
2,856,543	1,417,475	10,211,176	19,271,627	552,636	41,091,464
(6,235,969)	(18,000,000)	(4,564,019)	(6,853,996)	(123,750)	(40,482,862)
(3,247,203)	(18,347,525)	5,647,157	12,417,631	585,693	(851,708)
1,462,285	(3,575,414)	(1,029,319)	9,308,341	1,357,170	20,929,992
(2,784,399)	19,980,082	29,964,838	24,912,031	2,738,202	114,678,781
$ (1,322,114)	$ 16,404,668	$ 28,935,519	$ 34,220,372	$ 4,095,372	$ 135,608,773

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, 2008

Net change in fund balances - total governmental funds		$ 20,929,992
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital expense in the current period.		
Net change in capital assets	$ 7,211,923	
Depreciation expense	(6,254,757)	
		957,166
The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Issuance of bonds		(35,656,258)
Issuance costs		2,038,705
Principal payments		1,494,042
Payment to refund bond escrow agent		37,132,228
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Net change in accrued interest	319,443	
Amortization of issuance costs	(10,977)	
		308,466
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.		(192,222)
Some revenues reported previously in the Statement of Activities were reported as revenues in the governmental funds as they were received in the current fiscal year.		
Net change in sales tax accrual		(80,978)
Change in net assets of governmental activities		$ 26,931,141

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

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

June 30, 2008

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
ASSETS		
CURRENT ASSETS:		
Cash and investments	$ 1,168,183	$ 15,239,875
Receivables, net of allowances (Note 4)	1,856,286	144,006
Prepaid items	9,494	7,762
Inventories	131,384	49,086
Restricted assets:		
Cash and investments	-	3,232,918
Cash and investments with fiscal / other agents	380,756	-
TOTAL CURRENT ASSETS	3,546,103	18,673,647
NONCURRENT ASSETS:		
Deferred bond charges	328,063	120,249
CAPITAL ASSETS (NOTE 6):		
Land	2,494,846	-
Buildings	208,285	4,166,795
Water distribution lines	41,099,102	-
Improvements other than buildings	11,808,269	12,500
Vehicles	-	3,442,057
Machinery and equipment	12,508,679	227,817
Office furniture, computers and equipment	99,885	1,578,956
Leased property	-	553,422
Construction in progress	-	568,409
TOTAL CAPITAL ASSETS	68,219,066	10,549,956
Less accumulated depreciation	(31,194,422)	(3,878,181)
NET CAPITAL ASSETS	37,024,644	6,671,775
TOTAL NONCURRENT ASSETS	37,352,707	6,792,024
TOTAL ASSETS	40,898,810	25,465,671

(Continued)

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

CITY OF WESTMINSTER

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
(CONTINUED)

June 30, 2008

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	$ 1,599,909	$ 370,652
Deposits	20,000	-
Deferred revenue	-	4,910
Advances from other funds (Note 3)	2,161,438	-
Claims payable	-	924,326
Compensated absences	131,991	1,695,518
Certificates of participation	425,000	237,513
Loans payable	89,871	-
TOTAL CURRENT LIABILITIES	4,428,209	3,232,919
LONG-TERM LIABILITIES:		
Claims payable	-	2,772,978
Compensated absences	-	276,014
Certificates of participation	4,194,091	1,726,107
Loans payable	2,296,152	-
TOTAL LONG-TERM LIABILITIES	6,490,243	4,775,099
TOTAL LIABILITIES	10,918,452	8,008,018
NET ASSETS:		
Invested in capital assets, net of related debt	30,019,529	4,708,154
Restricted for debt service	380,756	-
Unrestricted	(419,927)	12,749,499
TOTAL NET ASSETS	29,980,358	$ 17,457,653
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	1,513,230	
Net assets of business-type activity	$ 31,493,588	

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

CITY OF WESTMINSTER

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

For the year ended June 30, 2008

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
OPERATING REVENUES:		
Rentals	$ 19,922	$ -
Charges for services	10,758,286	19,698,435
Other	88,542	1,386,222
TOTAL OPERATING REVENUES	10,866,750	21,084,657
OPERATING EXPENSES:		
Salaries	2,432,392	5,935,864
Maintenance and operations	3,486,026	4,256,280
Purchased water	1,589,780	-
Equity taxes	2,700,261	-
Insurance premiums and legal fees	4,839	3,272,225
Claims and benefits	-	7,533,893
Depreciation and amortization	1,487,705	678,029
TOTAL OPERATING EXPENSES	11,701,003	21,676,291
OPERATING LOSS	(834,253)	(591,634)
NONOPERATING REVENUES (EXPENSES):		
Investment income	89,867	338,829
Interest and fiscal charges	(413,176)	(135,670)
Gain (loss) on sale of equipment	-	(18,290)
TOTAL NONOPERATING REVENUES (EXPENSES)	(323,309)	184,869
LOSS BEFORE TRANSFERS	(1,157,562)	(406,765)
TRANSFERS:		
Transfers in	160,000	1,342,392
Transfers out	(984,994)	(1,126,000)
TOTAL TRANSFERS	(824,994)	216,392
CHANGE IN NET ASSETS	(1,982,556)	(190,373)
TOTAL NET ASSETS - BEGINNING OF YEAR	31,962,914	17,648,026
TOTAL NET ASSETS - END OF YEAR	$ 29,980,358	$ 17,457,653
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	$ 1,849	
Change in net assets - Enterprise Funds	(1,982,556)	
Change in net assets of business-type activity	$ (1,980,707)	

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, 2008

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$ 10,715,353	$ 21,007,054
Payment to suppliers	(7,742,184)	(13,890,338)
Payment to employees	(2,419,918)	(5,829,226)
NET CASH PROVIDED BY OPERATING ACTIVITIES	553,251	1,287,490
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	160,000	1,342,392
Cash paid to other funds	(1,324,958)	(1,126,000)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(1,164,958)	216,392
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(5,097)	(1,227,398)
Bond costs	-	(120,970)
Proceeds from refunding bonds	5,035,000	2,308,741
Refunding of bonds and notes	(5,067,000)	-
Costs of issuance	(328,063)	-
Principal payments on long-term debt	(86,823)	(2,398,729)
Interest and fiscal charges	(384,641)	(108,863)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(836,624)	(1,547,219)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	91,247	338,829
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,357,084)	295,492
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	2,906,023	18,177,301
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,548,939	$ 18,472,793
CASH AND CASH EQUIVALENTS:		
Cash and investments - current assets	$ 1,168,183	$ 15,239,875
Cash and investments - restricted assets	380,756	3,232,918
TOTAL CASH AND CASH EQUIVALENTS	$ 1,548,939	$ 18,472,793

(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, 2008

	Business-type Activity	Governmental Activities
	Enterprise Fund	Internal Service Funds
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (834,253)	$ (591,634)
Depreciation and amortization	1,487,705	678,029
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(151,397)	(77,603)
(Increase) decrease in other receivables	(12,429)	-
(Increase) decrease in prepaid charges	(8,034)	(6,533)
(Increase) decrease in inventories	49,128	(5,258)
Increase (decrease) in accounts payable and other liabilities	10,057	12,251
Increase (decrease) in claims payable	-	1,171,780
Increase (decrease) in compensated absences payable	12,474	106,458
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 553,251	$ 1,287,490

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

CITY OF WESTMINSTER

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS

June 30, 2008

RESTRICTED ASSETS:	
Cash and investments	$ 91,926
LIABILITIES:	
Due to bondholders	$ 91,926

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of the Reporting Entity:

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

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

The criteria used in determining the scope of the reporting entity are based on the provisions of Governmental Accounting Standards Board Statement 14. The City of Westminster is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has accounted for the Agency and Authority as "blended" component units. Despite being legally separate, these entities are so intertwined with the City that they are, in substance, part of the City's operations. Accordingly, these basic financial statements present the City and its component units, the Westminster Redevelopment Agency and the Westminster Public Financing Authority. Each blended component unit has a June 30 year end.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Description of the Reporting Entity (Continued):

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

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

Government-Wide and Fund Financial Statements:

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activity, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activity have not been eliminated.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Government-Wide and Fund Financial Statements (Continued):

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

Separate financial statements for the government's governmental, proprietary, and fiduciary funds are presented after the Government-wide Financial Statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements, even though excluded from the government-wide financial statements represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statement. Under the economic resources measurement focus, all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Operating statements present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all the eligibility requirements have been satisfied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Noncurrent portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources" since they do not represent net current assets. Recognition of governmental fund type revenue represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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

The City's Fiduciary Fund consists of Agency Funds which have no measurement focus.

All governmental and business-type activities and enterprise funds of the City follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Fund Classifications:

The funds designated as major funds are determined by a mathematical calculation consistent with GASB Statement No. 34. The City reports the following major governmental funds:

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

The Redevelopment Agency (RDA) Low and Moderate Income Housing Special Revenue Fund is used to account for the 20% set-aside property tax increment revenues and the associated expenditures to be used for increasing or improving low and moderate income housing, as required by section 33334.2 of the Health and Safety Code.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fund Classifications (Continued):

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

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

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

The City reports the following major enterprise fund:

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

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

The Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted or otherwise designated 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 Agency Funds are used to account for money and property held by the City as trustee or custodian. They are also used to account for the 1915 Act Bonds (Limited Obligation Improvement Bonds) for which the City acts as an agent for debt service activity.

Capital Assets:

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of $500 are capitalized if they have an expected useful life of 1 year or more.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Capital Assets (Continued):

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

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

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, 2008 all encumbrances at year-end were closed. Unexpended appropriations are reencumbered in the following year after reconsideration, without additional budget appropriation.

Statement of Cash Flows:

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

Investments:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Inventories:

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

Land Held for Resale:

Land held for resale is carried in the Redevelopment Projects Capital Projects Fund at the lower of acquisition cost or estimated net realizable value. The land values are reappraised on a periodic basis and any adjustments on the properties are shown in the Redevelopment Projects Capital Projects Fund statement of revenues, expenditures, and changes in fund balance.

Property Taxes:

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

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

Compensated Absences:

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

Retirement Benefits:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Specifically, the City has made certain estimates and assumptions relating to the collectibility of its receivables (including accounts receivable, notes receivable, amounts due from other funds and amounts advanced to other funds), the valuation of property held for resale, and the ultimate outcome of claims and judgments. Actual results could differ from those estimates and assumptions.

2. CASH AND INVESTMENTS:

Cash and investments at June 30, 2008 consisted of the following:

	Government Wide Statement of Net Assets	Fiduciary Fund Statement of Assets and Liabilities	Total
Unrestricted assets:			
Cash and investments	$ 111,306,218	$ -	$ 111,306,218
Total unrestricted assets	111,306,218	-	111,306,218
Restricted assets:			
Cash and investments	34,042,120	91,926	34,134,046
Investments with fiscal agents	549,670	-	549,670
Total restricted assets	34,591,790	91,926	34,683,716
TOTAL CASH AND INVESTMENTS	$ 145,898,008	$ 91,926	$ 145,989,934

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

Deposits	$ 7,384,046
Investments	138,605,888
	$ 145,989,934

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

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

2. CASH AND INVESTMENTS (CONTINUED):

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States (U.S.) Treasury Obligations	5 years	No Limit	No Limit
U.S. Government Sponsored Enterprise Securities	5 years	No Limit	No Limit
Banker's Acceptances	180 days	15%	$ 2,000,000
Time Certificate of Deposits	5 years	No Limit	5%
Negotiable Certificates of Deposit	5 years	15%	15%
Repurchase Agreements	1 year	Unlimited	Unlimited
Local Agency Investment Fund (LAIF)	N/A	No Limit	$ 40,000,000

N/A - Not Applicable

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

See accompanying independent auditors' report.

2. CASH AND INVESTMENTS (CONTINUED):

Investments Authorized by Debt Agreements:

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	No Limit	No Limit	No Limit
U.S. Government Sponsored Enterprise Securities	No Limit	No Limit	No Limit
Banker's Acceptances	360 days	No Limit	No Limit
Time Certificate of Deposits	360 days	No Limit	No Limit
Commercial Paper	270 days	No Limit	No Limit
Money Market Mutual Funds	N/A	No Limit	No Limit

N/A - Not Applicable

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk:

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

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

	Remaining Maturity (in Months)			
Investment Type	12 Months or Less	13 - 36 Months	37 - 60 Months	Total
Local Agency Investment Fund	$ 66,744,262	$ -	$ -	$ 66,744,262
U.S. Treasury Obligations	2,019,688	7,587,065	8,317,355	17,924,108
Federal Home Loan Mortgage Corporation	3,045,938	8,936,830	2,178,157	14,160,925
Federal Home Loan Bank	3,884,454	7,247,511	2,155,532	13,287,497
Federal National Mortgage Association	1,002,500	14,085,472	-	15,087,972
Federal Farm Credit Bank	-	5,504,125	3,500,751	9,004,876
Tennessee Valley Authority	-	-	1,262,926	1,262,926
Money Market Mutual Funds	1,133,322	-	-	1,133,322
	$ 77,830,164	$ 43,361,003	$ 17,414,721	$138,605,888

See accompanying independent auditors' report.

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Credit Risk:

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

Investment Type	Total as of June 30, 2008	AAA	Not Required to be Rated	Not Rated
Local Agency Investment Fund	$ 66,744,262	$ -	$ -	$ 66,744,262
U.S. Treasury Obligations	17,924,108	-	17,924,108	-
Federal Home Loan Mortgage Corporation	14,160,925	14,160,925	-	-
Federal Home Loan Bank	13,287,497	13,287,497	-	-
Federal National Mortgage Association	15,087,972	15,087,972	-	-
Federal Farm Credit Bank	9,004,876	9,004,876	-	-
Tennessee Valley Authority	1,262,926	1,262,926	-	-
Money Market Mutual Funds	1,133,322	1,133,322	-	-
	$ 138,605,888	$53,937,518	$17,924,108	$ 66,744,262

Concentration of Credit Risk:

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

Issuer	Investment Type	Reported Amount
Federal Home Loan Mortgage Corporation	U.S. Government Sponsored Enterprise Securities	$ 14,160,925
Federal Home Loan Bank	U.S. Government Sponsored Enterprise Securities	13,287,497
Federal National Mortgage Association	U.S. Government Sponsored Enterprise Securities	15,087,972
Federal Farm Credit Bank	U.S. Government Sponsored Enterprise Securities	9,004,876
Tennessee Valley Authority	U.S. Government Sponsored Enterprise Securities	1,262,926

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, 2008, the City deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law. The difference between the bank balances and deposits represent deposits in transit and outstanding checks.

Investment in State Investment Pool:

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

3. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS:

Interfund receivables and payables at June 30, 2008 are as follows:

	Receivable	Payable
General Fund	$ 3,248,656	$ -
Special Revenue Funds:		
RDA Low and Moderate Income Housing	-	31,385
Housing and Community Development	-	1,025,000
Special Gas Tax and Street Improvements	-	3,251,000
Capital Projects Funds:		
Capital Improvements	3,371,000	-
Redevelopment Projects	-	2,142,271
Other Governmental Funds	-	170,000
	$ 6,619,656	$ 6,619,656

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

The receivable and payable between the General Fund and the RDA Low and Moderate Income Housing Special Revenue Fund and the Redevelopment Projects Capital Projects Fund are for short-term operations related to activity between the funds.

Advances to and from other funds at June 30, 2008 are as follows:

	Advances To Other Funds	Advances From Other Funds
General Fund	$ 77,803	$ -
Debt Service Fund	872,888	77,803
Capital Projects Funds:		
Capital Improvements	1,288,550	-
Enterprise Fund:		
Water	-	2,161,438
	$ 2,239,241	$ 2,239,241

The advances from the General Fund of $77,803 to the Debt Service Fund are to provide for operations of the Redevelopment Agency. The advances from the Debt Service Fund and Capital Improvements Capital Projects Fund to the Water Enterprise Fund are to provide funds for capital improvements.

See accompanying independent auditors' report.

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

The compositions of the City's interfund transfer balances as of June 30, 2008 are as follows:

Governmental Activities:

	Transfers Out								
	General	RDA Low and Moderate Income Housing	Housing and Community Development	Special Gas Tax and Street Improvements	Debt Service	Capital Improvements	Redevelopment Projects	Other Govt Funds	Total Govt Funds
Transfers In:									
General	$ -	$ -	$ -	$ -	$ -	$ 740,000	$ -	$ 371,563	$ 1,111,563
RDA Low and Moderate Income Housing	-	-	-	-	1,417,475	-	1,271,627	-	2,689,102
Housing and Community Development	-	-	-	-	-	638,463	-	-	638,463
Special Gas Tax and Street Improvements	-	-	-	-	-	6,235,969	-	-	6,235,969
Debt Service	-	-	-	-	-	-	18,000,000	-	18,000,000
Capital Improvements	-	-	350,011	2,856,543	-	-	-	121,073	3,327,627
Redevelopment Projects	797,589	5,625,818	8,589	-	-	422,000	-	-	6,853,996
Other Governmental Funds	-	-	-	-	-	123,750	-	-	123,750
Water Enterprise	-	-	-	-	-	924,994	-	60,000	984,994
Internal Service	-	-	-	-	-	1,126,000	-	-	1,126,000
	$ 797,589	$ 5,625,818	$ 358,600	$ 2,856,543	$ 1,417,475	$ 10,211,176	$ 19,271,627	$ 552,636	$ 41,091,464

Business-type Activity:

	Transfers Out		
	Water Enterprise	Internal Service	Total
Transfers In:			
General	$ 140,000	$ 106,000	$ 246,000
RDA Low and Moderate Income Housing	10,000	-	10,000
Housing and Community Development	10,000	-	10,000
Capital Improvements	-	1,236,392	1,236,392
	$ 160,000	$ 1,342,392	$ 1,502,392

Transfers between/to Capital Improvements and Redevelopment Projects Funds from the other funds are to primarily fund capital projects, which are then transferred back to the original fund upon completion of the project.

See accompanying independent auditors' report.

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

The General Fund transferred monies to the Internal Service Fund to fund operations in the Motor Pool/Equipment fund. Other transfers from the General Fund to the Capital Improvements Capital Projects Fund and Other Governmental Funds are for operations.

4. RECEIVABLES:

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

Governmental Funds:

	General	RDA Low and Moderate Income Housing	Housing and Community Development	Special Gas Tax and Street Improvements	Debt Service	Redevelopment Projects	Other Governmental	Total
Taxes	$ 3,659,834	$ 419,726	$ -	$ -	$ 1,766,977	$ -	$ 39,988	$ 5,886,525
Accounts	135,983	-	-	-	-	-	-	135,983
Interest	732,352	-	-	-	-	638,008	100	1,370,460
Loans	-	4,506,269	4,045,659	-	-	-	-	8,551,928
Notes	-	1,692,222	850,000	-	-	-	-	2,542,222
Other	-	-	70	-	-	-	-	70
Due from other governments	125,735	-	41,678	1,228,092	-	10,800	58,375	1,464,680
	$ 4,653,904	$ 6,618,217	$ 4,937,407	$ 1,228,092	$ 1,766,977	$ 648,808	$ 98,463	$ 19,951,868

Proprietary Funds:

	Water Enterprise	Internal Service	Total
Accounts	$ 1,838,707	$ 35,997	$ 1,874,704
Interest	155	-	155
Other	17,424	35,245	52,669
Due from other governments	-	72,764	72,764
Net Total Receivables	$ 1,856,286	$ 144,006	$ 2,000,292

See accompanying independent auditors' report.

5. LAND HELD FOR RESALE:

Land held for resale consists of property acquired by the Redevelopment Agency and held for resale. The property is carried at the lower of cost or estimated net realizable value. The estimated net realizable value as of June 30, 2008, is $5,022,817 with this amount offset by a reservation of fund balance. Certain properties held by the Agency have been leased to private parties with future options to purchase.

6. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2008 is as follows:

Governmental Activities:	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
Capital assets, not being depreciated:				
Land	$ 4,040,528	$ -	$ -	$ 4,040,528
Construction in progress	2,384,090	1,146,330	(1,908,563)	1,621,857
Total capital assets, not being depreciated	6,424,618	1,146,330	(1,908,563)	5,662,385
Capital assets, being depreciated:				
Buildings	32,141,373	-	-	32,141,373
Improvements other than buildings	4,068,466	2,186,289	-	6,254,755
Vehicles, machinery and equipment	6,399,332	1,955,201	(371,002)	7,983,531
Office furniture and equipment	4,139,930	539,009	(94,315)	4,584,624
Leased property	604,808	-	(51,386)	553,422
Infrastructure	214,150,535	4,596,831	-	218,747,366
Total capital assets, being depreciated	261,504,444	9,277,330	(516,703)	270,265,071
Less accumulated depreciation for:				
Buildings	(7,414,873)	(749,247)	-	(8,164,120)
Improvements other than buildings	(1,105,873)	(210,072)	-	(1,315,945)
Vehicles, machinery and equipment	(2,477,682)	(688,906)	293,808	(2,872,780)
Office furniture and equipment	(2,809,318)	(330,511)	77,745	(3,062,084)
Leased property	(571,198)	(25,040)	51,386	(544,852)
Infrastructure	(119,253,098)	(4,924,394)	-	(124,177,492)
Total accumulated depreciation	(133,632,042)	(6,928,170)	422,939	(140,137,273)
Total capital assets, being depreciated, net	127,872,402	2,349,160	(93,764)	130,127,798
Governmental activities capital assets, net	$134,297,020	$ 3,495,490	$ (2,002,327)	$ 135,790,183

See accompanying independent auditors' report.

6. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activity capital assets at June 30, 2008 is as follows:

Business-type Activity:	Balance at June 30, 2007	Additions	Deletions	Balance at June 30, 2008
Capital assets, not being depreciated:				
Land and land rights	$ 2,494,846	$ -	$ -	$ 2,494,846
Total capital assets, not being depreciated	2,494,846	-	-	2,494,846
Capital assets, being depreciated:				
Buildings	208,285	-	-	208,285
Improvements other than buildings	11,808,269	-	-	11,808,269
Water distribution lines	41,099,102	-	-	41,099,102
Machinery and equipment	12,505,942	2,737	-	12,508,679
Office furniture and equipment	97,524	2,361	-	99,885
Total capital assets, being depreciated	65,719,122	5,098	-	65,724,220
Less accumulated depreciation for:				
Buildings	(88,632)	(2,641)	-	(91,273)
Improvements other than buildings	(507,187)	(237,900)	-	(745,087)
Water distribution lines	(22,852,050)	(632,295)	-	(23,484,345)
Machinery and equipment	(6,201,308)	(603,294)	-	(6,804,602)
Office furniture and equipment	(62,689)	(6,426)	-	(69,115)
Total accumulated depreciation	(29,711,866)	(1,482,556)	-	(31,194,422)
Total capital assets, being depreciated, net	36,007,256	(1,477,458)	-	34,529,798
Business-type Activity capital assets, net	$ 38,502,102	$ (1,477,458)	$ -	$ 37,024,644

See accompanying independent auditors' report.

6. CAPITAL ASSETS (CONTINUED):

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

Governmental Activities:	
General government	$ 75,395
Public safety	412,088
Public works	4,966,945
Community development	240,810
Community services	559,519
Internal service funds	673,413
Total depreciation expense - governmental activities	$ 6,928,170
Business-type Activity:	
Water Fund	$ 1,482,556

7. LONG-TERM LIABILITIES:

The following is a summary of long-term liability transactions for the year ended June 30, 2008:

Governmental Activities:

	Balance July 1, 2007	Additions	Reductions	Deferred Bond Costs	Balance June 30, 2008	Amount Due Within One Year
Tax allocation bonds payable	$ 32,895,000	$ 30,140,000	$ 32,895,000	$ -	$ 30,140,000	$ -
Certificates of participation	7,837,747	7,825,000	8,130,000	(52,868)	7,479,879	805,000
Note payable	300,000	-	-	-	300,000	-
Compensated absences	1,865,074	1,872,003	1,765,545	-	1,971,532	1,695,518
Claims liabilities	2,525,524	2,753,409	1,581,629	-	3,697,304	924,326
Total Governmental Activities	45,423,345	42,590,412	44,372,174	(52,868)	43,588,715	3,424,844

See accompanying independent auditors' report.

7. LONG-TERM LIABILITIES (CONTINUED):

The following is a summary of long-term liability transactions for the year ended June 30, 2008 (Continued):

Business-type Activity:

	Balance July 1, 2007	Additions	Reductions	Deferred Bond Costs	Balance June 30, 2008	Amount Due Within One Year
Certificates of participation	$ 3,663,223	$ 5,035,000	$ 3,935,000	$ (144,132)	$ 4,619,091	$ 425,000
Loans payable	3,604,845	-	1,218,822	-	2,386,023	89,871
Compensated absences	119,517	160,392	147,918	-	131,991	131,991
Total Business-type Activity	7,387,585	5,195,392	5,301,740	(144,132)	7,137,105	646,862
City Total	$ 52,810,930	$ 47,785,804	$ 49,673,914	$ (197,000)	$ 50,725,820	$ 4,071,706

Governmental Activities:

The Governmental Activities long-term liability transactions at June 30, 2008 are comprised of the following individual items:

Tax Allocation Bonds

$30,140,000 Westminster Commercial Redevelopment Project No. 1, 2008 Tax Allocation Refunding Bonds dated June 1, 2008. The bonds are payable in annual installments ranging from $960,000 to $2,260,000 until maturity on August 1, 2027. Interest is payable bi-annually at an average rate of 4.4%. The 2008 bonds were issued for the purpose of advance refunding $40,250,000 Westminster Commercial Redevelopment Project No. 1, 1997 Tax Allocation Revenue Refunding Bonds. The City had entered into an interest rate swap agreement to artificially fix the variable interest rate on the 1997 Bonds to a synthetic fixed rate of 4.87%. Using the synthetic fixed rate as the rate on the refunded debt, the advance refunding resulted in an economic loss of $280,189 and a decrease in cash flows of $1,651,640. 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. $ 30,140,000

See accompanying independent auditors' report.

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Tax Allocation Bonds (Continued)

$40,250,000 Westminster Commercial Redevelopment Project No. 1, 1997 Tax Allocation Revenue Refunding Bonds dated December 1, 1997. The bonds are payable in annual installments ranging from $640,000 to $2,415,000 until maturity on August 1, 2027. Interest is payable monthly at a variable rate not to exceed 12%. The 1997 bonds were issued for the purpose of advance refunding $28,475,000 Westminster Commercial Redevelopment Project No. 1, 1991 Tax Allocation Bonds Series A (1991 bonds), and the $10,000,000 Westminster Commercial Redevelopment Project No. 1, 1993 Tax Allocation Parity Bonds (1993 bonds). Proceeds from the 1997 bonds were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the 1991 and 1993 bonds until fully retired. The 1991 and 1993 bonds are legally defeased and are no longer a liability of the Agency. The principal balances on the 1991 and 1993 defeased bonds were fully paid as of June 11, 2008. The 1997 bonds were defeased and paid in full on June 11, 2008.	$ -
$450,000 Westminster Commercial Redevelopment Project No. 1, 1991 Subordinate Taxable Tax Allocation Bonds, Series B, dated October 1, 1991 payable in the amounts of $225,000 on December 1, 2002 and $225,000 on December 1, 2007. The bonds are subject to mandatory redemption at a price equal to the principal and accrued interest, without premium. Interest is paid semiannually at rates of 10.25% and 10.50% per annum. The bond was paid in full on December 1, 2007	-
Total Tax Allocation Bonds	$ 30,140,000

See accompanying independent auditors' report.

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Certificates of Participation

$7,825,000 City of Westminster 2008 Certificates of Participation (Civic Center Refunding), dated May 1, 2008. The Certificates are payable in annual installments ranging from $320,000 to $860,000 until maturity on June 1, 2022. Interest is payable bi-annually at an average rate of 4.1%. The 2008 Certificates were issued for the purpose of advance refunding the $13,6000,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998A (1998 Civic Center Refunding Program). The City had entered into an interest rate swap agreement to artificially fix the variable interest rate on the 1998A Certificates to a synthetic fixed rate of 4.365%. Using the synthetic fixed rate as the rate on the refunded debt, the advance refunding resulted in an economic loss of $359,743 and an increase in cash flows of $465,424. 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.

Gross Principal	$ 7,825,000
Less: Deferred Amounts on Advance Refunding	(345,121)
Net Amount 2008 Certificates of Participation	7,479,879

$13,600,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998A (1998 Civic Center Refunding Program), dated October 1, 1998. The Certificates are payable in annual installments ranging from $300,000 to $815,000 until maturity on June 1, 2022. Interest is payable monthly at a variable rate not to exceed 12%. The 1998 Certificates were issued for the purpose of advance refunding the $9,000,000 Civic Center and Street Improvement Project Certificates of Participation (1994 Certificates), and the $5,000,000 Public Improvement Project Certificates of Participation (1995 Certificates). Proceeds from the Series 1998A Certificates were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the 1994 and 1995 Certificates until fully retired. The 1994 and 1995 Certificates are legally defeased and no longer a liability of the City. The principal balances on the 1994 and 1995 defeased Certificates of Participation were fully paid at May 31, 2008. The 1998 Certificates were defeased and paid in full on May 1, 2008. -

Total Certificates of Participation	$ 7,479,879

See accompanying independent auditors' report.

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental Activities (Continued):

Note Payable

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

Compensated Absences/Claims Liabilities

Compensated absences and claims liabilities 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, 2008 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 City had entered into an interest rate swap agreement to artificially fix the variable interest rate on the 1998B Certificates to a synthetic fixed rate of 4.365%. Using the synthetic fixed rate as the rate on the refunded debt, the advance refunding resulted in an economic loss of $255,907 and an increase in cash flows of $351,444. The 2008 Series Certificates were invested in and 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.

Gross Principal	$ 5,035,000
Less: Deferred Amounts on Advance Refunding	(415,909)
Net Amount 2008 Certificates of Participation	4,619,091

See accompanying independent auditors' report.

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued)

Certificates of Participation (Continued)

$5,210,000 Westminster Variable Rate Demand Certificates of Participation, Series 1998B (1998 Water System Refunding Program), dated October 1, 1998. The certificates are payable in annual installments ranging from $115,000 to $320,000 until maturity on June 1, 2024. Interest is payable monthly at a variable rate not to exceed 12%. The 1998 Certificates were issued for the purpose of advance refunding the $5,300,000 1993 Water System Improvement Project Certificates of Participation (1993 Certificates). Proceeds from the 1998B Series Certificates were invested in an escrow fund with a trustee which together with earnings will pay interest and principal on the 1993 Certificates until fully retired. The 1993 Certificates are legally defeased and no longer a liability of the City. The principal balance on the 1993 defeased Certificates of Participation is fully paid. The 1998B Certificates were defeased and paid in full on June 1, 2008. $ -

Total Certificates of Participation	$ 4,619,091

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.

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Certificates of Participation (Continued)

For the fiscal year ended June 30, 2008, the calculation of the Enterprise Fund's compliance with the rate coverage covenant is as follows:

Gross revenues:	
Charges for services	$ 10,758,286
Investment income	89,867
Other	108,464
Total gross revenues	10,956,617
Operating expenses:	
Operating expenses	11,701,003
Depreciation and amortization	(1,487,705)
Vehicle replacement charges	(116,337)
Total operating costs	10,096,961
Net revenues	$ 859,656
Installment payments:	
Principal payments	$ 160,000
Interest payments	268,487
Total installment payments	$ 428,487
Net revenues to installment payment coverage ratio	201%

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

Additionally, the City has agreed to maintain a replacement reserve at a level the City determines to be economically prudent. For the fiscal year ended June 30, 2008, the Enterprise Fund's capital equipment replacement reserve is as follows:

Capital equipment replacement reserve	$ 1,254,723

See accompanying independent auditors' report.

7. LONG-TERM LIABILITIES (CONTINUED):

Business-type Activity (Continued):

Loans Payable

$889,355 loan payable to Orange County Water District, dated August 1, 2000. The loan 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.	$ 604,693
$2,200,000 installment purchase agreement payable to Zions First National Bank, dated December 12, 2001. The agreement is payable in annual installments ranging from $159,000 to $247,000 until maturity on June 1, 2012. Interest is payable at a fixed rate of 4.5%. The agreement was issued to provide for financing of improvements to the City's water system. The loan was paid in full on June 1, 2008.	-
$2,000,000 installment sale agreement payable to California Infrastructure and Economic Development Bank, dated January 28, 2002. The agreement was issued to provide for the financing of a water tank. The project was completed, and the loan was fully funded as of June 30, 2004. The agreement is payable in annual installments ranging from $40,000 to $105,000 until maturity on August 1, 2032. Interest is payable at a fixed rate of 3.26% per annum until fully funded. Once funded, the interest is payable at a fixed rate of 3.52% per annum.	1,781,330
Total Loans Payable	$ 2,386,023

Compensated Absences

Compensated absences expected to be liquidated by the Water Enterprise Fund are reported as a liability for Business-type Activity.

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental and Business-type Activity:

Annual Amortization Requirements of Governmental and Business-type Long-Term Liabilities

The annual requirements to amortize all governmental and business-type long-term liabilities (excluding compensated absences, claims payable and capitalized lease) outstanding as of June 30, 2008, including interest payments are as follows:

Year Ending June 30,	Tax Allocation Bonds		
	Principal	Interest	Total
2009	$ -	$ 789,703	$ 789,703
2010	960,000	1,216,306	2,176,306
2011	1,160,000	1,184,506	2,344,506
2012	1,195,000	1,149,181	2,344,181
2013	1,230,000	1,112,806	2,342,806
2014-2018	6,880,000	4,805,381	11,685,381
2019-2023	8,365,000	3,279,034	11,644,034
2024-2028	10,350,000	1,221,675	11,571,675
	$ 30,140,000	$ 14,758,592	$ 44,898,592

Year Ending June 30,	Certificates of Participation Governmental and Business-type Activity		
	Principal	Interest	Total
2009	$ 1,230,000	$ 472,681	$ 1,702,681
2010	1,275,000	428,175	1,703,175
2011	1,315,000	389,925	1,704,925
2012	940,000	350,475	1,290,475
2013	710,000	322,275	1,032,275
2014-2018	3,955,000	1,220,500	5,175,500
2019-2023	3,100,000	419,763	3,519,763
2024-2028	335,000	14,656	349,656
	12,860,000	3,618,450	16,478,450
Less: deferred amounts on advance refunding	(761,030)	-	(761,030)
	$ 12,098,970	$ 3,618,450	$ 15,717,420

See accompanying independent auditors' report.

7. LONG-TERM LIABILITIES (CONTINUED):

Governmental and Business-type Activity (Continued):

Annual Amortization Requirements of Governmental and Business-type Long-Term Liabilities (Continued)

Year Ending June 30,	Note Payable		
	Principal	Interest	Total
2014	$ 300,000	$ 90,000	$ 390,000

Year Ending June 30,	Loans Payable		
	Principal	Interest	Total
2009	$ 89,871	$ 83,014	$ 172,885
2010	93,026	79,829	172,855
2011	96,292	76,532	172,824
2012	99,672	73,119	172,791
2013	103,171	69,587	172,758
2014-2018	572,801	290,448	863,249
2019-2023	486,287	188,206	674,493
2024-2028	436,792	111,329	548,121
2029-2033	408,111	29,352	437,463
	$ 2,386,023	$ 1,001,416	$ 3,387,439

Year Ending June 30,	Grand Totals		
	Principal	Interest	Total
2009	$ 1,319,871	$ 1,345,398	$ 2,665,269
2010	2,328,026	1,724,310	4,052,336
2011	2,571,292	1,650,963	4,222,255
2012	2,234,672	1,572,775	3,807,447
2013	2,043,171	1,504,668	3,547,839
2014-2018	11,707,801	6,406,329	18,114,130
2019-2023	11,951,287	3,887,003	15,838,290
2024-2028	11,121,792	1,347,660	12,469,452
2029-2033	408,111	29,352	437,463
Less: deferred amounts on advance refunding	(761,030)	-	(761,030)
	$ 44,924,993	$ 19,468,458	$ 64,393,451

See accompanying independent auditors' report.

8. ASSESSMENT DISTRICT BONDS:

In July 1992, the City issued $400,373 Limited Obligation Improvement Bonds, on behalf of Assessment District No. 92-1. Proceeds of the bonds were used to finance the construction of streets, storm drains, and traffic improvements. The bonds are secured by the unpaid assessments, together with interest thereon, on parcels within the District. The City is in no way liable for repayment, but is only acting as an agent for the collection of principal and interest payments by property owners and remittance for such monies to the bondholders. At June 30, 2008, the unpaid obligation on the bonds was $155,000 and cash and investments for bonds and interest coupons redemption of $91,926 was held by the City and recorded on the 1915 Act Bonds Agency Fund.

9. PASS-THROUGH AGREEMENTS:

The Westminster Redevelopment Agency has entered into agreements with various governmental entities to "pass-through" portions of tax increments received to entities which are located within the Agency's project area. Tax incremental revenues passed through to other agencies during fiscal year 2008 totaled $6,949,898 and pass-throughs due and payable totaled $7,015,000 at year-end and are recorded in the Debt Service Fund.

10. PENSION PLAN:

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, 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.

10. PENSION PLAN (CONTINUED):

Funding Policy:

Participants are required to contribute 7%-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 2008 was $903,729 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 2008, the City's actual and contributed annual pension cost was $903,729. The required contribution for the fiscal year 2008 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45%, (c) inflation of 3.00%, (d) payroll growth of 3.25%, and (e) an individual salary growth based on merit scale varying by duration of employment, coupled with an assumed annual inflation component of 3.00%, and an annual production growth of 0.25%.

The actuarial value of the Plan's assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a fifteen 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, 2008 was 15 years for the Miscellaneous Plan.

10. PENSION PLAN (CONTINUED):

Three-Year Trend Information for the Miscellaneous Plan:

Fiscal Year	Annual Pension Cost (APC)	Percentage APC Contributed	Net Pension Obligation
6/30/06	$ 616,926	100%	$ -
6/30/07	769,522	100%	-
6/30/08	903,729	100%	-

Funded Status and Funding Progress:

As of June 30, 2007, the most recent actuarial valuation date, the plan was 98.0% funded. The actuarial accrued liability for benefits was $70.4 million, and the actuarial value of assets was $69.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of $1.4 million. The covered payroll (annual payroll of active employees covered by the plan) was $10.8 million, and the ratio of the UAAL to the covered payroll was 13.0%.

The schedule of funding progress presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-Year Schedule of Funding Progress for the Miscellaneous Plan for PERS

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio AVA	Annual Covered Payroll	UAAL as a % of Payroll
	(A)	(B)	(A-B)	(B/A)	(C)	[(A-B)/C]
6/30/05	$ 58,551,277	$ 60,032,759	$ (1,481,482)	102.5 %	$ 8,935,502	(16.6) %
6/30/06	64,464,327	63,898,820	565,507	99.1 %	9,628,286	5.9 %
6/30/07	70,394,853	68,990,242	1,404,611	98.0 %	10,784,231	13.0 %

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 18.775% of covered payroll. The City's contributions to CalPERS for the years ended June 30, 2008, 2007 and 2006 were $1,755,795, $2,849,915 and $2,451,723, respectively, and were equal to the required contributions for each year.

See accompanying independent auditors' report.

10. PENSION PLAN (CONTINUED):

Plan Description - Other Defined Contribution Pension Plans:

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

Omnibus Budget Reconciliation Act of 1990 (OBRA 90) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by Social Security or an alternate plan. In accordance with this federal law, the City provides pension benefits for all part-time, seasonal and temporary employees through the City of Westminster Alternate Retirement System Plan administered by the Public Agency Retirement System (PARS-ARS). PARS-ARS is a defined contribution pension plan and benefits depend solely on amounts contributed to the plan plus investment earnings. Federal legislation requires defined contributions to the retirement plan of at least 7.5% of the employee's salary. Accordingly, contributions to the plan consist of 6% by the employee and 1.5% by the City. All part-time, seasonal or temporary employees are immediately eligible to participate in the plan from the date of employment and all contributions are fully vested.

For the year ended June 30, 2008, the City's payroll covered by the plan was $1,299,775. Contributions to the plan totaled $97,483 with employee contributions in the amount of $77,961 (6.0% of current covered payroll) and City contributions in the amount of $19,522 (1.5% of current covered payroll).

Law Enforcement - Public Agency Retirement System Supplement

All full-time and permanent personnel represented by the Westminster Police Officers' Association are eligible to participate in the Public Agency Retirement System Supplement to the California Public Employees' Retirement System Plan. This supplemental plan is administered by PARS with Union Bank of California and operates in conjunction with the City's CalPERS pension plan. As a defined contribution plan, the City contributes on the employees behalf fifty dollars per month for each year of service with the Employer with a maximum benefit of $1,250 per month. Employee service time vests immediately. The employees, however, must retire from the City of Westminster to receive the retirement benefit. City contributions are made monthly to PARS and participants fully vest in these benefits. For the year ended June 30, 2008, 27 law enforcement personnel participated in the plan and the City's total contribution to the plan was $240,000.

11. POSTRETIREMENT HEALTH CARE BENEFITS:

In addition to the pension benefits described in Note 10, the City provides postretirement health care benefits in accordance with memorandum of understanding agreements signed between the City and the various labor groups. Employees who retire from the City under the CalPERS retirement plan are eligible to have their medical, dental and life benefits continued in accordance with their eligibility level at retirement, subject to annual contribution caps of $11,604 for all employees categorized under the Police Officers Association, and $11,839 for all other employees. The City's regular health care benefit providers underwrite the retiree's policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

As of year-end, there were 233 retired employees receiving postretirement benefits. The City finances the plan on a pay-as-you-go basis. For the year ended June 30, 2008, the City recognized as incurred $1,884,619 of expenditures, which was net of $101,549 of retiree contributions.

12. DEFERRED COMPENSATION:

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

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

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

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

13. 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.

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, 2008, the Risk Management Fund had accumulated fund equity of $4,611,770. Also, at June 30, 2008, the Compensation/Benefits Fund had a reserve for catastrophic losses of $4,798,588, which is reported as net assets in this fund. The claims liabilities of $1,572,376 and $2,124,928 reported in the Risk Management and Compensation/Benefits Internal Service Funds, respectively, at June 30, 2008 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.

13. RISK MANAGEMENT (CONTINUED):

Changes in the Risk Management and Compensation/Benefits Internal Service Funds' claims liability amounts in fiscal years 2008 and 2007 were as follows:

	Risk Management Fund		Compensation/Benefits Fund	
	2008	2007	2008	2007
Beginning-year liability	$ 934,567	$ 996,591	$ 1,590,957	$ 1,378,520
Current-year claims and changes in estimates	1,748,067	103,748	1,005,342	878,435
Claim payments	(1,110,258)	(165,772)	(471,371)	(665,998)
Balance at fiscal year-end	$ 1,572,376	$ 934,567	$ 2,124,928	$ 1,590,957

14. RESERVES AND DESIGNATIONS OF FUND BALANCE:

Reserves segregate portions of fund balance that are not available spendable resources. The various reserves established as of June 30, 2008 were as follows:

	General	RDA Low and Moderate Income Housing	Housing and Community Development	Special Gas Tax and Street Improvements	Debt Service	Capital Improvements	Redevelopment Projects	Other Govt Funds	Total Govt Funds
Reserves:									
Advances to other funds	$ 77,803	$ -	$ -	$ -	$ 872,888	$ 1,288,550	$ -	$ -	$ 2,239,241
Loans and notes receivable	-	6,198,491	850,000	-	-	-	-	-	7,048,491
Low and moderate income housing	-	14,549,921	-	-	-	-	-	-	14,549,921
Debt service	-	1,420,000	-	339,999	15,531,780	-	-	403,212	17,694,991
Prepaid items	101,014	-	690	-	-	-	8,657	12,975	123,336
Land held for resale	-	4,298,867	-	-	-	-	723,950	-	5,022,817
	$ 178,817	$ 26,467,279	$ 850,690	$ 339,999	$ 16,404,668	$ 1,288,550	$ 732,607	$ 416,187	$ 46,678,797

See accompanying independent auditors' report.

14. RESERVES AND DESIGNATIONS OF FUND BALANCE (CONTINUED):

	General	Capital Improvements	Redevelopment Projects	Total Governmental Funds
Designations:				
General contingencies	$ 1,935,325	$ -	$ -	$ 1,935,325
Emergency reserves	1,746,433	-	-	1,746,433
Capital projects	-	27,646,969	10,637,363	38,284,332
Debt service	-	-	3,653,566	3,653,566
	$ 3,681,758	$ 27,646,969	$ 14,290,929	$ 45,619,656

Reserved for Advances to Other Funds

These reserves represent the amounts that were advanced to other funds and are not anticipated to be repaid in the current year and are not considered as available resources.

Reserved for Loans and Notes Receivable

This reserve is provided to indicate that the amounts that are to be paid on the notes are not considered "available" to meet the expenditures of the current period.

Reserved for Low and Moderate Income Housing

This reserve is the unexpended 20% portion of the tax increment revenue received under the California Health and Safety Code which is required to be used for Low and Moderate Income Housing.

Reserved for Debt Service

These reserves are amounts accumulated by the City that are restricted to the payment of long-term debt principal and interest amounts that mature in future years.

Reserved for Prepaid Items

This reserve represents contractual obligations for cash payments made before June 30, 2008, but will not be recognized as an expenditure until after July 1, 2008.

14. RESERVES AND DESIGNATIONS OF FUND BALANCE (CONTINUED):

Reserved for Land Held for Resale

This reserve is provided to indicate that land held for resale is not "available" as a resource to meet the expenditures of the current period.

Designated for General Contingencies

These funds are designated for general contingencies of the City from the General Fund.

Designated for Emergency Reserves

These funds are designated as an emergency reserve of the City from the General Fund.

Designated for Capital Projects

These funds are designated to provide for future capital additions as determined by the City Council.

Designated for Debt Service

These funds are designated to provide for future debt payments as determined by the City Council.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES:

Deficit Fund Balances:

The following Special Revenue Funds have deficit fund balances at June 30, 2008. These deficits are primarily the result of cash being transferred to the Capital Projects Funds prior to the funding of projects. As projects are completed and funded, revenues will be accrued in the various Special Revenue Funds.

Housing and Community Development	$ 140,745
Special Gas Tax and Street Improvements	1,322,114
Other Governmental Funds - Park Dedication	109,553

See accompanying independent auditors' report.

15. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (CONTINUED):

Excess of Expenditures over Appropriations:

	Budget	Actual	Variance with Final Budget
Redevelopment Agency Debt Service Fund	$ 13,356,142	$ 14,074,008	$ (717,866)
Other Governmental Funds:			
Parks Dedication Special Revenue Fund	41,438	45,245	(3,807)

16. COMMITMENTS AND CONTINGENCIES:

Claims and Judgments:

At June 30, 2008, the City was a defendant in a number of lawsuits arising in the ordinary course of operations which allege liability on the part of the City in connection with workers compensation and general liability matters. Management believes that potential losses relating to these lawsuits will not materially affect the financial position of the City.

Grant Contingencies:

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

Debt Contingencies:

The Agency has a contingent liability with regard to the $6.1 million Westminster Redevelopment Agency Multi-Family Housing Revenue Bonds issue dated December 16, 1993. At June 30, 2008, $5.4 million of the original amount of $6.1 million in bonds was outstanding. The proceeds of the bonds were loaned by the Westminster Redevelopment Agency to Elderly Development Westminster (Developer) pursuant to a loan agreement between the Agency, Bank of America (Trustee) and the Developer. The agreement was entered into simultaneously with the bond issuance and requires payments sufficient to pay principal and interest consistent with the term bond maturity dates.

If certain conditions are met, such assistance is further limited to 75% of debt service for the first 12 consecutive months, 75% of debt service for the next 12 consecutive months and 50% of annual debt service thereafter. The bondholders have no other recourse against Agency funds and in no event is the Agency liable for amounts in excess of the annual debt service.

See accompanying independent auditors' report.

16. COMMITMENTS AND CONTINGENCIES (CONTINUED):

Debt Contingencies (Continued):

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, 2008, the aggregate principal amount of Bonds outstanding totaled $10,530,000.

CITY OF WESTMINSTER

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

For the year ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 35,620,595	$ 35,620,595	$ 35,001,900	$ (618,695)
Licenses and permits	654,900	654,900	788,416	133,516
Fines	1,055,000	1,055,000	1,162,320	107,320
Investment and rental	1,413,200	1,503,200	3,816,888	2,313,688
Intergovernmental	115,600	168,027	272,331	104,304
Charges for services	6,569,855	6,569,855	6,744,616	174,761
Other	83,871	83,871	167,398	83,527
TOTAL REVENUES	45,513,021	45,655,448	47,953,869	2,298,421
EXPENDITURES:				
Current:				
General government	1,579,794	1,592,469	1,113,761	478,708
Public safety	34,351,872	34,484,147	34,095,187	388,960
Public works	4,155,260	4,232,821	3,963,226	269,595
Community development	3,204,752	3,278,220	3,149,136	129,084
Community services	2,098,664	2,138,664	2,027,939	110,725
Capital outlay	62,000	68,015	93,689	(25,674)
TOTAL EXPENDITURES	45,452,342	45,794,336	44,442,938	1,351,398
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	60,679	(138,888)	3,510,931	3,649,819
OTHER FINANCING SOURCES (USES):				
Sale of equipment and property	3,500	3,500	15,660	12,160
Transfers in	782,589	797,589	797,589	-
Transfers out	(449,062)	(1,357,563)	(1,357,563)	-
TOTAL OTHER FINANCING SOURCES (USES)	337,027	(556,474)	(544,314)	12,160
NET CHANGE IN FUND BALANCE	397,706	(695,362)	2,966,617	3,661,979
FUND BALANCE - BEGINNING OF YEAR	23,981,805	23,981,805	23,981,805	-
FUND BALANCE - END OF YEAR	$ 24,379,511	$ 23,286,443	$ 26,948,422	$ 3,661,979

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

CITY OF WESTMINSTER

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

For the year ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 6,977,100	$ 6,977,100	$ 7,190,197	$ 213,097
Investment and rental	400,000	400,000	859,284	459,284
Other	-	-	6,249	6,249
TOTAL REVENUES	7,377,100	7,377,100	8,055,730	678,630
EXPENDITURES:				
Current:				
Community development	816,328	943,005	806,075	136,930
Capital outlay	2,000	2,000	1,935	65
TOTAL EXPENDITURES	818,328	945,005	808,010	136,995
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,558,772	6,432,095	7,247,720	815,625
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,625,818	5,625,818
Transfers out	(1,767,926)	(1,767,926)	(2,699,102)	(931,176)
TOTAL OTHER FINANCING SOURCES (USES)	(1,767,926)	(1,767,926)	2,926,716	4,694,642
NET CHANGE IN FUND BALANCE	4,790,846	4,664,169	10,174,436	5,510,267
FUND BALANCE - BEGINNING OF YEAR	16,292,843	16,292,843	16,292,843	-
FUND BALANCE - END OF YEAR	$ 21,083,689	$ 20,957,012	$ 26,467,279	$ 5,510,267

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative
	Original	Final	Actual	
REVENUES:				
Fines	$ -	$ -	$ 1,610	$ 1,610
Investment and rental	4,820	4,820	9,503	4,683
Intergovernmental	1,801,170	1,801,170	2,262,071	460,901
Other	150,000	150,000	5,758	(144,242)
TOTAL REVENUES	1,955,990	1,955,990	2,278,942	322,952
EXPENDITURES:				
Current:				
Community development	1,308,696	2,456,829	1,719,210	737,619
Capital outlay	2,600	7,100	3,993	3,107
TOTAL EXPENDITURES	1,311,296	2,463,929	1,723,203	740,726
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	644,694	(507,939)	555,739	1,063,678
OTHER FINANCING SOURCES (USES):				
Transfers in	8,589	358,600	358,600	-
Transfers out	(648,463)	(648,463)	(648,463)	-
TOTAL OTHER FINANCING SOURCES (USES)	(639,874)	(289,863)	(289,863)	-
NET CHANGE IN FUND BALANCE	4,820	(797,802)	265,876	1,063,678
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(406,621)	(406,621)	(406,621)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (401,801)	$ (1,204,423)	$ (140,745)	$ 1,063,678

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 2,857,500	$ 2,857,500	$ 2,813,892	$ (43,608)
Investment and rental	150,000	150,000	178,917	28,917
Intergovernmental	3,555,773	3,955,773	4,219,431	263,658
Charges for services	65,000	65,000	176,956	111,956
Other	-	-	89,796	89,796
TOTAL REVENUES	6,628,273	7,028,273	7,478,992	450,719
EXPENDITURES:				
Current:				
Community development	2,402,095	2,521,586	2,285,426	236,160
Debt service:				
Bond issuance costs	-	132,224	132,224	-
Principal retirement	230,585	230,585	230,585	-
Interest and fiscal charges	109,413	121,269	121,269	-
TOTAL EXPENDITURES	2,742,093	3,005,664	2,769,504	236,160
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,886,180	4,022,609	4,709,488	686,879
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of bonds	-	2,523,539	2,523,539	-
Payment to refund bond escrow agent	-	(2,391,316)	(2,391,316)	-
Transfers in	-	4,165,888	2,856,543	(1,309,345)
Transfers out	(5,675,000)	(7,545,314)	(6,235,969)	1,309,345
TOTAL OTHER FINANCING SOURCES (USES)	(5,675,000)	(3,247,203)	(3,247,203)	-
NET CHANGE IN FUND BALANCE	(1,788,820)	775,406	1,462,285	686,879
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(2,784,399)	(2,784,399)	(2,784,399)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (4,573,219)	$ (2,008,993)	$ (1,322,114)	$ 686,879

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

CITY OF WESTMINSTER

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2008

1. BUDGETS AND BUDGETARY ACCOUNTING:

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

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

See accompanying independent auditors' report.

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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 summer youth, 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 SPECIAL REVENUE FUNDS

June 30, 2008

	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
ASSETS				
Cash and investments	$ 10,447	$ 576,238	$ 1,828,062	$ 478,794
Receivables, net of allowance:				
Taxes	-	-	39,988	-
Interest	-	-	-	-
Due from other governments	-	29,390	-	28,985
Prepaid items	-	-	-	-
Restricted cash and investments	-	-	-	-
TOTAL ASSETS	$ 10,447	$ 605,628	$ 1,868,050	$ 507,779
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and other liabilities	$ -	$ 41,203	$ 164,573	$ 91,084
Deposits	-	12,109	-	-
Deferred revenue	-	-	897	-
Due to other funds	120,000	50,000	-	-
TOTAL LIABILITIES	120,000	103,312	165,470	91,084
FUND BALANCES (DEFICIT):				
Reserved for:				
Prepaid items	-	-	-	-
Debt service	-	161,285	-	-
Unreserved - undesignated	(109,553)	341,031	1,702,580	416,695
TOTAL FUND BALANCES (DEFICIT)	(109,553)	502,316	1,702,580	416,695
TOTAL LIABILITIES AND FUND BALANCES	$ 10,447	$ 605,628	$ 1,868,050	$ 507,779

See accompanying independent auditors' report.

Offsite Drainage District	Community Promotion	Totals
$ 103,682	$ 1,494,985	$ 4,492,208
-	-	39,988
-	100	100
-	-	58,375
-	12,975	12,975
-	65,648	65,648
$ 103,682	$ 1,573,708	$ 4,669,294
$ -	$ 94,056	$ 390,916
-	-	12,109
-	-	897
-	-	170,000
-	94,056	573,922
-	12,975	12,975
-	241,927	403,212
103,682	1,224,750	3,679,185
103,682	1,479,652	4,095,372
$ 103,682	$ 1,573,708	$ 4,669,294

CITY OF WESTMINSTER

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

For the year ended June 30, 2008

	Parks Dedication	Special Police Services	Municipal Lighting	Other Grants
REVENUES:				
Taxes	$ -	$ -	$ 823,876	$ -
Investment and rental	57,894	39,196	97,302	18,463
Intergovernmental	726,600	333,636	-	510,850
Charges for services	120,401	133,310	-	-
Other	-	59,311	-	30,356
TOTAL REVENUES	904,895	565,453	921,178	559,669
EXPENDITURES:				
Current:				
General government	-	-	-	78,375
Public safety	-	767,244	-	-
Community development	45,245	-	755,628	202,979
Community services	-	-	-	263,548
Capital outlay	-	89,740	-	-
Debt service:				
Bond issuance costs	-	62,723	-	-
Principal retirement	-	109,382	-	-
Interest and fiscal charges	-	56,811	-	-
TOTAL EXPENDITURES	45,245	1,085,900	755,628	544,902
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	859,650	(520,447)	165,550	14,767
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of bonds	-	1,197,087	-	-
Payment to refund bond escrow agent	-	(1,134,365)	-	-
Transfers in	-	337,063	-	181,073
Transfers out	(103,750)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(103,750)	399,785	-	181,073
NET CHANGE IN FUND BALANCES	755,900	(120,662)	165,550	195,840
FUND BALANCES (DEFICIT) - BEGINNING OF YEAR	(865,453)	622,978	1,537,030	220,855
FUND BALANCES (DEFICIT) - END OF YEAR	$ (109,553)	$ 502,316	$ 1,702,580	$ 416,695

See accompanying independent auditors' report.

Offsite Drainage District	Community Promotion	Totals
$ -	$ 353,898	$ 1,177,774
4,657	66,756	284,268
-	471,778	2,042,864
5,835	1,141	260,687
-	13,005	102,672
10,492	906,578	3,868,265
-	-	78,375
-	-	767,244
525	244,762	1,249,139
-	35,799	299,347
-	40,044	129,784
-	94,084	156,807
-	164,074	273,456
-	85,825	142,636
525	664,588	3,096,788
9,967	241,990	771,477
-	1,795,632	2,992,719
-	(1,701,547)	(2,835,912)
-	34,500	552,636
-	(20,000)	(123,750)
-	108,585	585,693
9,967	350,575	1,357,170
93,715	1,129,077	2,738,202
$ 103,682	$ 1,479,652	$ 4,095,372

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 45,000	$ 45,000	$ 57,894	$ 12,894
Intergovernmental	-	-	726,600	726,600
Charges for services	83,750	83,750	120,401	36,651
TOTAL REVENUES	128,750	128,750	904,895	776,145
EXPENDITURES:				
Current:				
Community development	6,438	41,438	45,245	(3,807)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	122,312	87,312	859,650	772,338
OTHER FINANCING USES:				
Transfers out	(103,750)	(103,750)	(103,750)	-
NET CHANGE IN FUND BALANCE	18,562	(16,438)	755,900	772,338
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(865,453)	(865,453)	(865,453)	-
FUND BALANCE (DEFICIT) - END OF YEAR	$ (846,891)	$ (881,891)	$ (109,553)	$ 772,338

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment and rental	$ 32,400	$ 32,400	$ 39,196	$ 6,796
Intergovernmental	385,259	385,259	333,636	(51,623)
Charges for services	132,500	132,500	133,310	810
Other	-	-	59,311	59,311
TOTAL REVENUES	550,159	550,159	565,453	15,294
EXPENDITURES:				
Current:				
Public safety	763,289	966,415	767,244	199,171
Capital outlay	18,479	75,899	89,740	(13,841)
Debt service:				
Bond issuance costs	-	62,723	62,723	-
Principal retirement	109,382	109,382	109,382	-
Interest and fiscal charges	52,402	57,208	56,811	397
TOTAL EXPENDITURES	943,552	1,271,627	1,085,900	185,727
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(393,393)	(721,468)	(520,447)	201,021
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of bonds	-	1,197,088	1,197,087	(1)
Payment to refund bond escrow agent	-	(1,134,365)	(1,134,365)	-
Transfers in	337,063	337,063	337,063	-
TOTAL OTHER FINANCING SOURCES (USES)	337,063	399,786	399,785	(1)
NET CHANGE IN FUND BALANCE	(56,330)	(321,682)	(120,662)	201,020
FUND BALANCE - BEGINNING OF YEAR	622,978	622,978	622,978	-
FUND BALANCE - END OF YEAR	$ 566,648	$ 301,296	$ 502,316	$ 201,020

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 875,385	$ 875,385	$ 823,876	$ (51,509)
Investment and rental	30,000	30,000	97,302	67,302
TOTAL REVENUES	905,385	905,385	921,178	15,793
EXPENDITURES:				
Current:				
Community development	742,398	817,455	755,628	61,827
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	162,987	87,930	165,550	77,620
FUND BALANCE - BEGINNING OF YEAR	1,537,030	1,537,030	1,537,030	-
FUND BALANCE - END OF YEAR	$ 1,700,017	$ 1,624,960	$ 1,702,580	$ 77,620

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Investment and rental	$ 8,400	$ 8,400	$ 18,463	$ 10,063
Intergovernmental	529,916	529,916	510,850	(19,066)
Other	78,100	78,100	30,356	(47,744)
TOTAL REVENUES	616,416	616,416	559,669	(56,747)
EXPENDITURES:				
Current:				
General government	76,713	76,713	78,375	(1,662)
Community development	235,940	235,940	202,979	32,961
Community services	294,746	295,560	263,548	32,012
TOTAL EXPENDITURES	607,399	608,213	544,902	63,311
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,017	8,203	14,767	6,564
OTHER FINANCING SOURCES (USES):				
Transfers in	28,000	209,073	181,073	(28,000)
Transfers out	(28,000)	(28,000)	-	28,000
TOTAL OTHER FINANCING SOURCES (USES)	-	181,073	181,073	-
NET CHANGE IN FUND BALANCE	9,017	189,276	195,840	6,564
FUND BALANCE - BEGINNING OF YEAR	220,855	220,855	220,855	-
FUND BALANCE - END OF YEAR	$ 229,872	$ 410,131	$ 416,695	$ 6,564

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Investment and rental	$ 3,300	$ 3,300	$ 4,657	$ 1,357
Charges for services	-	-	5,835	5,835
TOTAL REVENUES	3,300	3,300	10,492	7,192
EXPENDITURES:				
Current:				
Community development	165	565	525	40
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,135	2,735	9,967	7,232
FUND BALANCE - BEGINNING OF YEAR	93,715	93,715	93,715	-
FUND BALANCE - END OF YEAR	$ 96,850	$ 96,450	$ 103,682	$ 7,232

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 350,000	$ 350,000	$ 353,898	$ 3,898
Investment and rental	70,000	70,000	66,756	(3,244)
Intergovernmental	-	-	471,778	471,778
Charges for services	-	-	1,141	1,141
Other	20,000	20,000	13,005	(6,995)
TOTAL REVENUES	440,000	440,000	906,578	466,578
EXPENDITURES:				
Current:				
Community development	274,821	277,321	244,762	32,559
Community services	37,000	37,000	35,799	1,201
Capital outlay	300	28,125	40,044	(11,919)
Debt service:				
Bond issuance costs	-	94,084	94,084	-
Principal retirement	164,074	164,074	164,074	-
Interest and fiscal charges	77,853	85,825	85,825	-
TOTAL EXPENDITURES	554,048	686,429	664,588	21,841
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(114,048)	(246,429)	241,990	488,419
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of bonds	-	1,795,632	1,795,632	-
Payment to refund bond escrow agent	-	(1,701,547)	(1,701,547)	-
Transfers in	32,000	34,500	34,500	-
Transfers out	-	(20,000)	(20,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	32,000	108,585	108,585	-
NET CHANGE IN FUND BALANCE	(82,048)	(137,844)	350,575	488,419
FUND BALANCE - BEGINNING OF YEAR	1,129,077	1,129,077	1,129,077	-
FUND BALANCE - END OF YEAR	$ 1,047,029	$ 991,233	$ 1,479,652	$ 488,419

See accompanying independent auditors' report.

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DEBT SERVICE FUND

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

CITY OF WESTMINSTER

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

REDEVELOPMENT AGENCY DEBT SERVICE FUND

For the year ended June 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 27,723,397	$ 27,723,397	$ 28,760,788	$ 1,037,391
Investment and rental	650,000	650,000	85,331	(564,669)
TOTAL REVENUES	28,373,397	28,373,397	28,846,119	472,722
EXPENDITURES:				
Current:				
General government	7,143,670	7,979,170	8,697,036	(717,866)
Debt service:				
Bond issuance costs	-	1,749,674	1,749,674	-
Principal retirement	990,000	990,000	990,000	-
Interest and fiscal charges	1,556,661	2,637,298	2,637,298	-
TOTAL EXPENDITURES	9,690,331	13,356,142	14,074,008	(717,866)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,683,066	15,017,255	14,772,111	(245,144)
OTHER FINANCING SOURCES (USES):				
Proceeds from issuance of bonds	-	30,140,000	30,140,000	-
Payment to refund bond escrow agent	-	(31,905,000)	(31,905,000)	-
Transfers in	509,332	509,332	1,417,475	908,143
Transfers out	(18,000,000)	(18,000,000)	(18,000,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(17,490,668)	(19,255,668)	(18,347,525)	908,143
NET CHANGE IN FUND BALANCE	1,192,398	(4,238,413)	(3,575,414)	662,999
FUND BALANCE - BEGINNING OF YEAR	19,980,082	19,980,082	19,980,082	-
FUND BALANCE - END OF YEAR	$ 21,172,480	$ 15,741,669	$ 16,404,668	$ 662,999

See accompanying independent auditors' report.

INTERNAL SERVICE FUNDS

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

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

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

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

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

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS

June 30, 2008

ASSETS	Risk Management	Compensation/ Benefits
CURRENT ASSETS:		
Cash and investments	$ 5,791,052	$ 6,619,666
Accounts receivable	-	-
Other receivables	-	35,245
Prepaid items	-	-
Inventories	-	-
TOTAL CURRENT ASSETS	5,791,052	6,654,911
RESTRICTED ASSETS:		
Cash and investments	402,572	2,149,830
NONCURRENT ASSETS:		
Deferred bond charges	-	-
CAPITAL ASSETS:		
Buildings	-	-
Improvements other than buildings	-	-
Vehicles	-	-
Machinery and equipment	-	-
Office furniture, computers and equipment	-	-
Leased property	-	-
Construction in progress	-	-
TOTAL CAPITAL ASSETS	-	-
Less accumulated depreciation	-	-
NET CAPITAL ASSETS	-	-
TOTAL ASSETS	6,193,624	8,804,741

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 2,728,043	$ 101,114	$ 15,239,875
80,260	28,501	108,761
-	-	35,245
4,897	2,865	7,762
49,086	-	49,086
2,862,286	132,480	15,440,729
357,539	322,977	3,232,918
13,982	106,267	120,249
-	4,166,795	4,166,795
-	12,500	12,500
3,442,057	-	3,442,057
197,305	30,512	227,817
1,240,485	338,471	1,578,956
553,422	-	553,422
568,409	-	568,409
6,001,678	4,548,278	10,549,956
(2,829,376)	(1,048,805)	(3,878,181)
3,172,302	3,499,473	6,671,775
6,406,109	4,061,197	25,465,671

(Continued)

CITY OF WESTMINSTER

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
(CONTINUED)

June 30, 2008

	Risk Management	Compensation/ Benefits
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and other liabilities	$ 9,478	$ 407
Deferred revenue	-	4,910
Claims payable	393,094	531,232
Compensated absences	-	1,613,281
Certificates of participation	-	-
TOTAL CURRENT LIABILITIES	402,572	2,149,830
LONG-TERM LIABILITIES:		
Claims payable	1,179,282	1,593,696
Compensated absences	-	262,627
Certificates of participation	-	-
TOTAL LONG-TERM LIABILITIES	1,179,282	1,856,323
TOTAL LIABILITIES	1,581,854	4,006,153
NET ASSETS:		
Invested in capital assets, net of related debt	-	-
Unrestricted	4,611,770	4,798,588
TOTAL NET ASSETS	$ 4,611,770	$ 4,798,588

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 273,052	$ 87,715	$ 370,652
-	-	4,910
-	-	924,326
56,872	25,365	1,695,518
27,617	209,896	237,513
357,541	322,976	3,232,919
-	-	2,772,978
9,258	4,129	276,014
226,744	1,499,363	1,726,107
236,002	1,503,492	4,775,099
593,543	1,826,468	8,008,018
2,917,940	1,790,214	4,708,154
2,894,626	444,515	12,749,499
$ 5,812,566	$ 2,234,729	$ 17,457,653

CITY OF WESTMINSTER

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

For the year ended June 30, 2008

	Risk Management	Compensation/ Benefits
OPERATING REVENUES:		
Charges for services	$ 1,591,536	$ 13,464,977
Other	801,223	245,951
TOTAL OPERATING REVENUES	2,392,759	13,710,928
OPERATING EXPENSES:		
Salaries	-	4,386,068
Maintenance and operations	535,937	1,373,771
Insurance premiums and legal fees	941,668	2,329,734
Claims and benefits	1,748,067	5,785,826
Depreciation and amortization	-	-
TOTAL OPERATING EXPENSES	3,225,672	13,875,399
OPERATING INCOME (LOSS)	(832,913)	(164,471)
NONOPERATING REVENUES (EXPENSES):		
Investment income	-	-
Interest and fiscal charges	-	(65)
Gain (loss) on sale of property and equipment	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	(65)
NET INCOME (LOSS) BEFORE TRANSFERS	(832,913)	(164,536)
TRANSFERS:		
Transfers in	-	-
Transfers out	-	-
TOTAL TRANSFERS	-	-
CHANGE IN NET ASSETS	(832,913)	(164,536)
TOTAL NET ASSETS - BEGINNING OF YEAR	5,444,683	4,963,124
TOTAL NET ASSETS - END OF YEAR	$ 4,611,770	$ 4,798,588

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 3,101,649	$ 1,540,273	$ 19,698,435
216,179	122,869	1,386,222
3,317,828	1,663,142	21,084,657
981,262	568,534	5,935,864
1,617,734	728,838	4,256,280
823	-	3,272,225
-	-	7,533,893
552,599	125,430	678,029
3,152,418	1,422,802	21,676,291
165,410	240,340	(591,634)
265,506	73,323	338,829
(13,201)	(122,404)	(135,670)
(18,290)	-	(18,290)
234,015	(49,081)	184,869
399,425	191,259	(406,765)
1,234,357	108,035	1,342,392
(1,020,000)	(106,000)	(1,126,000)
214,357	2,035	216,392
613,782	193,294	(190,373)
5,198,784	2,041,435	17,648,026
$ 5,812,566	$ 2,234,729	$ 17,457,653

CITY OF WESTMINSTER

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended June 30, 2008

	Risk Management	Compensation/ Benefits
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customer	$ 2,392,759	$ 13,691,699
Payment to suppliers	(2,657,342)	(8,957,422)
Payment to employees	-	(4,286,769)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(264,583)	447,508
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from other funds	-	-
Cash paid to other funds	-	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	-	-
Bond costs	-	-
Proceeds from refunding bonds	-	-
Principal payment on bonds	-	-
Interest and fiscal charges	-	(65)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(65)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(264,583)	447,443
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,458,207	8,322,053
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,193,624	$ 8,769,496
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ (832,913)	$ (164,471)
Depreciation and amortization	-	-
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	-	(19,229)
(Increase) decrease in prepaid charges	-	-
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and other liabilities	(69,479)	(2,062)
Increase (decrease) in claims payable	637,809	533,971
Increase (decrease) in compensated absences payable	-	99,299
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (264,583)	$ 447,508

See accompanying independent auditors' report.

Motor Pool/ Equipment	Facilities/ Maintenance	Totals
$ 3,287,955	$ 1,634,641	$ 21,007,054
(1,565,860)	(709,714)	(13,890,338)
(977,442)	(565,015)	(5,829,226)
744,653	359,912	1,287,490
1,234,357	108,035	1,342,392
(1,020,000)	(106,000)	(1,126,000)
214,357	2,035	216,392
(1,222,126)	(5,272)	(1,227,398)
(14,066)	(106,904)	(120,970)
268,451	2,040,290	2,308,741
(278,915)	(2,119,814)	(2,398,729)
(12,688)	(96,110)	(108,863)
(1,259,344)	(287,810)	(1,547,219)
265,506	73,323	338,829
(34,828)	147,460	295,492
3,120,410	276,631	18,177,301
$ 3,085,582	$ 424,091	$ 18,472,793
$ 165,410	$ 240,340	$ (591,634)
552,599	125,430	678,029
(29,873)	(28,501)	(77,603)
(3,668)	(2,865)	(6,533)
(5,258)	-	(5,258)
61,623	22,169	12,251
-	-	1,171,780
3,820	3,339	106,458
$ 744,653	$ 359,912	$ 1,287,490

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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, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
ASSETS:				
Restricted cash and investments	$ 88,379	$ 41,921	$ 38,374	$ 91,926
LIABILITIES:				
Due to bondholders	$ 88,379	$ 41,921	$ 38,374	$ 91,926

See accompanying independent auditors' report.

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2008

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

Contents: Pages

Financial Trends theses schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	112 - 121
Revenue Capacity these schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	122 - 131
Debt Capacity these schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	132 - 138
Demographic and Economic Information these schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	139 - 140
Operating Information these schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	141 - 143

CITY OF WESTMINSTER

NET ASSETS BY COMPONENT

Last Six Fiscal Years
(accrual bases of accounting)

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

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

Source: City Finance Department

Fiscal Year Ended June 30,	
2007	2008
$ 93,264,276	$ 97,870,305
62,906,004	78,051,423
64,244,252	71,423,945
$ 220,414,532	$ 247,345,673
$ 31,234,034	$ 30,019,525
367,355	380,756
1,872,906	1,093,307
$ 33,474,295	$ 31,493,588
$ 124,498,310	$ 127,889,830
63,273,359	78,432,179
66,117,158	72,517,252
$ 253,888,827	$ 278,839,261

CITY OF WESTMINSTER

CHANGES IN NET ASSETS
EXPENSES AND PROGRAM REVENUES

Last Six Fiscal Years
(accrual basis of accounting)

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

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

Source: City Finance Department

Fiscal Year Ended June 30,	
2007	2008
$ 7,867,505	$ 8,529,466
36,299,935	34,981,171
9,276,287	10,149,119
12,185,104	12,502,817
2,883,655	2,873,862
2,229,851	2,728,406
70,742,337	71,764,841
12,084,948	12,112,328
12,084,948	12,112,328
82,827,285	83,877,169
770,204	931,322
2,693,966	2,510,083
661,371	710,098
1,839,972	2,056,317
260,998	323,492
6,673,336	8,170,763
4,887,888	3,824,058
17,787,735	18,526,133
10,673,586	10,866,749
10,673,586	10,866,749
28,461,321	29,392,882
(52,954,602)	(53,238,708)
(1,411,362)	(1,245,579)
(54,365,964)	(54,484,287)

CITY OF WESTMINSTER

CHANGES IN NET ASSETS
GENERAL REVENUES

Last Six Fiscal Years
(accrual basis of accounting)

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

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

Source: City Finance Department

Fiscal Year Ended June 30,	
2007	2008
$ 16,537,117	$ 16,182,971
44,158,452	47,114,786
5,398,058	5,431,551
535,896	411,655
3,034,760	2,908,715
5,754,628	7,295,177
-	-
(280,871)	824,994
75,138,040	80,169,849
144,030	89,866
-	-
280,871	(824,994)
424,901	(735,128)
75,562,941	79,434,721
22,183,438	26,931,141
(986,461)	(1,980,707)
$ 21,196,977	$ 24,950,434

CITY OF WESTMINSTER

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Six Fiscal Years
(modified accrual basis of accounting)

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

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

Source: City Finance Department

Fiscal Year Ended June 30,	
2007	2008
$ 439,516	$ 178,817
23,542,289	26,769,605
$ 23,981,805	$ 26,948,422
$ 39,922,224	$ 46,499,980
(2,081,224)	1,025,637
52,855,976	61,134,734
$ 90,696,976	$ 108,660,351

CITY OF WESTMINSTER

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Six Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Revenues:				
Taxes	$ 47,794,596	$ 51,707,823	$ 59,082,016	$ 64,656,552
Licenses and permits	683,574	740,893	781,468	610,347
Fines	1,133,471	1,156,610	1,198,103	1,115,973
Investment and rental	2,142,508	1,168,895	2,583,482	3,323,952
Intergovernmental	5,390,846	2,673,376	3,995,166	4,010,412
Charges for services	6,048,718	5,530,755	5,981,705	6,230,734
Other	875,049	1,273,797	374,248	594,603
Total revenues	64,068,762	64,252,149	73,996,188	80,542,573
Expenditures				
Current:				
General government	4,402,404	4,869,899	6,143,610	7,152,460
Public safety	28,289,482	28,107,348	30,295,390	31,171,238
Public works	3,358,499	3,020,997	2,934,063	3,185,114
Community development	8,214,778	7,294,351	7,056,187	8,621,528
Community services	2,102,260	1,789,396	1,823,333	1,972,542
Capital outlay	5,680,079	10,126,674	12,022,185	18,959,758
Debt service:				
Principal retirement	1,528,873	1,602,971	4,617,646	4,345,269
Interest and fiscal charges	2,253,395	2,131,874	2,303,283	2,203,295
Note issuance cost	-	118,792	73,849	-
Bond issuance cost	-	-	-	-
Total expenditures	55,829,770	59,062,302	67,269,546	77,611,204
Excess (deficiency) of revenues over (under) expenditures	8,238,992	5,189,847	6,726,642	2,931,369
Other financing sources (uses):				
Sale of equipment and property	8,133	557,727	3,295	3,390
Issuance of notes	-	6,200,000	3,100,000	-
Refunding bonds issed	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-
Transfers in	26,033,282	24,021,375	20,305,765	25,103,940
Transfers out	(25,968,650)	(23,897,738)	(19,949,775)	(23,880,599)
Total other financing sources (uses)	72,765	6,881,364	3,459,285	1,226,731
Net change in fund balances	$ 8,311,757	$ 12,071,211	$ 10,185,927	$ 4,158,100
Debt service as a percentage of noncapital expenditures	7.5%	7.6%	12.5%	11.2%

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

Source: City Finance Department

Fiscal Year Ended June 30,	
2007	2008
$ 73,577,733	$ 74,944,551
673,474	788,416
1,122,580	1,163,930
6,333,700	7,940,173
7,086,980	8,796,697
6,731,530	7,182,259
637,458	411,497
96,163,455	101,227,523
8,691,822	9,889,172
33,692,840	34,862,431
3,704,058	3,963,226
10,118,124	11,488,332
2,181,583	2,327,286
8,712,611	10,481,427
4,512,892	1,494,041
2,071,102	2,901,203
-	-
-	2,038,705
73,685,032	79,445,823
22,478,423	21,781,700
1,679	15,660
-	-
-	35,656,258
-	(37,132,228)
22,073,375	41,091,464
(27,304,597)	(40,482,862)
(5,229,543)	(851,708)
$ 17,248,880	$ 20,929,992
10.1%	9.3%

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING PROPERTY TAX RATES

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

	Fiscal Year Ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
City Direct Rate:										
City basic rate	0.09340	0.09340	0.09340	0.09340	0.09340	0.09340	0.09340	0.09340	0.09340	0.09340
Redevelopment agency	0.11464	0.12983	0.13720	0.21929	0.26190	0.31095	0.35554	0.39537	0.44615	0.47658
Total City Direct Rate	0.20804	0.22323	0.23060	0.31269	0.35530	0.40435	0.44894	0.48877	0.53955	0.56998
Overlapping Rates:										
Special Districts	0.05291	0.05291	0.05281	0.05171	0.05071	0.05011	0.04981	0.04921	0.04871	0.44000
County of Orange	0.15285	0.15285	0.15285	0.15285	0.15285	0.15285	0.15285	0.15285	0.15285	0.15250
School Districts	0.70974	0.70974	0.70974	0.70974	0.70974	0.71025	0.76727	0.75058	0.74778	0.71000
Total Direct Rate	1.00890	1.00890	1.00880	1.00770	1.00670	1.00661	1.06333	1.04604	1.04274	1.39590

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

Source: Orange County Assessor's Office

CITY OF WESTMINSTER

PRINCIPAL PROPERTY TAX PAYERS

Current Year and Nine Years Ago

Taxpayer	2008 Taxable Assessed Value	2008 Percent of Total City Taxable Assessed Value	1999 Taxable Assessed Value	1999 Percent of Total City Taxable Assessed Value
Retail Property Trust	$ 125,119,636	1.81%	$ -	0.00%
WRI Golden State LLC	62,608,589	0.90%	-	0.00%
Macy's Department Store	34,347,265	0.50%	-	0.00%
PKI Pavilions Place	34,270,248	0.50%	-	0.00%
Asian Garden Limited	25,258,325	0.36%	18,192,839	0.50%
Avalon Center at Garden Grove	25,151,667	0.36%	-	0.00%
Mary Hatchell Trust	24,480,000	0.35%	10,213,056	0.28%
Delma Corporation	19,725,483	0.28%	14,784,235	0.41%
Ipers 7400 Hazard Avenue California	19,550,000	0.28%	-	0.00%
Sears Roebuck & Company	17,706,637	0.26%	13,083,969	0.36%
Corporate Property Investors	-	0.00%	97,246,543	2.67%
HPBA Westminster Associates	-	0.00%	52,479,000	1.44%
Mitsui SBD America Fund 88Q	-	0.00%	21,173,391	0.58%
Retail Associates Fund IV Limited Partners	-	0.00%	10,608,000	0.29%
Dayton Hudson Corporation	-	0.00%	8,751,600	0.24%
California Drive-In Theaters	-	0.00%	17,712,466	0.49%
	$ 388,217,850	5.61%	$ 264,245,099	7.26%

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

Source: HdL, Coren & Cone

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CITY OF WESTMINSTER

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1999	$ 3,118,345	$ 3,079,857	98.77%	$ 86,722	$ 3,166,579	101.55%
2000	3,276,654	3,306,660	100.92%	115,673	3,422,333	104.45%
2001	3,446,792	3,484,247	101.09%	122,916	3,607,163	104.65%
2002	3,278,382	3,289,060	100.33%	116,864	3,405,924	103.89%
2003	3,253,308	3,264,879	100.36%	125,173	3,390,052	104.20%
2004	3,250,303	3,258,761	100.26%	141,527	3,400,288	104.61%
2005	3,258,297	3,266,270	100.24%	218,569	3,484,839	106.95%
2006	3,206,864	3,209,909	100.09%	209,060	3,418,969	106.61%
2007	3,210,481	3,210,705	100.01%	151,216	3,361,920	104.72%
2008	3,206,864	3,227,308	100.64%	115,932	3,342,245	104.22%

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

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

CITY OF WESTMINSTER

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended June 30,	City			
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value
1999	$ 2,917,710,904	$ 100,152,445	$ 82,233,394	$ 2,935,629,955
2000	3,069,308,750	101,314,066	82,498,972	3,088,123,844
2001	3,704,775,410	160,313,311	82,180,106	3,782,908,615
2002	3,069,767,327	101,438,368	82,519,972	3,088,685,723
2003	3,070,142,985	101,438,368	82,526,972	3,089,054,381
2004	4,615,203,550	187,047,921	82,526,972	4,719,724,499
2005	3,070,142,985	101,438,368	82,526,972	3,089,054,381
2006	3,070,314,334	101,438,368	82,526,972	3,089,225,730
2007	3,070,312,328	101,438,368	82,533,972	3,089,216,724
2008	3,069,628,787	101,438,368	82,540,972	3,088,526,183

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.

Source: Orange County Auditor-Controller

Redevelopment Agency				
Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
$ 869,279,169	$ 133,685,550	$ 1,986,600	$ 1,000,978,119	0.20804%
964,043,045	127,966,612	1,821,200	1,090,188,457	0.22323%
1,031,874,369	133,775,239	3,502,800	1,162,146,808	0.23060%
4,010,413,851	168,233,484	86,276,891	4,092,370,444	0.31269%
4,269,675,287	170,143,081	86,374,184	4,353,444,184	0.35530%
4,705,155,866	186,033,418	89,655,634	4,801,533,650	0.40435%
4,976,039,997	212,157,032	89,002,400	5,099,194,629	0.44894%
5,498,360,086	190,250,992	98,904,230	5,589,706,848	0.48877%
6,073,405,708	234,532,935	105,484,147	6,202,454,496	0.53955%
6,522,611,781	223,161,571	108,888,418	6,636,884,934	0.56998%

CITY OF WESTMINSTER

WATER CUSTOMERS

Current Year and Nine Years Ago

Water Customer	2008 Water Charges	2008 Percent of Total Water Revenues	1999 Water Charges	1999 Percent of Total Water Revenues
City of Westminster	$ 166,673	22.15%	$ 134,282	18.36%
Arnel Management	117,373	15.60%	161,751	22.12%
Westminster School District	103,067	13.70%	103,419	14.14%
Garden Grove Unified	61,560	8.18%	38,025	5.20%
Westminster Village HOA	51,511	6.84%	-	0.00%
Park Lane Town Home	43,396	5.77%	-	0.00%
Pembrook Management Inc.	42,776	5.68%	66,138	9.04%
Birmingham Realty Services	36,846	4.90%	37,042	5.06%
Rancho Del Sol	33,621	4.47%	-	0.00%
Mission Del Amo Mobile Home Park	32,588	4.33%	42,779	5.85%
Tres Vidas Apartments	31,698	4.21%	41,340	5.65%
Busch Carr & Mc Adoo	31,469	4.18%	-	0.00%
Prado Verde Estates	-	0.00%	34,098	4.66%
HMR Property Management Company	-	0.00%	33,699	4.61%
Asian Garden Ltd.	-	0.00%	38,794	5.31%
Total	$ 752,578		$ 731,367	

Source: City of Westminster

CITY OF WESTMINSTER

WATER RATES

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Monthly Base Rate	Rate per 1,000 Gallons
1999	$ -	$ 1.47
2000	-	1.47
2001	-	1.52
2002	4.50	1.30
2003	4.05	1.20
2004	4.82	1.26
2005	4.82	1.26
2006	4.82	1.26
2007	4.82	1.26
2008	5.21	1.36

Note:
Rates are based on 5/8" meter, which is the standard household meter size. The City charges an excess-use rate above normal demand.

Source: City of Westminster

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CITY OF WESTMINSTER

WATER SOLD BY TYPE OF CUSTOMER

Last Ten Fiscal Years
(in millions of gallons)

Fiscal Year Ended June 30,	Type of Customer					
	Residential	Industrial	Commercial	Military	Government	Total
1999	$ 8,854,240	$ 91,485	$ 1,437,202	$ -	$ 45,698	$ 10,428,625
2000	6,958,326	110,044	1,626,670	-	53,702	8,748,742
2001	4,546,397	65,895	1,129,601	-	32,938	5,774,831
2002	2,929,686	37,867	614,889	-	81,852	3,664,294
2003	7,395,139	79,095	1,527,961	-	101,899	9,104,094
2004	7,411,563	91,508	1,444,947	-	183,526	9,131,544
2005	7,740,877	91,961	1,521,968	-	107,159	9,461,965
2006	8,338,946	103,672	1,661,118	-	118,161	10,221,897
2007	8,477,163	91,779	1,617,759	-	92,457	10,279,158
2008	8,454,873	107,602	1,696,826	-	102,111	10,361,412

Total direct rate
per 1,000 gallons

Source: City of Westminster

CITY OF WESTMINSTER

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				
	Tax Allocation Bonds	Certificates of Participation	Notes Payable	Capitalized Lease	Total Governmental Activities
1999	$ 43,271,725	$ 13,111,522	$ 2,085,000	$ 69,823	$ 58,538,070
2000	42,217,256	8,723,796	1,780,000	130,690	52,851,742
2001	41,110,408	11,580,579	1,460,000	92,034	54,243,021
2002	40,156,185	7,958,921	1,125,000	50,175	49,290,281
2003	36,385,000	10,319,635	770,000	18,062	47,492,697
2004	41,480,000	9,744,163	695,000	-	51,919,163
2005	40,805,000	9,133,691	300,000	-	50,238,691
2006	36,925,000	8,498,219	300,000	-	45,723,219
2007	32,895,000	7,837,747	300,000	-	41,032,747
2008	30,140,000	7,479,879	300,000	-	37,919,879

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

Source: City Finance Department

Business-type Activities					
Certificates of Participation	Loans Payable	Total Business-type Activities	Total Primary Government	Percentage of Personal Income	Debt per Capita
$ 5,152,950	$ -	$ 5,152,950	$ 63,691,020	6.61%	$ 738
4,510,747	-	4,510,747	57,362,489	5.41%	665
4,406,815	857,906	5,264,721	59,507,742	5.46%	675
4,297,883	2,866,358	7,164,241	56,454,522	5.05%	632
4,183,950	4,566,670	8,750,620	56,243,317	4.81%	620
4,065,018	4,417,041	8,482,059	60,401,222	4.84%	666
3,936,086	4,157,757	8,093,843	58,332,534	n/a	632
3,802,154	3,886,724	7,688,878	53,412,097	n/a	578
3,663,223	3,604,845	7,268,068	48,300,815	n/a	520
4,619,091	2,386,023	7,005,114	44,924,993	n/a	483

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		
1999	$ -	$ -	$ -	0.00%	$ -
2000	-	-	-	0.00%	-
2001	-	-	-	0.00%	-
2002	-	-	-	0.00%	-
2003	-	-	-	0.00%	-
2004	-	-	-	0.00%	-
2005	-	-	-	0.00%	-
2006	-	-	-	0.00%	-
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-

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

Source: City Finance Department

CITY OF WESTMINSTER

DIRECT AND OVERLAPPING DEBT

June 30, 2008

City Assessed Valuation	$ 6,640,057,353
Redevelopment Agency Incremental Valuation	(3,469,006,746)
Total Assessed Valuation	$ 3,171,050,607

	Percentage Applicable (1)	Outstanding Debt 6/30/08	Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:			
Orange County Teeter Plan Obligations	0.862%	$ 123,725,000	$ 1,066,510
Metropolitan Water District	0.179%	327,215,000	585,715
Coast Community College District	3.765%	347,758,867	13,093,121
Huntington Beach Union High School District	7.104%	232,274,998	16,500,816
City of Westminster 1915 Act Bonds	100.000%	155,000	155,000
Total overlapping debt repaid with property taxes		$ 1,031,128,865	$ 31,401,162
Overlapping Other Debt:			
Orange County General Fund Obligations	0.862%	$ 532,326,000	$ 4,588,650
Orange County Pension Obligations	0.862%	72,729,867	626,931
Orange County Board of Education Certificates of Participation	0.862%	19,590,000	168,866
Municipal Water District of Orange County Water Facilities Corporation	1.019%	19,295,000	196,616
Huntington Beach Union High School District Certificates of Participation	7.104%	52,051,090	3,697,709
Ocean View School District Certificates of Participation	3.035%	8,190,000	248,567
Westminster School District Certificates of Participation	45.892%	17,790,000	8,164,187
City of Westminster Certificates of Participation	100.000%	7,825,000	7,825,000
Orange County Fire Authority	1.676%	10,365,000	173,717
Total gross overlapping other debt		$ 740,161,957	25,690,244
Less: MWDOC Water Facilities Corporation (100% self-supporting)			196,616
Total net overlapping other debt			$ 25,493,628
City direct debt			$ 31,401,162
Gross total direct and overlapping debt			$ 57,091,405
Net total direct and overlapping debt			$ 56,894,789

Notes:

(1) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

(2) Previously classified Orange County Sanitation District Certificates of Participation have been reclassified as district revenue supported issues and are no longer included as direct debt in the debt statement.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and nonbonded capital lease obligations.

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

Source: California Municipal Statistics

CITY OF WESTMINSTER

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

	Fiscal Year Ended June 30,			
	1999	2000	2001	2002
Assessed valuation	$ 3,017,863,349	$ 3,170,622,816	$ 3,947,268,827	$ 2,307,051,267
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	754,465,837	792,655,704	986,817,207	576,762,817
Debt limit percentage	15%	15%	15%	15%
Debt limit	113,169,876	118,898,356	148,022,581	86,514,423
Total net debt applicable to limitation	63,691,020	57,362,489	59,507,742	56,454,522
Legal debt margin	$ 49,478,856	$ 61,535,867	$ 88,514,839	$ 30,059,901
Total debt applicable to the limit as a percentage of debt limit	56.3%	48.2%	40.2%	65.3%

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

Sources: Orange County Assessor's Office
City Finance Department

Fiscal Year Ended June 30,					
2003	2004	2005	2006	2007	2008
$ 3,171,581,353	$ 3,171,581,353	$ 3,171,581,353	$ 3,171,752,702	$ 3,171,750,696	$ 3,171,050,607
25%	25%	25%	25%	25%	25%
792,895,338	792,895,338	792,895,338	792,938,176	792,937,674	792,762,652
15%	15%	15%	15%	15%	15%
118,934,301	118,934,301	118,934,301	118,940,726	118,940,651	118,914,398
56,243,317	60,401,222	58,332,534	53,412,097	48,300,815	44,924,993
$ 62,690,984	$ 58,533,079	$ 60,601,767	$ 65,528,629	$ 70,639,836	$ 73,989,405
47.3%	50.8%	49.0%	44.9%	40.6%	37.8%

CITY OF WESTMINSTER

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Certificates of Participation					
	Water Revenue	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	$ 9,186,032	$ 7,833,088	$ 1,352,944	$ 200,000	$ 243,266	3.05
2000	9,824,626	8,173,589	1,651,037	115,000	216,177	4.99
2001	9,619,952	7,865,648	1,754,304	120,000	211,048	5.30
2002	9,634,056	7,388,576	2,245,480	125,000	205,701	6.79
2003	9,637,017	7,384,480	2,252,537	130,000	200,135	6.82
2004	10,304,125	8,375,396	1,928,729	135,000	194,352	5.86
2005	10,524,867	9,035,378	1,489,489	145,000	188,241	4.47
2006	10,259,147	9,237,504	1,021,643	150,000	181,802	3.08
2007	10,817,613	9,885,518	932,095	155,000	175,146	2.82
2008	10,956,615	10,096,961	859,654	160,000	268,487	2.01

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

Source: City Finance Department

CITY OF WESTMINSTER

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended June 30,	Population (1)	Personal Income (in thousands)(2)*	Per Capita Personal Income (2) *	Unemployment Rate (3)
1999	86,248	$ 96,288,099	$ 34,194	5.10%
2000	87,637	106,003,904	37,095	5.10%
2001	89,927	109,010,278	37,614	5.20%
2002	89,683	111,750,294	38,109	6.70%
2003	90,643	117,722,484	39,745	6.90%
2004	91,464	125,670,056	42,115	6.30%
2005	92,270	133,031,819	44,453	5.00%
2006	92,566	143,949,044	48,209	4.70%
2007	92,870	n/a	n/a	3.90%
2008	93,027	n/a	n/a	5.30%

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	2008 Number of Employees	2008 Percent of Total Employment	1999 Number of Employees	1999 Percent of Total Employment
B & E Farms/Ito Farms	700	1.48%	1999 Data not available	
Southern Califrnia Edison	413	0.87%		
City of Westminster	404	0.85%		
BE Aerospace Manufacturing	350	0.74%		
Wal-Mart	325	0.69%		
Sears Roebuck & Co.	300	0.63%		
Hapa Industries, Ltd.	250	0.53%		
Westminster High School	200	0.42%		
JC Penney Co.	200	0.42%		
Target	210	0.44%		
Lexus of Westminister	175	0.37%		

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

Sources: Inside Prospects, Inc.
California Employment Development Department
City Finance Department

CITY OF WESTMINSTER

FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION

Last Nine Fiscal Years

Function	Fiscal Year Ended June 30,								
	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	56	70	74	76	57	57	47	46	47
Public safety	177	176	179	178	171	174	169	168	174
Public works	39	39	39	36	33	36	35	38	36
Community development	46	42	45	58	55	39	50	46	43
Community service	52	86	64	41	63	64	64	66	73
Water	41	42	32	29	28	30	28	29	31
Total	411	455	433	418	407	400	393	393	404

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

Source: City Finance Department

CITY OF WESTMINSTER

OPERATING INDICATORS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police:										
Arrests	2,767	3,153	3,062	2,517	2,384	2,384	2,384	2,694	2,568	*1,663
Traffic violations	9,070	9,826	9,826	11,368	14,102	10,863	10,863	11,763	8,796	6,547
Parking violations	14,854	14,293	17,776	16,190	17,608	18,321	18,321	21,839	21,731	15,884
Fire:										
Number of calls answered	5,166	5,324	5,410	5,498	5,674	5,729	5,898	5,804	5,665	*4,248
Inspections conducted	2,540	2,558	2,646	2,759	1,149	1,382	1,552	2,846	1,547	*644
Public works:										
Street resurfacing (miles)	6.50	29.67	12.25	6.84	9.03	17.86	11.73	7.00	9.00	18.00
Parks and recreation: **										
Number of recreation classes	n/a	560	560	554	707	602	673	988	924	991
Number of facility rentals	n/a	67	61	68	53	80	76	84	89	85
Water:										
New connections	32	120	135	295	353	410	284	56	38	***7,095
Average daily consumption (in hundred cubic feet)	20,051	17,332	11,048	6,333	16,188	16,120	15,576	15,176	15,367	14,910

* As of 09/30/08
**Retention program requires only 4 years of documents
*** Includes replacement meters

Source: City of Westminster

CITY OF WESTMINSTER

CAPITAL ASSET STATISTICS
BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year Ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
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)	188	161	161	161	171	171	171	171	171	171
Streetlights	6,300	4,700	4,700	4,700	4,700	4,687	4,687	4,687	4,695	4,697
Traffic signals	61	61	61	61	61	62	63	64	64	68
Parks and recreation:										
Parks	23	23	24	24	25	25	25	25	24	24
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	275	157	157	157	157	157	157	157	230	230
Maximum daily capacity (in acre per feet per day)	70	68	67	67	81	60	60	60	76	76

Source: City of Westminster