



# WESTMINSTER

## Staff Report

TO: The Mayor and Members of the City Council

DATE: June 12, 2013

SUBJECT: Study Session Agenda for June 17, 2013

PREPARED BY: J. Brent McFall, City Manager

Please Note: Study Sessions and Post City Council meetings are open to the public, and individuals are welcome to attend and observe. However, these meetings are not intended to be interactive with the audience, as this time is set aside for City Council to receive information, make inquiries, and provide Staff with policy direction.

Looking ahead to next Monday night's Study Session, the following schedule has been prepared:

*A light dinner will be served in the Council Family Room* 6:00 P.M.

### CITY COUNCIL REPORTS

1. Report from Mayor (5 minutes)
2. Reports from City Councillors (10 minutes)

### PRESENTATIONS

6:30 P.M.

1. 2012 Comprehensive Annual Financial Report and Management Letter
2. Modifications to Title 14, Chapters 1-2 related to the Pension Plans including the In-Service Distribution Provision and Title I, Chapter 24-Personal Management Program

### EXECUTIVE SESSION

1. Discuss strategy and progress on the potential acquisition of property and development strategies related to the South Westminster Transit Oriented Development Project and provide instructions to the City's negotiators as authorized by WMC 1-11-3(C)(2) and (7) and CRS 24-6-402(4)(a) and (e)
2. Discuss status of negotiations and strategy for possible civil claims against contractor and design team related to City construction project and to obtain Council direction thereon pursuant to Westminster Municipal Code section 1-11-3(C)(7), and CRS sections 24-6-402 (4)(b) and (e)
3. Obtain Direction from City Council re proposed Economic Development Agreement with a new primary employer pursuant to §§ 1-11-3(C)(4) and 1-11-3 (C)(7), W.M.C. and § 24-6-402(4)(e), C.R.S.

### INFORMATION ONLY ITEMS

None at this time.

Additional items may come up between now and Monday night. City Council will be apprised of any changes to the Study Session meeting schedule.

Respectfully submitted,

J. Brent McFall  
City Manager



WESTMINSTER

## Staff Report

City Council Study Session Meeting  
June 17, 2013



SUBJECT: 2012 Comprehensive Annual Financial Report and Management Letter  
PREPARED BY: Tammy Hitchens, Finance Director

### Recommended City Council Action

Review and discuss the 2012 Comprehensive Annual Financial Report (CAFR) and the Auditor's Communication to City Council and Management on the scope and results of the City's annual financial audit.

### Summary Statement

Finance staff along with Rob McCoy, Partner, Marcie Ardan, Audit Manager, and Anna Thigpen, Audit Supervisor, of BKD, LLP, the City's independent audit firm, will present to Council the 2012 CAFR and discuss the audit scope and results. The CAFR is scheduled for formal acceptance at the Council meeting on June 24, 2013.

The City has received an unqualified opinion from BKD, LLP. This means the CAFR represents fairly the financial position of the City.

This Staff Report reviews the financial highlights of the CAFR and is accompanied by BKD's letter to Council and Management, which discusses items significant to the audit including financial estimates, financial statement disclosures, audit adjustments and auditor communications with management. There were no findings resulting from the 2012 financial audit.

**Expenditure Required:** \$0

**Source of Funds:** N/A

### **Policy Issue**

Section 9.10 of the City Charter requires that an independent audit be conducted at least annually in accordance with generally accepted accounting principles as they pertain to governments for all funds reported in the Comprehensive Annual Financial Report. The audit is required to be conducted by Certified Public Accountants, experienced in municipal accounting. The 2012 audit was performed by BKD, LLC, Certified Public Accountants.

### **Alternative**

Require Staff to make changes to the report. Minor changes could be made to the report without affecting the audit opinion; however, major changes may result in the report not being in compliance with generally accepted accounting principles as they pertain to governments and could result in a change of the auditor's opinion.

### **Background Information**

Each year Finance staff prepares a CAFR and contracts with an independent auditor to conduct an audit of the City's financial statements. The 2012 CAFR received an unqualified opinion from BKD, LLP, the City's independent auditors. An unqualified opinion indicates that the financial data of the City is fairly presented according to generally accepted accounting principles.

### **Financial Highlights**

- Government-wide: Combined net position of governmental and business-type activities increased \$27.0 million, including an \$11.3 million increase in governmental activities net position and a \$15.7 million increase in business-type activities net position.
- General Fund: The fund balance of the General Fund increased \$2.5 million in 2012. Of the \$29.4 million ending fund balance, \$17.8 million was unassigned and available for future spending. Sales and Use Tax funded \$59.1 million, or 62.6%, of General Fund operations.
- General Capital Improvement Fund: Operating revenues increased by \$0.3 million and expenditures were \$0.7 million less than 2011. These changes as well as interfund transfer activity resulted in an increase in Fund Balance of \$6.6 million.
- Westminster Economic Development Authority: Fund balance increased \$1.4 million to \$55.5 million primarily due to loan proceeds that were offset substantially by an increase in project expenditures and debt service costs.
- Utility Fund: Net Position increased \$11.4 million from \$395.7 in 2011 to \$407.1 million in 2012. This is primarily the result of a \$5.4 million increase in charges for services, as well as receipt of tap fee and developer contributions totaling \$5.5 million.
- The financial statements for the Golf Course Enterprise and Westminster Housing Authority (WHA) funds have been combined into a single column presentation called "Other Nonmajor Proprietary Funds" in the Proprietary Fund Basic Financial Statements. Accounting guidance requires that a government's most important funds be reported distinctly as "major funds" and that all others be reported in a single column presentation and classified as "nonmajor" in the Basic Financial Statements of the CAFR. The criteria to distinguish major from nonmajor is

based primarily on a fund's relative size compared to the other funds of an entity. Previously, the Golf Course Enterprise met the criteria to be classified as a major fund; in 2012, it did not. Detailed statements for these and other nonmajor funds of the City are reported in the Financial Section of the CAFR under the Combining Statement tab.

- Capital spending was funded with pay-as-you-go resources, grants awards, and debt proceeds. Capital spending for all projects included the following:

General Capital Improvement Fund	\$ 8,465,462
Westminster Economic Development Authority	1,249,021
Parks, Open Space and Trails Fund	841,204
Community Development Block Grant Fund	263,643
Conservation Trust Fund	541,708
Utility Fund	9,501,996
Total	<u>\$ 20,863,034</u>

### **Auditor's Communication to City Council and Management**

BKD's letter to Council and Management discusses items of significance to the audit, such as financial estimates, management assertions, financial statement disclosures, communications, adjustments, and when applicable, audit findings and suggestions for improvement.

Staff is pleased to inform Council that for the second year in a row, BKD noted no findings from its 2012 financial audit of the City. One audit adjustment was proposed and staff made the requested change to correct the amount of deferred loss amortized on the 2012 WEDA debt refundings.

### **Final Comments**

Many thanks go to accounting manager Cherie Sanchez; accountants Vicki Adams, Karen Barlow, Karen Creager, Gary Newcomb, and Sherri Rickard; accounting specialist Leslie Krough; accounting technician Karen Elrod; retirement administrator Kim McDaniel; financial analyst Rachel Price; treasury manager Bob Byerhof; former treasury manager Bob Smith, sales tax manager Barb Dolan; and administrative secretary Maggie Hunter for making this audit such a success. Staff would also like to thank and acknowledge BKD for their professionalism, communication and helpfulness in completing the 2012 audit.

Staff and representatives from BKD will attend the June 17, 2013 Study Session to answer City Council's questions. This review of the City's CAFR and the 2012 financial audit scope and results supports the City's strategic goal of Financially Sustainable City Government Providing Exceptional Services.

Respectfully submitted,

J. Brent McFall  
City Manager

#### Attachments

CAFR Draft

Auditor's Letter to Council and Management (attachments to Auditor's Letter to Council and Management are on file in the City's Finance Department)

Honorable Mayor and Members of City Council  
City of Westminster, Colorado  
Westminster, Colorado

As part of our audits of the financial statements and compliance of the City of Westminster, Colorado (the City) as of and for the year ended December 31, 2012, we wish to communicate the following to you.

## AUDIT SCOPE AND RESULTS

**Auditor's Responsibility Under 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 and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations**

An audit performed 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 and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in OMB Circular A-133 that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

## **Qualitative Aspects of Significant Accounting Policies and Practices**

### *Significant Accounting Policies*

The City's significant accounting policies are described in Note 1 of the audited financial statements.

### *Alternative Accounting Treatments*

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

### *Management Judgments and Accounting Estimates*

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Liability for other postemployment benefits
- Pollution remediation obligations
- Liability for claims incurred but not reported
- Allowance for doubtful accounts
- Unbilled utility revenues
- Compensated absences (general leave)
- Useful lives of capital assets

### *Financial Statement Disclosures*

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Revenue recognition
- Real estate transactions
- Subsequent events

### **Audit Adjustments**

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

#### Proposed Audit Adjustments Recorded

- Adjustment to correct amortization of deferred loss on refunding

#### Proposed Audit Adjustments Not Recorded

- No matters are reportable

### **Auditor's Judgments About the Quality of the City's Accounting Principles**

During the course of the audit, we made the following observations regarding the City's application of accounting principles:

- No matters are reportable

### **Disagreements with Management**

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

### **Significant Issues Discussed with Management**

#### *Prior to Retention*

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Accounting for the sale of Westminster Commons
- HUD Section 108 loan
- Accounting for refunding of bonds
- Accounting for the capital lease refinancing

**Difficulties Encountered in Performing the Audit**

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- No matters are reportable

**Other Material Written Communications**

Listed below are other material written communications between management and us related to the audit:

- Management representation letter (attached)

\* \* \* \* \*

This communication is intended solely for the information and use of management, members of City Council, others within the City and is not intended to be and should not be used by anyone other than these specified parties.

*BKD, LLP*

May 22, 2013





## WESTMINSTER

May 22, 2013

**BKD, LLP**  
Certified Public Accountants 1700 Lincoln  
Street, Suite 1400  
Denver, Colorado 80203

City of Westminster  
Department of  
Finance

4800 West 92nd Avenue  
Westminster, Colorado  
80031

303-658-2400  
FAX 303-706-3923

We are providing this letter in connection with your audit of our financial statements as of and for the year ended December 31, 2012 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended December 31, 2012. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated December 5, 2012, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



4. We have provided you with:
  - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
  - (b) Additional information that you have requested from us for the purpose of the audit.
  - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - (d) All minutes of meetings of the governing body held through the date of this letter.
  - (e) All significant contracts and grants.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
  - (a) Misappropriation of assets.
  - (b) Misrepresented or misstated assets, liabilities or net assets.
7. We have no knowledge of any known or suspected:
  - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
  - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, customers, regulators, suppliers or others.
9. We have disclosed to you the identity of the City's related parties and all the related party relationships and transactions of which



we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.

10. Except as reflected in the financial statements, there are no:
  - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
  - (b) Material transactions omitted or improperly recorded in the financial statements.
  - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - (d) Events occurring subsequent to the statement of net position/balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
  - (e) Agreements to purchase assets previously sold.
  - (f) Restrictions on cash balances or compensating balance agreements.
  - (g) Guarantees, whether written or oral, under which the City is contingently liable.
11. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
12. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and



disclosed in accordance with accounting principles generally accepted in the United States of America.

13. Adequate provisions and allowances have been accrued for any material losses from:
  - (a) Uncollectible receivables.
  - (b) Reducing obsolete or excess inventories to estimated net realizable value.
  - (c) Sales commitments, including those unable to be fulfilled.
  - (d) Purchase commitments in excess of normal requirements or above prevailing market prices.
14. Except as disclosed in the financial statements, we have:
  - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
  - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
15. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
16. We have evaluated the City's operations under GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* and do not believe there are matters for which accruals are required under this standard, except as recorded and disclosed in the financial statements
17. With regard to deposit and investment activities:
  - (a) All deposit and investment transactions have been made in accordance with legal and contractual requirements.
  - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.



- (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
18. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
19. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
20. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
21. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
22. We have a process to track the status of audit findings and recommendations.
23. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.
24. With regard to federal awards programs:
- (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.
- (b) We have identified the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* regarding



activities allowed or unallowed; allowable costs/cost principles; cash management; Davis-Bacon Act; eligibility; equipment and real property management; matching, level of effort, earmarking; period of availability of federal funds; procurement and suspension and debarment; program income; real property acquisition and relocation assistance; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.

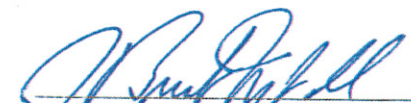
- (c) We are responsible to understand and comply with the requirements of laws, regulations, contracts and grants applicable to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the City has complied with all applicable compliance requirements.
- (d) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with requirements of laws, regulations, contracts and grants applicable to those programs.
- (e) We have made available to you all contracts and grant agreements, including any amendments, and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
- (f) The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
- (g) Amounts claimed or used for matching were determined in accordance with the applicable OMB Circular regarding cost principles.

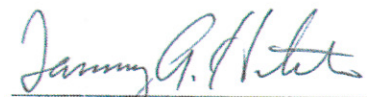


- (h) We have monitored any subrecipients to determine that they have expended federal awards in accordance with applicable laws and regulations and have met the audit and other requirements of OMB Circular A-133.
  - (i) We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.
  - (j) We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.
  - (k) We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
  - (l) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.
25. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, budgetary comparisons, other postemployment benefits and pension information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.



26. With regard to supplementary information:
- (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
  - (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
27. Due care has been exercised in the preparation of the Introduction and Statistical Sections of the comprehensive annual financial report and we are unaware of any information in those sections that is materially inconsistent with the information reported in the basic financial statements.

  
\_\_\_\_\_  
J. Brent McFall, City Manager

  
\_\_\_\_\_  
Tammy A. Hitchens, Finance Director



# City of Westminster

COLORADO



*Comprehensive Annual Financial Report  
for the year ended December 31, 2012*



**WESTMINSTER**  

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**COLORADO**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2012

**Prepared by:**

**Finance Department  
Tammy A. Hitchens, CPA  
Finance Director**

**[www.cityofwestminster.us](http://www.cityofwestminster.us)**

## On the cover:

The attractive Farmer's Highline Canal Open Space can be enjoyed as a refreshing pause in Westminster, Colorado. The area shown portrays one of the many beautiful western views of the Rocky Mountains to be found here (photo courtesy of Fred Girk). Conceived in 1870 by James Duff, a Scotsman determined to bring water to the farms east of Denver, the 71-mile waterway is still an irrigation canal, but for Westminster, it is better known as a swath of nature that runs through the heart of the city. Westminster owns 34.2 acres of open space in this area. The City has managed to preserve almost all of its creeks and irrigation canals as open space.

Open spaces and trails are some of the most valued assets in Westminster, Colorado. Since 1985, when voters first approved a sales tax specifically earmarked to acquire and maintain open space, the City has preserved more than 3,002 acres in all parts of Westminster. That's four square miles of natural open space. The highlight of the trail system is the Big Dry Creek Trail, often called the "jewel" of the city's open space system, which extends approximately 12 miles from the eastern boundary of the city to Standley Lake. The interconnected trail system winding through the City's open space is a special point of pride. Westminster features more than 97 miles of off-road trails, making it a leader in offering easy access to some of the richest recreational opportunities in the Denver metro area. The City currently has 42 pedestrian underpasses which provide the trail user with the ability to cross major streets below grade.

## On the back:

The City of Westminster is fortunate to have all the amenities of an urban municipality along with an active open space program that currently has 13.9% of the City's land mass preserved in natural habitat. As the city approaches build out, the open space program looks to meet its goal of preserving 15% of the City's lands as open space. This natural habitat serves as home to a wide diversity of wildlife. Animals ranging from prairie dogs and Canadian geese to coyotes and bald eagles make Westminster open space their home. Here you see a red fox kit, an eastern cottontail and an American white pelican with a gull (photos courtesy of Mike Smith); a coyote, often seen here in the Westminster Hills Open Space, and a Great Horned Owl, spotted in a structure on the Doulos property in the Big Dry Creek Open Space. Also pictured is our National symbol, the bald eagle (photo courtesy of Fred Girk). Standley Lake Regional Park has been home to a pair of bald eagles since 1992. Despite its 3,000-acre size, the park is considered "urban" for bald eagles; however, the plentiful fish in the lake and the park's many prairie dog colonies offer the birds a sustaining habitat. Yellow-headed Blackbirds are abundant among the tips of the cattails, shown here at Lower Church Lake Open Space.

# CITY OF WESTMINSTER, COLORADO

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# INTRODUCTION

INTRODUCTION





**WESTMINSTER**  
**COLORADO**

To the Citizens of Westminster:  
To the Mayor and City Council:

We are pleased to present to you the 2012 Comprehensive Annual Financial Report for the City of Westminster. The report demonstrates the City's operations and financial position.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. The enclosed data is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. Please refer to Management's Discussion and Analysis for a more in-depth discussion and analytical overview of the City's basic financial statements and activities.

### **The Past Year**

The City of Westminster delivers exceptional value and quality of life through SPIRIT. SPIRIT – Service, Pride, Integrity, Responsibility, Innovation and Teamwork. Perhaps nothing demonstrates SPIRIT more than the efforts around one of the most tragic events of our City's history. And, perhaps nothing defines our community more than the outpouring of care and compassion, thoughtfulness, helpfulness, cooperation and support around those efforts. In October, 10 year old Jessica Ridgeway was abducted and murdered. Thousands of volunteers came out on a snowy cold day to help look for Jessica and/or any clues as to her disappearance. The story captured the nation. The City worked with many surrounding jurisdictions, as well as the Colorado Bureau of Investigation, Federal Bureau of Investigation and many other federal agencies. Over 10,000 hours of overtime were expended by Police staff, in working the case. A suspect was arrested and everyone is working towards Justice for Jessica. The community has also begun the healing process. A neighborhood park where Jessica use to play has been renamed in her memory. Fundraising efforts are taking place and City staff is working with the family to redevelop the park in a way that would be meaningful for Jessica and express her joyful spirit.

The number one goal of City Council and staff is to make further progress on the Westminster Center Urban Reinvestment Project (WURP). To that end, on leap year day in 2012, Westminster Economic Development Authority (WEDA) closed on an additional 9 acres with the purchase of one of two remaining department stores to take control of 95% of the WURP area. Subsequent demolition also took place making phase one ready for development. WEDA also entered into a memorandum of understanding with a nationally recognized redeveloper. The memorandum of understanding set the stage to enter into a financing agreement and development agreement.

The City Manager's office (CMO) executed an intergovernmental agreement with the Regional Transportation District for the Local Agency Contribution and commuter rail Westminster Station. Public Information staff within the City Manager's office added new tools for citizens and businesses to communicate with the City. Those tools include WestyConnect, Access Westminster and telephone town hall. CMO staff also secured \$1.2 million in Denver Regional Council of Government funds for the Westminster Station. Finally the EECBG funded program that provided many enhancements city wide was completed on time and under budget.

It was another busy year for the City Attorney's office (CAO). They provided legal services in the collection of over \$225,000 of unpaid sales and use taxes, the sale of the Westminster Commons to the Volunteers of America and banning marijuana business in Westminster. They also had another year of quality prosecution services; recognizing over an 80% conviction rate on domestic violence cases. All litigation involved in the WURP project was resolved.

The Finance Department was also busy in the WEDA arena. In addition to securing the short term financing needed to purchase the nine acres in phase one, they took advantage of the historical low interest rates to refinance three different variable rate debt issues. Interest rates were fixed for two of the three issues while the third issue was set up such that Finance Staff can lock in 1 of 4 different interest rate options as the selected option matures.

In the Community Development Department, staff implemented the rental licensing and registration program. In 2012, over \$200,000 in revenue was generated from the fees allowing the program to be self-sustaining. They also concluded negotiations with the bonding company that had insured construction of certain improvements for a bankrupt subdivision resulting in a favorable settlement for the City. They negotiated and consummated a development agreement to redevelop the area between 72<sup>nd</sup> and 73<sup>rd</sup> on Lowell Boulevard into a mixed-use project. Four different properties totaling, 48.94 acres of open space, were purchased in 2012. The City received grants totaling \$1.13 million to assist in those four purchases. Staff also successfully conducted the first round of community outreach for three critical projects; Westminster Station Area Plan, Westminster Center and the Comprehensive Land Use Plan.

The Fire Department rolled out their five year strategic plan in June. The strategic plan aligns the Fire Department's activities, programs and services with the City's mission and strategic plan. The Fire Department collaborated with Building Operations and Maintenance (BO&M) staff and implemented energy savings plans to reduce the use of all forms of energy and utilities. The Fire Department also deployed to 12 different wildland fires in five states including several of the large fires here in the state.

The Parks, Recreation and Libraries Department welcomed an excellent, experienced and innovative Director who has already set new, positive direction to build on the strengths of a Department which is a three time gold medal award winner. The Department was awarded the Tree City USA award for the 27<sup>th</sup> consecutive year and continued the City's legacy of leadership in tree management and maintaining the urban forestry plan. The Department more than doubled the downloadable e-book collection at the City's libraries.

In addition to the Jessica Ridgeway case, the Police Department also provided security for a Presidential visit. Staff worked with the Secret Service and, as can be expected, the security was very comprehensive in scope. Enhancements were made to the public safety communications capability by adding a Smart911 system and Code Red system. A new mobile command post was added to the Police Department's fleet. The new command post trailer is state of the art.

The Public Works and Utilities Department met or exceeded all regulatory water and wastewater treatment standards 24/7/365. They completed pavement rehabilitation on 194 streets totaling 101

lane miles of pavement. They also completed a second full rotation of street condition rating for all city streets as part of the pavement management system. The Big Dry Creek Wastewater Treatment Plant's treatment capacity was increased by 20% through process optimization changes.

The Information Technology Department (IT) completed site evaluation, selection, construction and setup of a new computer disaster recovery data center. The old disaster recovery site was needed for the Employee Health Clinic. They also installed the enhanced features of the 911 call recording system to capture radio, phone, caller ID and location data. Several software applications and databases were also upgraded and/or enhanced. IT received a top 10 Digital Cities Award from the Center for Digital Government recognizing the City's success in IT strategic planning, hardware and software technologies, digital web services, technology in public safety, GIS, networks and more.

The General Services Department took on a variety of major projects in 2012. In addition to addressing over 4,000 corrective, predictive and preventative work requests, BO&M staff completed 40 major facility projects and two emergency major maintenance repairs with minimal interruption to facility operations. BO&M worked with Human Resources staff to plan and construct the Center for Healthy Living. The Center is an employee clinic which will save the City and employees money on health care. The Fleet Division and Police Department partnered to test a police car rebuild program in lieu of just replacement vehicles. A rebuild is about ½ of the price of a replacement car. Human Resources staff did a national recruitment for the Parks, Recreation and Libraries Director. They also conducted salary analysis of 98 benchmark classifications and made recommendations for adjustments. The hourly and seasonal pay plans were re-designed and two new pay plans for Fire commissioned and Police sworn staff were created to better align with the market.

### **Looking Forward**

The City is looking forward to new opportunities and meeting the challenges of 2013.

It is with a keen eye that the City has been watching the developments with the Federal Marketplace Fairness Act. The City has a very vested interest in the outcome of the decisions made with respect to requiring out of state vendors to collect sales tax.

Staff looks forward to continuing to help the community heal as the Jessica Ridgeway Memorial Park will be reopened and dedicated in late 2013.

The City will be doing further work on water storage tank renovations and repair, the Standley Lake by-pass project, completing the installation of a new citywide radio system, completing the comprehensive land use plan update, construction of Orchard Parkway and McKay lake drainage improvements, 72<sup>nd</sup> Avenue bridge over Little Dry Creek replacement and of course, the Westminster Station TOD and the WURP project.

The City has developed a long-term fiscal model for both the general government and utilities. These models are used to identify any structural imbalance, a need for rate and fee increases, a need for long-term financing for major capital projects, and/or the need to make cuts in services. This is complemented by a service delivery assessment that is completed on an annual basis. This assessment is another opportunity for City Council and Staff to ensure that resources are being directed to those services that best meet the needs of the community.

City staff will be working on these high priority items and other projects and initiatives as identified in City Council's strategic plan.

### **Independent Audit**

Pursuant to Section 9.10 of the City Charter, an audit of the accounts and financial statements has been completed by the City's independent Certified Public Accountants, BKD, LLP. Their report is included.

### **Government Structure and Types of Services**

The City of Westminster is a charter city, organized under the Constitution of the State of Colorado, governed by a Council-Manager form of government. City Council is comprised of seven members: a Mayor elected at large and six Councillors, also elected at large. The Council appoints the City Manager, the City Attorney and the Municipal Court Judge; all other staff are appointed or hired by the City Manager.

With a population of approximately 108,000, the City is approximately 94% built out, with just over 6% of its remaining area to be developed. The City is a full service City, providing police, fire and emergency medical service, court system, parks, recreation facilities and programs, libraries, planning and development, water and wastewater treatment, street construction and maintenance and a variety of related services such as human resources, finance, information technology, building maintenance, etc.

The City of Westminster includes several blended component units, wherein the City includes the financial statements of these units in its financial reporting. These units include:

- Westminster Housing Authority (WHA) which is utilized in housing initiatives,
- The Westminster Economic Development Authority (WEDA), the City's Urban Renewal Authority, enables the City to employ eminent domain and tax increment financing for needed re-development in the City's blighted sections,
- Seven General Improvement Districts that were created for infrastructure improvements and maintenance.
  - Amherst General Improvement District
  - Sheridan Crossing General Improvement District
  - 136<sup>th</sup> Avenue General Improvement District
  - Mandalay Town Center General Improvement District
  - Parking Garage General Improvement District
  - 144<sup>th</sup> Avenue General Improvement District
  - Orchard Park Place General Improvement District

The governing board is the same as the governing body of the City in all cases and the City has the ability to modify or approve the budgets of these entities.

## **Internal Controls and Limitations**

The City's framework of internal controls provides management with the reasonable assurance it needs to take meaningful responsibility for the contents of the financial statements. The City's basic system of internal controls includes the control environment, the accounting system and control procedures:

- The control environment includes a philosophy and organizational structure that allows for the fiduciary practice of oversight, control systems development and management control of the financial functions of the City.
- The accounting system includes built-in checks and balances for purchasing, contracting and contract approval, timely recording of all transactions, audit trails for all transactions, and routine reporting and reconciliation procedures across funds and accounts.
- The control procedures established by the City include the following:
  - Budgetary oversight by the City Manager's Office separate from the accounting and recording of transactions by the Finance Department,
  - The legal level of budgetary control is at the department level,
  - Segregation of authorization, collection and recording/reconciliation functions across all departments and financially-related functions of the City of Westminster,
  - Access controls to all systems, whether purchasing, general ledger, payroll, information technology, or others,
  - Independent checks on the system and transactions by staff performing the internal audit function.

As with any system, the inherent limitations of the system make it imperative that the City rely on review and revision of programs when weaknesses are discovered; reporting by the City's audit firm; and constant diligence on the part of management and employees for preventing and correcting errors or other weaknesses when discovered.

## **Reporting Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Westminster, Colorado, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the content of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last twenty-nine consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

## **Acknowledgments**

Oversight for the preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of Finance Department Staff.

In particular, our sincere appreciation is due to Cherie Sanchez, Accounting Manager; Vicki Adams, Accountant; Karen Barlow, Accountant; Karen Creager, Accountant; Gary Newcomb, Accountant; Sherri Rickard, Accountant; Leslie Krough, Accounting Specialist; Karen Elrod, Accounting Technician; Kim McDaniel, Retirement Administrator; Rachel Price, Financial Analyst; Bob Byerhof,

Senior Financial Analyst; Barb Dolan, Sales Tax Manager; Bob Smith, Treasury Manager; and Maggie Hunter, Administrative Secretary. Thank you for your dedication, hard work and another excellent annual report.

In addition, the City's auditors, BKD, LLP were very helpful. Their assistance and professional approach contributed to a thorough and smooth audit.

Finally, thank you to City Council and all Staff for your commitment to this community and the SPIRIT you exhibit.

Respectfully submitted,

J. Brent McFall  
City Manager

Tammy Hitchens  
Director of Finance



WESTMINSTER

# ORGANIZATIONAL CHART

Citizens



**Nancy McNally**  
Mayor



**Faith Winter**  
Mayor Pro Tem



**Herb Atchison**  
Councillor



**Bob Briggs**  
Councillor



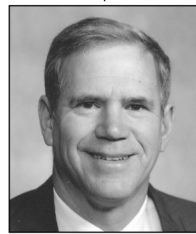
**Mark Kaiser**  
Councillor



**Mary Lindsey**  
Councillor



**Scott Major**  
Councillor



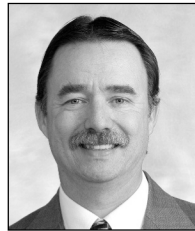
**Marty McCullough**  
City Attorney



**J. Brent McFall**  
City Manager



**John Stipech**  
Presiding Judge



**Steve Smithers**  
Deputy City Manager



**Lee Birk**  
Police Chief



**John Carpenter**  
Director of  
Community  
Development



**Doug Hall**  
Fire Chief



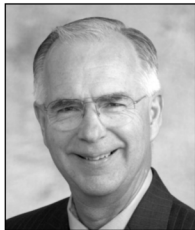
**Tammy Hitchens**  
Director of  
Finance



**Debbie Mitchell**  
Director of  
General Services



**David Puntenny**  
Director of  
Information  
Technology



**Mike Smith**  
Director of Public  
Works & Utilities



**Don Tripp**  
Director of Parks,  
Recreation &  
Libraries

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Westminster  
Colorado

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

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



*Christopher P. Mouill*

President

*Jeffrey R. Emer*

Executive Director



# FINANCIAL SECTION

FINANCIAL SECTION

## **Independent Auditor's Report on Financial Statements and Supplementary Information**

Honorable Mayor and Members of City Council  
City of Westminster, Colorado  
Westminster, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Westminster, Colorado (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

Honorable Mayor and Members of City Council  
City of Westminster, Colorado

### ***Opinion***

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 activities, each major fund and the aggregate remaining fund information of the City of Westminster, Colorado as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, other postemployment benefits and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules and other supplementary information, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Honorable Mayor and Members of City Council  
City of Westminster, Colorado

***Other Information***

Our audit was conducted for the purpose of forming opinions on the basic financial statements as a whole. The introductory and statistical sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2013, on our consideration of the City'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.

*BKD, LLP*

Denver, Colorado  
May 22, 2013

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# **Management's Discussion And Analysis**

And Analysis  
Discussion



**WESTMINSTER**  
**COLORADO**

City of Westminster, Colorado

**Management's Discussion and Analysis (Unaudited)**

This discussion and analysis of Westminster's financial statements for the year ended December 31, 2012 provides a narrative overview of the City's financial activities. Please consider the information here in conjunction with the transmittal letter at the beginning of this Comprehensive Annual Financial Report and the financial statements and notes to the financial statements, which begin on page 17.

**THE CITY**

The City of Westminster is a charter city, organized under the laws of the State of Colorado, governed by a Council-Manager form of government. City Council is comprised of seven members: a Mayor elected at large and six Councillors, also elected at large. The Council appoints the City Manager, the City Attorney, and the Municipal Court Judge; all other staff are appointed or hired by the City Manager. The City Manager has served Westminster since 2001 and continues to promote service, pride, integrity, responsibility, innovation and teamwork throughout the organization. The City Manager directs eight departments, including Community Development, Finance, Fire, General Services, Information Technology, Parks, Recreation and Libraries, Police, and Public Works and Utilities.

Centrally located between Denver and Boulder Colorado, the City of Westminster is known for its exceptional quality of life, and for its innovative and progressive local government services. With a population of approximately 108,000, the City is approximately 94% built out, with just about 6% of its remaining area to be developed. The City is a full service City, providing police, fire and emergency medical services 58 developed parks and 4 undeveloped parks, 3,002 acres of natural open space, two libraries, two golf courses, several recreation centers, water and wastewater treatment, street construction and maintenance, and a variety of other services.

The primary sources of revenues for cities in Colorado are sales and use taxes, comprising approximately 57.4% of the City's governmental activities revenues. Sales tax increment contributes an additional 0.8%. Property taxes comprise approximately 3.2% of the City's governmental activities revenues. Property tax increment contributes an additional 6.5%. The primary sources of revenues for the City's enterprise funds including the Utility Enterprise and Golf Course Enterprise are fees and charges.

**FINANCIAL HIGHLIGHTS**

The City took advantage of historically low interest rates to eliminate both letter of credit risk as well as interest rate reset risk. The Westminster Economic Development Authority refinanced three bond issues that had variable rates or were artificially fixed with an interest rate swap or did not have a definite reset methodology. All three issues were refinanced without extending the life of the issue. In the case of the North Huron deal, the interest rate was fixed at a rate 1% lower than the rate on the swap. The Mandalay issue interest rate was fixed at a net interest cost of 3.07% and finally, on the South Sheridan WEDA issue, the interest was set at 2.8% for 5 years with the reset at 2.25% plus 70% of a chosen LIBOR index. The City may choose 3-month, 6-month, 1-year or 5-year terms. More information on these and other debt transactions may be found on page 65.

The City received \$1.6 million in grant reimbursements for open space acquisitions awarded by Great Outdoors Colorado, Jefferson County Open Space and Adams County Open Space.

The City received public safety grant reimbursements totaling \$0.5 million from Federal, State and County entities.

Another significant transaction occurred when the Westminster Housing Authority sold the Westminster Commons to the Volunteers of America. The complex remains a low income, senior housing project and utilizing tax credits will receive major capital improvements. In addition to other consideration, the Housing Authority received \$2.6 million in cash at closing.

The assets of the City exceed its liabilities at the close of 2012 by \$728.9 million (\$305.3 million in governmental activities and \$423.6 million in business-type activities). Of the governmental activities net position total, \$96.3 million, or 31.5%, is unrestricted and may be used to meet the City's ongoing obligations to the public and creditors. Similarly, \$81.5 million, or 19.2%, of business-type activities net position are unrestricted.

Total net position of the City increased \$27.0 million, or 3.8%, compared to 2011. The net position of the City's governmental activities increased \$11.3 million, which represents an increase of 3.8% from 2011. The net position of the City's business-type activities increased \$15.7 million, or 3.9%, over 2011.

The total expenses of all the City's programs increased \$7.5 million, or 4.6%, compared to 2011. The cost of governmental activities program expenses increased \$5.5 million, or 4.7%, to \$121.8 million, while business-type activities expenses increased \$2.0 million, or 4.3%, to \$49.0 million from 2011.

Total revenues, excluding special items and transfers, increased \$4.2 million, or 2.2%, compared to 2011. Governmental activities revenues increased \$0.4 million, or 0.3%, to \$133.3 million, while revenues of business-type activities increased \$3.8 million, or 6.7%, to \$60.6 million compared to 2011.

As of December 31, 2012, the City's governmental funds reported a combined ending fund balance of \$121.7 million. Approximately 43.6%, or \$53.1 million, is committed, assigned or unassigned fund balance and, therefore, available for spending at the City's discretion within the purposes specified for the City's funds.

The General Fund reported a fund balance of \$29.4 million as of December 31, 2012 of which \$23.6 million was assigned or unassigned.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

### **The Statement of Net Position and the Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities.

The **Statement of Net Position** presents information on all of the City's assets, deferred outflows of resources, liabilities, and net position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, such as changes in the composition or quality of the City's sales tax base, the condition of the City's roads, etc., are also important to evaluate when assessing the overall health of the City.



The **Statement of Activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows.

In the Statement of Net Position and Statement of Activities, the City is divided into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here – police, fire, public works, parks, recreation and libraries and general administration. Sales and use taxes, property taxes, fees and charges from the municipal court and the Parks, Recreation and Libraries Department, franchise fees, and state and federal grants finance most of these activities.
- Business-type activities – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer system, golf courses, and Westminster Housing Authority activities are reported here.

## **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary (Pension Trust) funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the City-wide financial statements. However, unlike the City-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on the constraints on the use of fund balances at the end of the fiscal year. Information about limitations on financial resources is useful in evaluating the City's short-term financing requirements.

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

The City maintains 15 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the General Capital Improvement Fund and the Westminster Economic Development Authority (WEDA), the City's urban renewal authority. These funds are reported as major funds for the City. Financial information for the other 12 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements and individual fund statements elsewhere in this report.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers or internal customers. Proprietary funds provide the same type of information as shown in the government-wide financial 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 enterprise funds to account for the Utility Enterprise, Golf Course Enterprise, and Westminster Housing Authority. The Utility Fund is considered a major fund of the City; the Golf Course Fund and the Westminster Housing Authority are nonmajor funds.
- **Internal Service funds** are used by the City to account for the costs of acquiring capital replacement equipment and costs for City-wide insurance programs. Because these services predominantly benefit governmental rather than business-type functions, the assets and liabilities of the internal service funds have been included within governmental activities in the government-wide financial statements. 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 elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties external to the City. The City is the trustee, or fiduciary, for three pension plans: General, Police, and Volunteer Fire. The Volunteer Fire Pension Fund is shown as a Fiduciary Fund as a defined benefit plan. The City's fiduciary activities related to the General, Police and Volunteer Fire pension plans are reported in the notes to the financial statements on pages 56-60. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the City-wide and fund financial statements. The notes to the financial statements can be found beginning on page 31 of this report.

Required Supplementary Information includes budgetary comparison schedules for the General Fund and Westminster Economic Development Authority, and schedules of funding progress for the City's volunteer firefighter pension plan and post-employment benefits other than pension (OPEB).

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

### **Analysis of Net Position**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The analysis below focuses on the net position and changes in net position of the City's governmental and business-type activities.

Table 1 presents an analysis of the City's net position as of December 31. The City's assets exceeded its liabilities by \$728.9 million at December 31, 2012. Governmental activities make up \$305.3 million (41.9%) of the net position, with business-type activities making up the remaining \$423.6 million (58.1%). Total net position increased by \$27.0 million in 2012. The increase is comprised of the following:

- Total assets increased \$5.9 million, or 0.6%, to \$1,044.1 million. This included a decrease in capital assets of \$17.3 million and an increase in current and other assets of \$23.2 million. The increase in current and other assets was primarily due to an increase of \$5.0 million of inventory held for resale, which is property purchased for resale predominately in an urban renewal area for WEDA. This was augmented by an increase of \$17.9 million of cash, cash equivalents, and investments resulting from favorable operations and sale of the Westminster Commons. There was also an increase of \$0.6 million of grants receivable primarily related to Parks, Open Space and Trails grants and Urban Search and Rescue Wildland grants. \$32.3 million of depreciation was recognized while \$16.3 million of assets were added. The sale of the Westminster Commons significantly contributed to \$1.3 million in asset disposals. \$17.4 million previously classified as Construction in Progress was placed in service and reclassified to depreciable asset classes.
- Total liabilities decreased \$24.7 million, or 7.3%, to \$315.2 million. This primarily related to reduction in bonds, loans, notes, and leases outstanding in the Governmental Activities of \$15.5 million, and \$7.6 million in the Business-type Activities.

Table 1: Net Position as of December 31 (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 172.0	\$ 161.1	\$ 94.7	\$ 82.4	\$ 266.7	\$ 243.5
Capital assets	381.5	392.8	395.9	401.9	777.4	794.7
Total assets	553.5	553.9	490.6	484.3	1,044.1	1,038.2
Deferred outflow of resources	-	3.6	-	-	-	3.6
Current and other liabilities	27.1	26.9	3.6	5.4	30.7	32.3
Long-term liabilities	221.1	236.6	63.4	71.0	284.5	307.6
Total liabilities	248.2	263.5	67.0	76.4	315.2	339.9
Net Position:						
Net investment in capital assets	176.0	167.5	336.9	337.6	512.9	505.1
Restricted	33.0	35.3	5.2	5.5	38.2	40.8
Unrestricted	96.3	91.2	81.5	64.8	177.8	156.0
Total net position	\$ 305.3	\$ 294.0	\$ 423.6	\$ 407.9	\$ 728.9	\$ 701.9

By far the largest portion of the City's net position (74.5%) reflects its investment of \$777.4 million in capital assets (for example, land, buildings, machinery and equipment, utility plants and parks). Net investment in capital assets is reported less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets was \$512.9 million as of December 31, 2012, or 70.4% of total net position.

An additional portion of the City's net position, \$38.1 million (5.2%), represents resources that are subject to restrictions as to how they may be used. The remaining balance of unrestricted net position, \$177.8 million (24.4%) may be used to meet the City's on-going obligations to the public and creditors. It is important to note that the \$81.5 million in unrestricted net position of the City's business-type activities may not be used to fund governmental activities.

### **Analysis of Changes in Net Position**

As can be seen from Table 2, the City's net position increased \$27.0 million during 2012. This increase is explained in the governmental and business-type activities discussion below.

#### **Governmental Activities**

Net position of governmental activities increased by \$11.3 million during 2012. This was \$4.9 million less than the increase of \$16.2 million in 2011. Governmental activities revenues increased \$0.4 million from 2011. The change can be attributed to increases in the amount of revenues from Sales Tax (\$1.5 million), Use Tax (\$0.4 million), Charges for Services (\$0.3 million), Operating Grants and Contributions (\$0.1 million), and Capital Grants and Contributions (\$0.2 million), offset by a decreases in Property Tax (\$0.2 million), Property Tax Increment (\$0.2 million), Sales Tax Increment (\$0.6 million), Interest (\$0.1 million), Rentals (\$0.1 million), Other (\$0.3 million), and Gain on Sale of Assets (\$0.6 million).

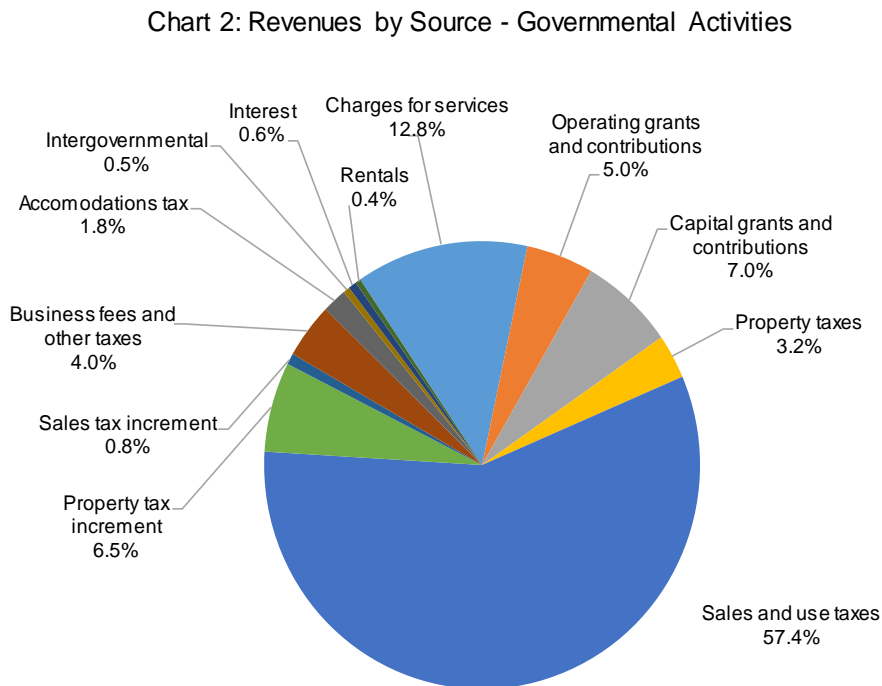
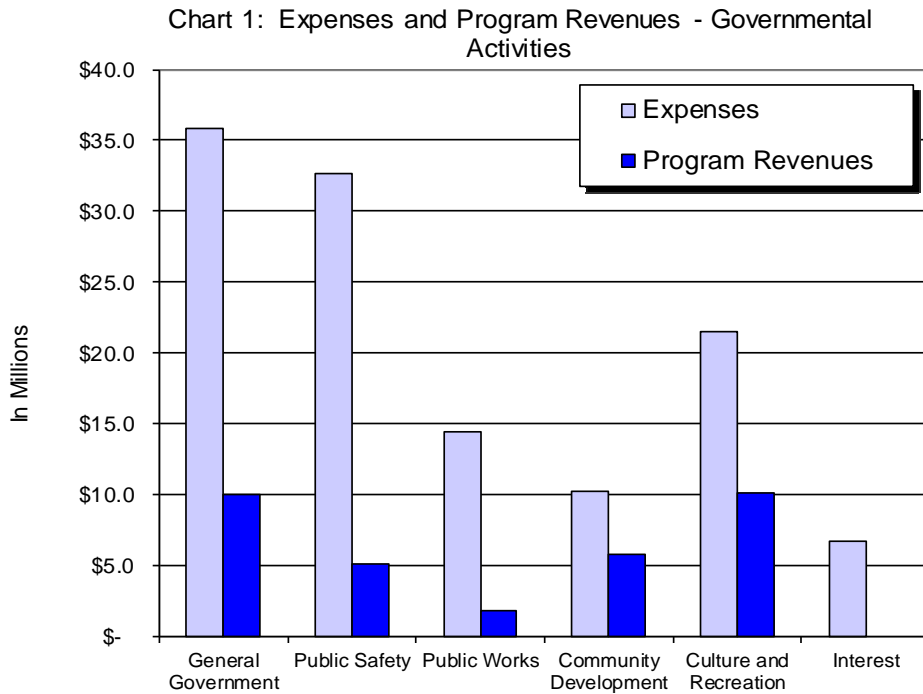
Governmental expenses increased \$5.5 million (4.7%) from 2011. Most of the change is attributable to increased expenses in Public Works and Utilities and Culture and Recreation, offset by an decrease in expenses in Community Development.

As can be seen in Table 2, Public Safety expenses accounted for 26.8% of Governmental expenses. General Government, which includes all benefits, insurances and lease payments as well as the City Council and four departments' (City Manager's Office, City Attorney's Office, General Services and Finance) accounted for 29.5% and Culture and Recreation accounted for 17.6% of total Governmental expenses.

Table 2: Changes in Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues						
Charges for Service	\$ 17.1	\$ 16.8	\$ 53.1	\$ 47.8	\$ 70.2	\$ 64.6
Operating Grants and Contributions	6.7	6.6	-	-	6.7	6.6
Capital Grants and Contributions	9.3	9.1	5.5	7.6	14.8	16.7
General Revenues						
Property Taxes	4.3	4.5	-	-	4.3	4.5
Sales Taxes	64.5	63.0	-	-	64.5	63.0
Use Taxes	12.0	11.6	-	-	12.0	11.6
Property Tax Increment	8.6	8.8	-	-	8.6	8.8
Sales Tax Increment	1.1	1.7	-	-	1.1	1.7
Business Fees and Other Taxes	5.3	5.3	-	-	5.3	5.3
Accommodations Taxes	2.4	2.4	-	-	2.4	2.4
Intergovernmental	0.7	0.7	-	-	0.7	0.7
Interest	0.8	0.9	0.8	0.9	1.6	1.8
Rentals	0.5	0.6	-	-	0.5	0.6
Other	-	0.3	1.2	0.5	1.2	0.8
Gain on sale of assets	-	0.6	-	-	-	0.6
<b>Total Revenues</b>	<b>133.3</b>	<b>132.9</b>	<b>60.6</b>	<b>56.8</b>	<b>193.9</b>	<b>189.7</b>
Program Expenses						
General Government	35.9	35.3	-	-	35.9	35.3
Public Safety	32.7	31.6	-	-	32.7	31.6
Public Works	14.5	10.3	-	-	14.5	10.3
Community Development	10.3	14.4	-	-	10.3	14.4
Culture and Recreation	21.4	17.4	-	-	21.4	17.4
Utility	-	-	44.9	42.8	44.9	42.8
Golf	-	-	3.4	3.4	3.4	3.4
Housing Authority	-	-	0.7	0.8	0.7	0.8
Interest and Fiscal Charges	6.7	7.0	-	-	6.7	7.0
Unallocated Depreciation	0.3	0.3	-	-	0.3	0.3
<b>Total Expenses</b>	<b>121.8</b>	<b>116.3</b>	<b>49.0</b>	<b>47.0</b>	<b>170.8</b>	<b>163.3</b>
<b>Excess (Deficiency) before</b>						
<b>Special Items and Transfers</b>	<b>11.5</b>	<b>16.6</b>	<b>11.6</b>	<b>9.8</b>	<b>23.1</b>	<b>26.4</b>
Special Items	-	-	3.9	-	3.9	-
Transfers	(0.2)	(0.4)	0.2	0.4	-	-
<b>Increase in Net Position</b>	<b>\$ 11.3</b>	<b>\$ 16.2</b>	<b>\$ 15.7</b>	<b>\$ 10.2</b>	<b>\$ 27.0</b>	<b>\$ 26.4</b>

Charts 1 and 2 illustrate the City's governmental expenses and revenues by function and its general revenues by source. General revenues such as sales and use taxes, property and other taxes shown in Chart 2 are used to support City program activities city-wide. For governmental activities overall, without regard to program, sales and use taxes are the largest single source (57.4%), followed by charges for services (12.8%).



Business-type Activities

Net position in business-type activities increased \$15.7 million in 2012. This is \$5.5 million, or 53.9%, more than the increase of \$10.2 million in 2011. In 2012, the City received \$5.3 million more for charges for services, as well as reported \$3.9 million special item for the sale of the Westminster Commons.

Chart 3: Expenses and Program Revenues - Business Type Activities

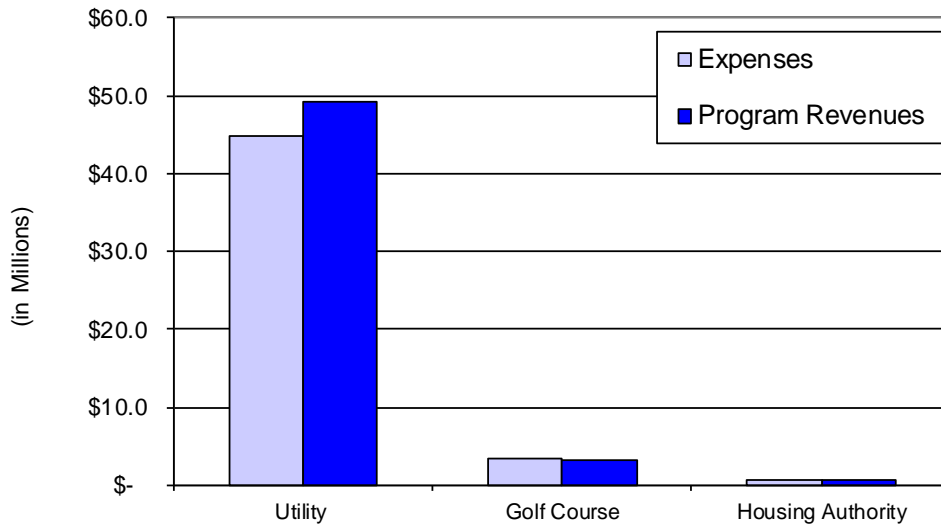
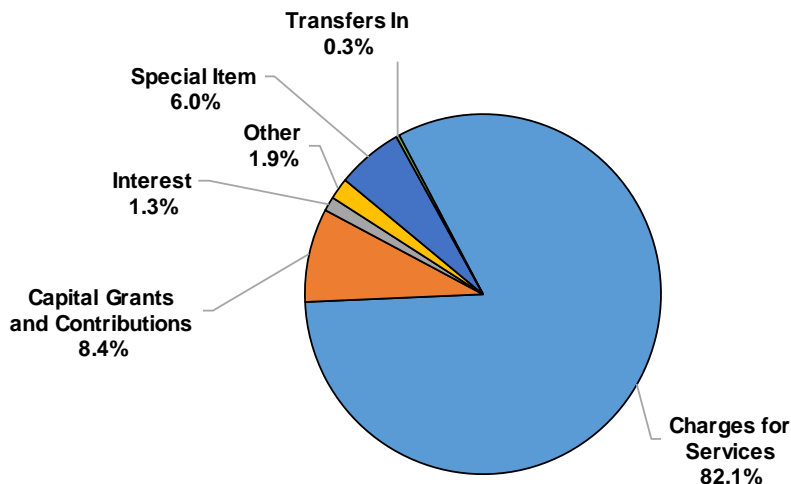


Chart 4: Revenues by Source - Business-type Activities



Total business-type revenues increased \$3.8 million, or 6.7%, compared to 2011. This increase was due primarily to an increase of \$5.3 million, or 11.1%, in Charges for Service offset by a decrease of \$2.1 million, or 27.6%, in Capital Grants and Contributions.

Expenses of business-type activities increased \$2.0 million, or 4.3%, compared to 2011. The increase was due primarily to an increase in costs associated with providing utility services.

As can be seen from Charts 3 and 4, the City's Utility Enterprise accounts for the majority of its business-type activities, representing 91.6% of total business-type expenses. Charges for Services provides the largest share of revenues (82.1%), followed by Capital Grants and Contributions (8.4%).

## **THE CITY'S FUNDS (ANALYSIS OF SPECIFIC FUNDS)**

As explained earlier, the City of Westminster uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds-** The focus of the City's *governmental funds* is to provide information on short-term inflows, outflows, and constraints on financial resources. This information is necessary to assess the City's financing requirements. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

At December 31, 2012, the City's governmental funds reported a combined ending fund balance of \$121.7 million, an increase of \$11.3 million, or 10.3%, compared to 2011. Based on the level of constraint imposed on the use of financial resources, fund balance is reported as either nonspendable; restricted; or as unrestricted committed, assigned or unassigned.

- Nonspendable fund balance related to property held for resale increased to \$4.9 million due to acquisitions of property in the WURP area.
- Fund balance restricted for capital projects increased \$8.1 million, or 142.6%.
- Fund balance restricted for debt service decreased \$8.5 million, or 34.5%
- Unrestricted but committed fund balance increased for capital additions and improvements to \$26.7 million from \$20.6 million
- Unassigned fund balance increased \$2.9 million, or 20.2%, to \$17.4 million compared to 2011. Unassigned fund balance is available for spending at the City's discretion within the purposes specified for the City's funds.
- The remainder of unrestricted fund balance is assigned to indicate that it is not available for new spending.

The General Fund is the primary operating fund of the City. At the end of 2012, the unassigned fund balance of the General Fund was \$17.8 million, while total fund balance was \$29.4 million. Total fund balance increased in the General Fund by \$2.5 million, or 9.3%, compared to 2011. The unassigned fund balance represents 17.1% of General Fund expenditures and transfers out. The City's goal is to maintain a 10% fund balance.

The original budget in the General Fund was \$97.6 million. \$4.1 million of carryover from 2011 was utilized in the General Fund. Actual General Fund expenditures and transfers out totaled \$103.9 million.



Charts 5 and 6 illustrate the Budget and Actual Revenue and Expenditures less transfers for the General Fund.

Chart 5: Budget and Actual Revenue by Source, less Transfers - General Fund

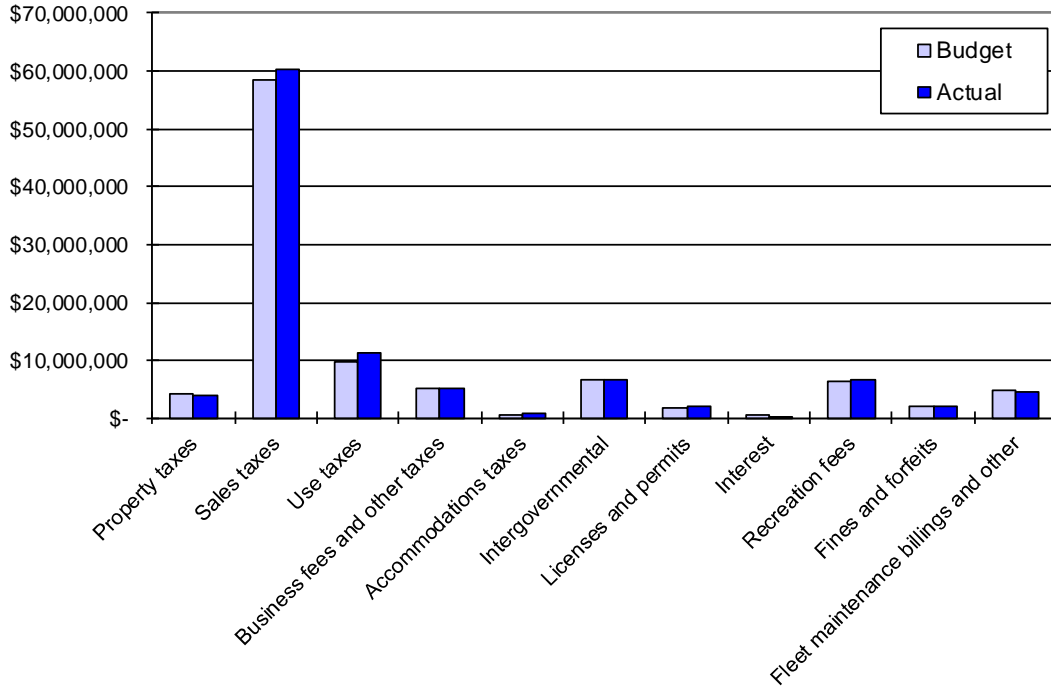
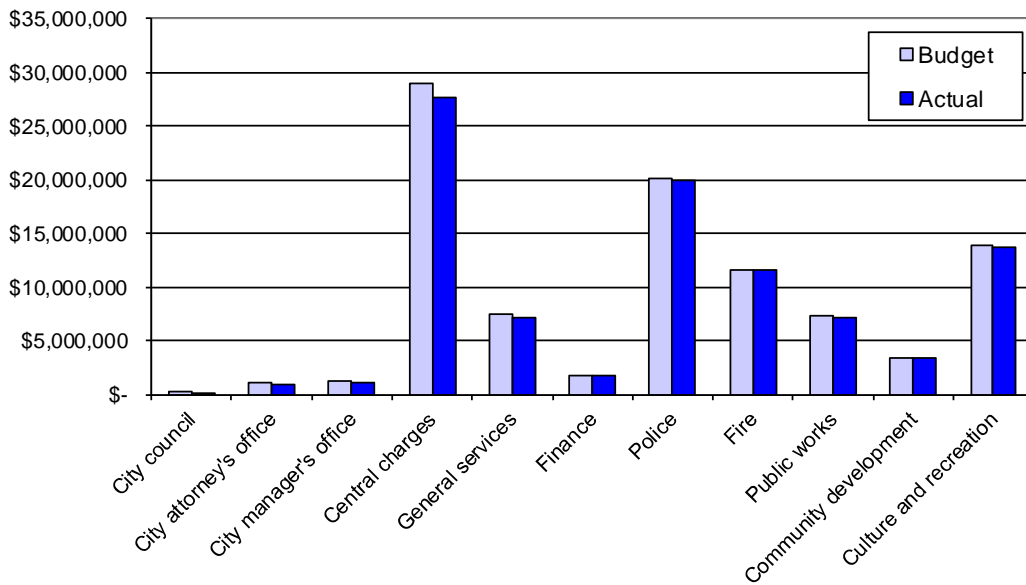


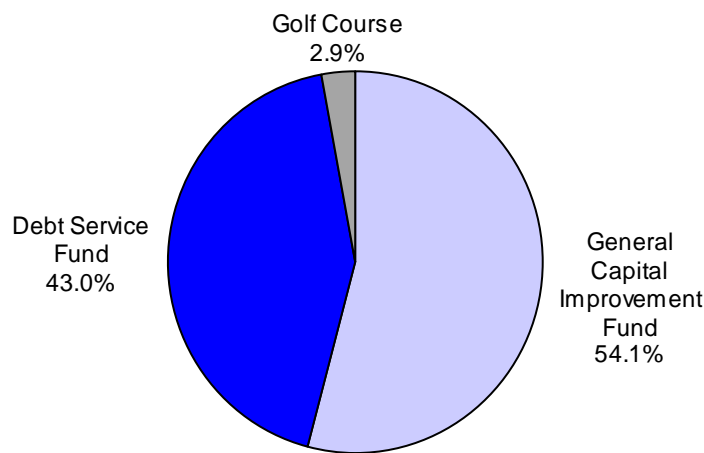
Chart 6: Budget and Actual Expenditures by Department, less Transfers - General Fund



Sales and use taxes are the primary funding source for the City's governmental funds. Once the sales and use tax is collected it is transferred to other funds. As Chart 7 illustrates, 54.1% of the sales and use tax was transferred to the General Capital Improvement Fund, 43.0% was transferred to the Debt Service Fund, and 2.9% was transferred to the Golf Course Enterprise Fund. \$59.1 million was budgeted in the General Fund for operating purposes.

Sales and use tax increased 5.0%, or \$1.8 million, compared to 2011.

Chart 7: General Fund Transfers of Sales and Use Tax



The General Capital Improvement Fund is used to account for financial resources used for the acquisition and construction of major capital facilities and improvements of the City, except those financed by the Enterprise Funds. At December 31, 2012, the fund had a fund balance of \$30.4 million.

The General Capital Improvement Fund revenues include accommodations taxes, interest, revenues from other governments, and transfers from other funds. The fund's revenues increased by \$0.3 million. Intergovernmental revenue increased by \$0.4 million primarily due to federal energy efficiency conservation block grant and state historical fund grant receipts offset by a \$0.1 million decrease in interest earnings and contributions. Expenditures totaling \$8.8 million were \$0.7 million less than 2011.

The Westminster Economic Development Authority is the City's urban renewal authority. The fund balance increased \$1.4 million from 2011. As of December 31, 2012, Fund Balance was \$55.5 million.

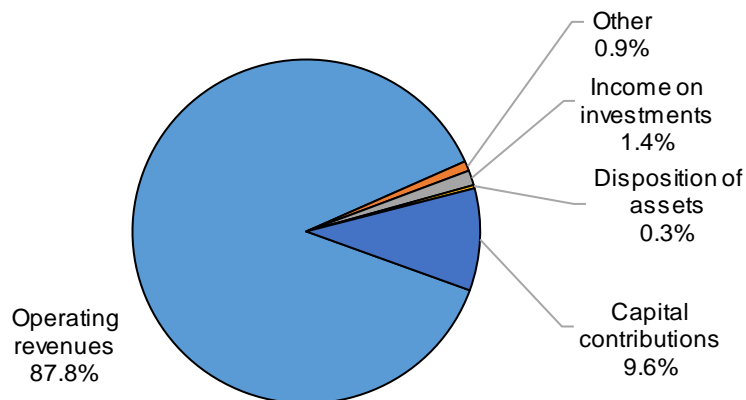
Revenue for the Westminster Economic Development Authority decreased by \$1.2 million, or 10.4%, compared to 2011. This was primarily because of decreases in sales tax increment of \$0.6 million, property tax increment of \$0.2 million, and rentals and other revenue of \$0.4. Most significantly, transfers in decreased \$7.2 million as funds were being accumulated for the WURP project in 2011.

**Proprietary Funds-** As already discussed, the City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Utility Fund, which accounts for the City's water, wastewater and storm drainage activities, ended 2012 with net position equal to \$407.1 million. Of that amount, \$76.7 million is unrestricted. Net position increased \$11.4 million, or 2.9%, compared to 2011.

Operating revenues increased \$5.6 million, or 12.9%, compared to 2011. Chart 8 illustrates both operating and nonoperating revenues by source. The primary reason for the increase in operating revenues is due to an increase in rates and increased demand due to a hot and dry irrigation season.

Chart 8: Utility Fund Revenues by Source



Utility Fund operating expenses increased \$1.7 million, or 4.0%, compared to 2011. The primary reason is due to the increased demand mentioned above.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As can be seen from Table 3, the City's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounts to \$777.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and utility plants, improvements, parks, infrastructure, water rights, machinery and equipment, joint venture assets and construction work in progress. The total decrease in the City's investment in capital assets was \$17.3 million, or 2.2%. Net capital assets of governmental activities decreased \$11.3 million, or 2.9%, and business-type activities decreased \$6.0 million, or 1.5%.

Table 3: Capital Assets at Year-end  
(Net of Accumulated Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Land and property rights	\$ 120.6	\$ 118.2	\$ 111.3	\$ 111.3	\$ 231.9	\$ 229.5
Buildings and plants	44.1	47.0	153.8	154.4	197.9	201.4
Improvements other than buildings	23.4	24.3	122.9	120.6	146.3	144.9
Parks	26.1	27.8	0.6	0.7	26.7	28.5
Ice Center	5.0	5.1	-	-	5.0	5.1
Infrastructure	150.3	157.9	-	-	150.3	157.9
Construction in progress	1.3	1.1	2.2	8.4	3.5	9.5
Machinery and equipment	10.7	11.4	5.1	6.5	15.8	17.9
Totals	<u>\$ 381.5</u>	<u>\$ 392.8</u>	<u>\$ 395.9</u>	<u>\$ 401.9</u>	<u>\$ 777.4</u>	<u>\$ 794.7</u>

Major capital asset activity during 2012 included the following:

#### Governmental Activities

- \$0.5 million for construction, renovation and improvements of City facilities
- \$2.4 million for open space property
- \$0.6 million for park renovation and improvements
- \$0.6 million for Metzger Farm improvements

#### Business-type activities

- \$1.5 million for water tank rehabilitation
- \$2.0 million for distribution lines
- \$6.5 million for Reclaimed Water Treatment Facility expansion
- \$1.1 million for wastewater line rehabilitation
- \$0.7 million for storm drainage improvements

Additional information on the City's capital assets can be found in Note 2E on pages 44 and 45.

## Debt Administration

At December 31, 2012 the City's bond ratings carry investment grade ratings as follows:

<u>Bond Issue</u>	<u>Standard &amp; Poors</u>	<u>Fitch Ratings</u>	<u>Moody's</u>
Sales Tax Revenue	AA+	AA+	Not Requested
Sales Tax Revenue - POST	AA-	AA-	Not Requested
General Obligation	Not Requested	Not Requested	Not Requested
Utility Enterprise	AA	AAA	Aa2
COPs-Ice Centre	AA-	Not Requested	Not Requested
COPs-All Others	AA-	Not Requested	Not Requested

The State of Colorado limits the amount of general obligation debt that cities can issue to 3% of the actual value of all taxable property within the City's corporate limits (CRS 31-15-302). The City's outstanding general obligation debt is significantly below this \$294.6 million state-imposed limit. See page 115 for the City's legal debt margin information.

Table 4 illustrates the City's total indebtedness:

Table 4: Outstanding Debt, at Year-end (in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Revenue Bonds and Interest Coupons (backed by specific tax and fee revenues)	\$ 50.6	\$ 55.6	\$ 33.5	\$ 35.3	\$ 84.1	\$ 90.9
WEDA Tax Increment Revenue Bonds	101.4	37.5	-	-	101.4	37.5
Notes and Mortgages	1.6	64.3	23.6	28.6	25.2	92.9
Leases	66.1	72.0	4.4	4.9	70.5	76.9
<b>Total</b>	<b>\$ 219.7</b>	<b>\$ 229.4</b>	<b>\$ 61.5</b>	<b>\$ 68.8</b>	<b>\$ 281.2</b>	<b>\$ 298.2</b>

Further information on the City's debt can be found in Note 2H on pages 47-49.

## NEXT YEAR'S BUDGETS AND RATES

**Budgets and Plans for 2013.** In April, 2012, the City Council met in its annual 2-day strategic planning retreat, and accomplished the following:

- Affirmation of the City's Strategic Goals for the next five years, 2012-2017.
  1. Strong, Balanced Local Economy
  2. Financially Sustainable City Government Providing Exceptional Services
  3. Safe and Secure Community
  4. Vibrant Neighborhoods in One Livable Community
  5. Beautiful and Environmentally Sensitive City

City Council adopted the 2013-2014 budget on October 22, 2012. While the General Fund and Sales Tax Fund are consolidated for year-end financial reporting purposes, they are still separated for budgeting, legal and administrative purposes. Highlights of the 2013 budget include the following:

- The 2013 General Fund operating expenditures are budgeted at \$97.5 million (including contingencies).
- The 2013 General Fund budget is predicated on receiving a transfer payment from the Sales and Use Tax Fund totaling \$61.4 million, which is a 3.9% increase over the 2012 transfer payment of \$59.1 million.
- In 2013, the Contingency account is \$1 million in the General Fund. The 2013 General Reserve Fund is projected to be \$9.6 million, the General Fund Stabilization Reserve is projected to be \$4.3 million, the Utility Capital Project Reserve Fund is projected to be \$17.2 million and the Utility Rate Stabilization Reserve is projected to be \$13.0 million.
- The total number of full-time equivalent (FTE) staffing in 2013 is 917.391 FTE, a net increase of 0.8 FTE.
- In order to ensure reliable infrastructure throughout the City that accommodates continued growth, a proactive Capital Improvement Program (CIP) is recommended as a key component of the 2013 Budget. For 2013, total general capital improvements are \$10.8 million and total utility capital improvements are \$16.3 million. 100% of the 2013 CIP will be funded on a “pay-as-you-go” basis.

## **CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Tammy Hitchens CPA, CPFO, Finance Director, as follows:

City of Westminster  
4800 W. 92<sup>nd</sup> Ave  
Westminster, CO 80031  
303-658-2036  
thitchen@cityofwestminster.us

# Basic Financial Statements

Statements

**CITY OF WESTMINSTER, COLORADO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,461,805	\$ 6,713,840	\$ 14,175,645
Cash and cash equivalents w ith fiscal agent	162,084	-	162,084
Investments	74,402,370	67,034,654	141,437,024
Receivables:			
Taxes	21,116,726	-	21,116,726
Accounts	3,630,055	4,645,190	8,275,245
Notes and leases	4,916,698	-	4,916,698
Grants	1,637,964	-	1,637,964
Interest	279,679	267,309	546,988
Internal balances	(3,191,293)	3,191,293	-
Inventories	756,561	1,359,737	2,116,298
Property held for resale	31,257,607	-	31,257,607
Bond costs and other prepaid items	1,898,414	971,358	2,869,772
Restricted assets:			
Cash and cash equivalents	195,285	901,643	1,096,928
Cash and cash equivalents w ith fiscal agent	24,651,265	1,477,044	26,128,309
Investments	1,950,707	4,305,135	6,255,842
Investments w ith fiscal agent	-	2,281,170	2,281,170
Capital assets:			
Non-depreciable assets	121,911,068	113,556,636	235,467,704
Depreciable assets, net	259,621,385	282,375,830	541,997,215
Notes receivable	-	496,964	496,964
Other assets	-	1,065,162	1,065,162
Investment in joint venture	820,202	-	820,202
Total assets	<u>553,478,582</u>	<u>490,642,965</u>	<u>1,044,121,547</u>
<b>LIABILITIES</b>			
Accounts payable and other	9,492,280	2,955,989	12,448,269
Accrued liabilities	2,110,965	408,092	2,519,057
Unearned revenue	13,719,985	29,313	13,749,298
Accrued interest	828,695	148,436	977,131
Estimated claims	955,023	-	955,023
Noncurrent liabilities:			
Due w ithin one year	15,472,974	5,100,180	20,573,154
Due in more than one year	205,640,996	58,329,768	263,970,764
Total liabilities	<u>248,220,918</u>	<u>66,971,778</u>	<u>315,192,696</u>
<b>NET POSITION</b>			
Net investment in capital assets	176,064,347	336,924,153	512,988,500
Restricted for:			
Emergencies	3,708,606	-	3,708,606
Capital projects	8,579,165	-	8,579,165
Improvements and open space conservation	4,476,893	-	4,476,893
Debt service	16,096,824	5,206,778	21,303,602
Other purposes	27,713	-	27,713
Unrestricted	96,304,116	81,540,256	177,844,372
Total net position	<u>\$ 305,257,664</u>	<u>\$ 423,671,187</u>	<u>\$ 728,928,851</u>

The accompanying notes are an integral part of the financial statements



**CITY OF WESTMINSTER, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Function/Program Activities</b>				
Governmental activities:				
General government	\$ 35,878,873	\$ 4,055,921	\$ 5,990,195	\$ 270
Public safety	32,690,106	4,507,902	633,120	-
Public works	14,484,672	1,810,028	43,560	-
Community development	10,294,204	(12,469)	-	5,856,341
Culture and recreation	21,450,331	6,747,706	2,243	3,452,566
Interest and fiscal charges	6,697,736	-	-	-
Unallocated depreciation (excludes direct depreciation of various programs)	309,553	-	-	-
<b>Total governmental activities</b>	<u>121,805,475</u>	<u>17,109,088</u>	<u>6,669,118</u>	<u>9,309,177</u>
Business-type activities:				
Utility	44,861,022	49,243,639	36,435	5,460,466
Golf	3,354,014	3,141,318	-	-
Westminster Housing Authority	696,930	723,307	-	-
<b>Total business-type activities</b>	<u>48,911,966</u>	<u>53,108,264</u>	<u>36,435</u>	<u>5,460,466</u>
<b>Total</b>	<u>\$ 170,717,441</u>	<u>\$ 70,217,352</u>	<u>\$ 6,705,553</u>	<u>\$ 14,769,643</u>

**GENERAL REVENUES**

Property taxes  
Sales taxes  
Use taxes  
Property tax increment  
Sales tax increment  
Business fees and other taxes  
Accommodations taxes  
Intergovernmental not restricted to a specific purpose  
Assessments  
Interest  
Rentals  
Other  
Gain on sale of assets

**SPECIAL ITEM - gain on sale of asset**

**TRANSFERS**

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning**

**Net position - ending**

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (25,832,487)	\$ -	\$ (25,832,487)
(27,549,084)	-	(27,549,084)
(12,631,084)	-	(12,631,084)
(4,450,332)	-	(4,450,332)
(11,247,816)	-	(11,247,816)
(6,697,736)	-	(6,697,736)
<u>(309,553)</u>	<u>-</u>	<u>(309,553)</u>
<u>(88,718,092)</u>	<u>-</u>	<u>(88,718,092)</u>
-	9,879,518	9,879,518
-	(212,696)	(212,696)
-	26,377	26,377
<u>-</u>	<u>9,693,199</u>	<u>9,693,199</u>
<u>(88,718,092)</u>	<u>9,693,199</u>	<u>(79,024,893)</u>
4,280,504	-	4,280,504
64,472,773	-	64,472,773
11,946,218	-	11,946,218
8,610,999	-	8,610,999
1,071,525	-	1,071,525
5,275,222	-	5,275,222
2,427,226	-	2,427,226
672,172	-	672,172
6,000	-	6,000
811,117	840,406	1,651,523
470,674	839	471,513
35,000	1,190,155	1,225,155
21,879	-	21,879
-	3,876,447	3,876,447
<u>(165,572)</u>	<u>165,572</u>	<u>-</u>
<u>99,935,737</u>	<u>6,073,419</u>	<u>106,009,156</u>
<u>11,217,645</u>	<u>15,766,618</u>	<u>26,984,263</u>
<u>294,040,019</u>	<u>407,904,569</u>	<u>701,944,588</u>
<u>\$ 305,257,664</u>	<u>\$ 423,671,187</u>	<u>\$ 728,928,851</u>

**CITY OF WESTMINSTER, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2012**

	General	General Capital Improvement	Westminster Economic Development Authority	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,471,056	\$ 2,606,964	\$ 502,820	\$ 302,920	\$ 5,883,760
Cash and cash equivalents with fiscal agent	5,295	-	-	-	5,295
Investments	24,602,948	26,040,988	4,969,469	3,025,862	58,639,267
Receivables:					
Taxes	11,559,239	-	8,783,564	773,923	21,116,726
Accounts	2,636,095	934,302	474	10,436	3,581,307
Notes and leases	4,340,000	229,847	346,851	-	4,916,698
Grants	326,211	860,658	-	451,095	1,637,964
Interest	89,874	95,281	19,575	17,521	222,251
Due from other funds	5,006	-	-	-	5,006
Inventories	756,561	-	-	-	756,561
Property held for resale	31,474	366,000	30,100,523	759,610	31,257,607
Prepaid items	35,022	283	-	-	35,305
Restricted assets:					
Cash and cash equivalents	-	-	36,596	158,689	195,285
Cash and cash equivalents with fiscal agent	1,158,002	-	22,759,235	734,028	24,651,265
Investments	-	-	365,563	1,585,144	1,950,707
Loans to other funds	120,000	1,125,000	-	-	1,245,000
Total assets	<u>\$ 48,136,783</u>	<u>\$ 32,259,323</u>	<u>\$ 67,884,670</u>	<u>\$ 7,819,228</u>	<u>\$ 156,100,004</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and other	\$ 7,378,384	\$ 1,058,413	\$ 366,902	\$ 306,423	\$ 9,110,122
Accrued liabilities	2,075,648	2,685	143	470	2,078,946
Due to other funds	-	-	-	5,006	5,006
Accrued interest	-	-	-	1,297	1,297
Loans from other funds	-	-	2,870,000	425,000	3,295,000
Deferred revenue	9,250,700	789,024	9,162,513	679,255	19,881,492
Total liabilities	<u>18,704,732</u>	<u>1,850,122</u>	<u>12,399,558</u>	<u>1,417,451</u>	<u>34,371,863</u>
Fund balances:					
Nonspendable:					
Long-term receivables	120,000	1,125,000	-	-	1,245,000
Prepays and inventories	791,583	283	-	-	791,866
Property held for resale	31,474	366,000	30,100,523	759,610	31,257,607
Restricted for:					
Capital additions and improvements	-	2,275,627	7,874,809	3,675,404	13,825,840
Contractual obligations	107,124	-	-	15,625	122,749
Debt service	1,050,878	-	15,098,896	-	16,149,774
Emergencies - TABOR	3,691,533	-	-	17,073	3,708,606
Open space conservation and improvements	-	-	-	1,505,845	1,505,845
Public safety	-	-	-	12,088	12,088
Committed for:					
Capital additions and improvements	-	26,642,291	-	-	26,642,291
Urban renewal	-	-	2,749,033	-	2,749,033
Assigned to:					
Community development	-	-	-	218,076	218,076
Debt service	-	-	-	242,601	242,601
Emergencies	5,843,851	-	-	-	5,843,851
Unassigned	17,795,608	-	(338,149)	(44,545)	17,412,914
Total fund balances	<u>29,432,051</u>	<u>30,409,201</u>	<u>55,485,112</u>	<u>6,401,777</u>	<u>121,728,141</u>
Total liabilities and fund balances	<u>\$ 48,136,783</u>	<u>\$ 32,259,323</u>	<u>\$ 67,884,670</u>	<u>\$ 7,819,228</u>	<u>\$ 156,100,004</u>

**CITY OF WESTMINSTER, COLORADO**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2012**

Fund balances - total government funds		\$ 121,728,141
<p>Amounts reported for governmental activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities excluding internal service fund capital assets of \$6,458,206, are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	672,719,114	
Less accumulated depreciation	<u>(297,644,867)</u>	375,074,247
<p>Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Bond costs	1,860,409	
Investment in joint venture	<u>820,202</u>	2,680,611
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Governmental long-term debt payable	(218,296,287)	
Premiums/Discounts on long-term debt payable	3,683,068	
Compensated absences	(4,994,812)	
Comp time	(30,166)	
Postemployment benefits	(19,168)	
Accrued interest	<u>(808,246)</u>	(220,465,611)
<p>Certain revenue earned but not available classified as deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements.</p>		
Deferred revenue		6,161,507
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.</p>		
		20,078,769
Net position of governmental activities		<u><u>\$ 305,257,664</u></u>

**CITY OF WESTMINSTER, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	General Capital Improvement	Westminster Economic Development Authority	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 4,052,241	\$ -	\$ -	\$ 228,263	\$ 4,280,504
Sales taxes	60,225,206	-	-	4,247,567	64,472,773
Use taxes	11,170,704	-	-	775,514	11,946,218
Property tax increment	-	-	8,610,999	-	8,610,999
Sales tax increment	-	-	1,071,525	-	1,071,525
Business fees and other taxes	5,275,222	-	-	-	5,275,222
Accommodations taxes	785,218	1,642,008	-	-	2,427,226
Intergovernmental	6,660,574	3,926,242	57,000	2,719,570	13,363,386
Assessments	-	39,935	-	6,000	45,935
Licenses and permits	2,006,610	-	-	-	2,006,610
Interest	338,154	305,719	106,736	77,841	828,450
Rentals	-	-	470,674	5,725	476,399
Contributions	-	2,846,572	-	-	2,846,572
Recreation fees	6,751,616	-	-	-	6,751,616
Fines and forfeitures	2,008,735	-	-	1,383	2,010,118
Fleet maintenance billings and other	4,529,238	-	-	-	4,529,238
EVS billings	2,357,911	-	-	-	2,357,911
Other	-	-	-	127,277	127,277
<b>Total revenues</b>	<b>106,161,429</b>	<b>8,760,476</b>	<b>10,316,934</b>	<b>8,189,140</b>	<b>133,427,979</b>
<b>EXPENDITURES</b>					
Current:					
General government	38,715,214	304,662	1,568,057	437,260	41,025,193
Public safety	31,415,436	-	-	19,489	31,434,925
Public works	7,210,468	-	-	-	7,210,468
Community development	3,354,814	-	-	2,062,007	5,416,821
Culture and recreation	13,674,664	-	-	-	13,674,664
Capital projects	-	8,465,462	1,249,021	1,646,555	11,361,038
Debt service:	-	-	-	-	-
Principal	-	-	6,655,000	4,980,000	11,635,000
Interest and fiscal charges	22,042	-	7,229,018	2,565,116	9,816,176
Refunding bond issuance costs	-	-	383,516	-	383,516
<b>Total expenditures</b>	<b>94,392,638</b>	<b>8,770,124</b>	<b>17,084,612</b>	<b>11,710,427</b>	<b>131,957,801</b>
<b>Excess of revenues over (under) expenditures</b>	<b>11,768,791</b>	<b>(9,648)</b>	<b>(6,767,678)</b>	<b>(3,521,287)</b>	<b>1,470,178</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of notes	-	112,724	4,200,000	1,500,000	5,812,724
Issuance of refunding debt	1,046,606	-	95,320,000	-	96,366,606
Premium on refunding debt	-	-	1,756,197	-	1,756,197
Discount on refunding debt	-	-	(67,028)	-	(67,028)
Payment to refunded bond escrow agent	(1,102,102)	-	(93,185,000)	-	(94,287,102)
Sale of capital asset	28,368	15,151	-	-	43,519
Transfers in	257,000	7,277,135	450,000	7,256,412	15,240,547
Transfers (out)	(9,495,808)	(761,400)	(268,000)	(4,493,757)	(15,018,965)
<b>Total other financing sources (uses):</b>	<b>(9,265,936)</b>	<b>6,643,610</b>	<b>8,206,169</b>	<b>4,262,655</b>	<b>9,846,498</b>
<b>Net change in fund balances</b>	<b>2,502,855</b>	<b>6,633,962</b>	<b>1,438,491</b>	<b>741,368</b>	<b>11,316,676</b>
<b>Fund balances, beginning</b>	<b>26,929,196</b>	<b>23,775,239</b>	<b>54,046,621</b>	<b>5,660,409</b>	<b>110,411,465</b>
<b>Fund balances, ending</b>	<b>\$ 29,432,051</b>	<b>\$ 30,409,201</b>	<b>\$ 55,485,112</b>	<b>\$ 6,401,777</b>	<b>\$ 121,728,141</b>

**CITY OF WESTMINSTER, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Net changes in fund balances - total government funds \$ 11,316,676

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts, exclusive of internal service fund activity, are the differences in the treatment of capital assets.

Expenditures for capital assets	7,036,630	
Transfer of capital assets to enterprise funds	(87,154)	
Current year depreciation	<u>(17,902,194)</u>	
		(10,952,718)

In the governmental funds, the proceeds from the sale of assets increase financial resources, while in the statement of activities, only the gain/loss on the sale of assets is reported. These amounts are the differences in the treatment of the transactions involving capital assets.

Proceeds from sale of capital assets	(43,519)	
Gain/(loss) on sale of capital assets	<u>21,879</u>	
		(21,640)

In governmental funds, issuance of long-term debt provides, and principal repayments and bond issuance costs consume, current financial resources and are reported as revenues and expenditures, while in government-wide reporting, these transactions are reported as adjustments to noncurrent liabilities, having no effect on net position. These amounts are the differences in the treatment of long-term debt.

Issuance of notes	(5,812,724)	
Issuance of refunding debt	(96,366,606)	
Premium on refunding debt	(1,756,197)	
Discount on refunding debt	67,028	
Payment to refunded bond escrow agent	94,287,102	
Principal payments	17,000,579	
Termination Fee on Refunding	<u>3,849,000</u>	
		11,268,182

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 governmental funds.

Amortization of bond discount/premium and issuance costs	(375,967)	
Accrual of interest expense	28,923	
Adjustment to long-term compensated absences liability	(312,779)	
Adjustment to postemployment benefit obligation	<u>124,247</u>	
		(535,576)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental fund statements until they become available. As a result, some revenues recognized in governmental funds may have been recognized in the statement of activities in prior years. These amounts are the difference in the treatment of revenue recognition.

Investment in Joint Venture	173,889	
Intergovernmental revenue	(422,873)	
Fines and forfeitures	(63,504)	
Recreation fees	(1,429)	
Fleet maintenance billing and other	<u>52,751</u>	
		(261,166)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities in the government-wide statement of net position as they predominately benefit governmental activities.

Change in net position, Internal Service Funds	626,281	
Internal allocation to Business-type activities	<u>(222,394)</u>	
		403,887

Change in net position of governmental activities \$ 11,217,645

**CITY OF WESTMINSTER, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2012**

	Business-type Activities			Governmental Activities Internal Service Funds
	Enterprise Funds			
	Utility	Other Nonmajor Proprietary Funds	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 6,402,566	\$ 311,274	\$ 6,713,840	\$ 1,578,045
Cash and cash equivalents with fiscal agent	-	-	-	156,789
Investments	63,955,301	3,079,353	67,034,654	15,763,103
Receivables	4,889,409	23,090	4,912,499	106,176
Inventories	1,155,346	204,391	1,359,737	-
Bond costs and other prepaid items	882,755	88,603	971,358	2,700
Total current assets	<u>77,285,377</u>	<u>3,706,711</u>	<u>80,992,088</u>	<u>17,606,813</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	901,643	-	901,643	-
Cash and cash equivalents with fiscal agent	1,477,044	-	1,477,044	-
Investments	4,305,135	-	4,305,135	-
Investments with fiscal agent	2,281,170	-	2,281,170	-
Loans to other funds	2,050,000	-	2,050,000	-
Capital assets:				
Non-depreciable assets	102,254,136	11,302,500	113,556,636	-
Depreciable assets, net	277,539,048	4,836,782	282,375,830	6,458,206
Notes receivable	100,087	396,877	496,964	-
Other assets	1,065,162	-	1,065,162	-
Total noncurrent assets	<u>391,973,425</u>	<u>16,536,159</u>	<u>408,509,584</u>	<u>6,458,206</u>
Total assets	<u>469,258,802</u>	<u>20,242,870</u>	<u>489,501,672</u>	<u>24,065,019</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and other	2,920,541	35,448	2,955,989	382,158
Accrued liabilities	358,142	49,950	408,092	1,853
Unearned revenue	-	29,313	29,313	-
Bonds payable, current portion	1,981,553	-	1,981,553	-
Notes payable, current portion	2,621,054	-	2,621,054	-
Lease payable, current portion	805	378,476	379,281	376,667
Other liabilities, current portion	110,148	8,144	118,292	3,885
Accrued interest	131,377	17,059	148,436	19,152
Estimated claims	-	-	-	955,023
Total current liabilities	<u>8,123,620</u>	<u>518,390</u>	<u>8,642,010</u>	<u>1,738,738</u>
Noncurrent liabilities:				
Bonds payable	31,577,255	-	31,577,255	-
Notes payable	21,502,341	-	21,502,341	-
Leases payable	-	4,048,575	4,048,575	1,088,827
Other liabilities payable	963,994	237,603	1,201,597	17,392
Total noncurrent liabilities	<u>54,043,590</u>	<u>4,286,178</u>	<u>58,329,768</u>	<u>1,106,219</u>
Total liabilities	<u>62,167,210</u>	<u>4,804,568</u>	<u>66,971,778</u>	<u>2,844,957</u>
<b>NET POSITION</b>				
Net investment in capital assets	325,211,922	11,712,231	336,924,153	4,916,819
Restricted for:				
Debt service	5,206,778	-	5,206,778	-
Unrestricted	76,672,892	3,726,071	80,398,963	16,303,243
Total net position	<u>\$ 407,091,592</u>	<u>\$ 15,438,302</u>	<u>422,529,894</u>	<u>\$ 21,220,062</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			1,141,293	
Net position of business-type activities			<u>\$ 423,671,187</u>	

**CITY OF WESTMINSTER, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Business-type Activities			Governmental Activities Internal Service Funds
	Enterprise Funds			
	Utility	Other Nonmajor Proprietary Funds	Total	
<b>Operating revenues</b>				
Charges for services	\$ 49,243,639	\$ 3,864,625	\$ 53,108,264	\$ 15,736,315
Rentals	-	839	839	-
Other	672,419	477	672,896	10,173
<b>Total operating revenues</b>	<u>49,916,058</u>	<u>3,865,941</u>	<u>53,781,999</u>	<u>15,746,488</u>
<b>Operating expenses</b>				
Personnel services	14,605,016	1,631,201	16,236,217	248,274
Contractual services	11,815,215	890,535	12,705,750	1,513,990
Commodities	1,754,400	611,818	2,366,218	43,285
Capital expense	2,041,418	8,844	2,050,262	227,150
Insurance and other expenses	11,048	36,081	47,129	11,343,786
Depreciation expense	12,350,020	592,556	12,942,576	1,488,562
<b>Total operating expenses</b>	<u>42,577,117</u>	<u>3,771,035</u>	<u>46,348,152</u>	<u>14,865,047</u>
<b>Operating income (loss)</b>	<u>7,338,941</u>	<u>94,906</u>	<u>7,433,847</u>	<u>881,441</u>
<b>Nonoperating revenues (expenses)</b>				
Income on investments	807,609	32,797	840,406	189,870
Interest expense	(2,673,226)	(269,372)	(2,942,598)	(63,112)
Grants	36,435	-	36,435	-
Gain/(loss) on disposition of capital assets	166,128	-	166,128	(129,356)
Other	517,259	(9,738)	507,521	-
<b>Total nonoperating revenues (expenses)</b>	<u>(1,145,795)</u>	<u>(246,313)</u>	<u>(1,392,108)</u>	<u>(2,598)</u>
<b>Income (loss) before contributions and transfers</b>	6,193,146	(151,407)	6,041,739	878,843
Capital contributions	5,460,466	87,154	5,547,620	47,438
Transfers in	1,475	751,143	752,618	-
Transfers (out)	(294,200)	(380,000)	(674,200)	(300,000)
<b>SPECIAL ITEM</b>				
Gain on sale of asset	-	3,876,447	3,876,447	-
<b>Change in net position</b>	11,360,887	4,183,337	15,544,224	626,281
<b>Net position - beginning</b>	395,730,705	11,254,965		20,593,781
<b>Net position - ending</b>	<u>\$ 407,091,592</u>	<u>\$ 15,438,302</u>		<u>\$ 21,220,062</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			222,394	
Change in net position of business-type activities			<u>\$ 15,766,618</u>	



**CITY OF WESTMINSTER, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Business-type Activities			Governmental Activities Internal Service Funds
	Enterprise Funds			
	Utility	Other Nonmajor Proprietary Funds	Total	
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 49,496,449	\$ 3,857,708	\$ 53,354,157	\$ 13,539,036
Cash payments to employees for services	(11,511,159)	(1,494,807)	(13,005,966)	(257,711)
Cash payments to suppliers for goods and services	(16,523,408)	(1,710,219)	(18,233,627)	(12,717,583)
Payments to other funds	(3,363,079)	-	(3,363,079)	2,189,392
Other operating revenues (expenses)	672,419	-	672,419	10,173
Net cash provided by operating activities	<u>18,771,222</u>	<u>652,682</u>	<u>19,423,904</u>	<u>2,763,307</u>
<b>Cash flows from noncapital financing activities:</b>				
Interfund lending	200,000	-	200,000	-
Principal paid on long-term debt	-	(251,683)	(251,683)	-
Interest paid on long-term debt	-	(8,785)	(8,785)	-
Transfer in	1,475	751,143	752,618	-
Transfer out	(294,200)	(380,000)	(674,200)	-
Grant proceeds not restricted to capital purposes	36,435	-	36,435	-
Net cash provided by (used in) noncapital financing activities	<u>(56,290)</u>	<u>110,675</u>	<u>54,385</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal paid on long-term debt	(4,349,545)	(2,813,421)	(7,162,966)	(428,983)
Interest paid on long-term debt	(2,858,968)	(230,903)	(3,089,871)	(55,699)
Acquisition and construction of capital assets	(8,323,817)	-	(8,323,817)	(1,553,763)
Proceeds from sale of capital assets	143,336	4,499,939	4,643,275	58,672
Contributions	5,404,891	-	5,404,891	-
Transfer to other funds	-	-	-	(300,000)
Interest subsidy on capital debt	517,259	-	517,259	-
Net cash provided by (used in) capital and related financing activities	<u>(9,466,844)</u>	<u>1,455,615</u>	<u>(8,011,229)</u>	<u>(2,279,773)</u>
<b>Cash flow from investing activities:</b>				
Sale/(purchase) of investments	(13,961,617)	(2,576,340)	(16,537,957)	(1,945,710)
Interest received on investments	924,325	6,045	930,370	207,038
Net cash (used in) investing activities	<u>(13,037,292)</u>	<u>(2,570,295)</u>	<u>(15,607,587)</u>	<u>(1,738,672)</u>
Net (decrease) in cash and cash equivalents	(3,789,204)	(351,323)	(4,140,527)	(1,255,138)
Cash and cash equivalents - beginning of year	<u>12,570,457</u>	<u>662,597</u>	<u>13,233,054</u>	<u>2,989,972</u>
Cash and cash equivalents - end of year	<u>\$ 8,781,253</u>	<u>\$ 311,274</u>	<u>\$ 9,092,527</u>	<u>\$ 1,734,834</u>

(Continued)

**CITY OF WESTMINSTER, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(Continued)**

	Business-type Activities			Governmental Activities Internal Service Funds
	Enterprise Funds			
	Utility	Other Nonmajor Proprietary Funds	Total	
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 7,338,941	\$ 94,906	\$ 7,433,847	\$ 881,441
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	12,350,020	592,556	12,942,576	1,488,562
(Increase) decrease in accounts receivable	252,810	(2,264)	250,546	(7,886)
(Increase) in inventories	(56,061)	(17,683)	(73,744)	-
(Increase) decrease in prepaid items	(3,150)	11,882	8,732	149,737
(Decrease) in unearned revenue	-	(5,969)	(5,969)	-
Increase (decrease) in accounts payable and other	(1,158,700)	(20,746)	(1,179,446)	57,777
Increase (decrease) in accrued liabilities	47,362	-	47,362	(11,339)
Increase in estimated claims	-	-	-	205,015
Total adjustments	11,432,281	557,776	11,990,057	1,881,866
Net cash provided by operating activities	<u>\$ 18,771,222</u>	<u>\$ 652,682</u>	<u>\$ 19,423,904</u>	<u>\$ 2,763,307</u>

Noncash investing, capital, and financing activities:

- The Utility Fund received trade allowances that exceeded net book value by \$50,407 on asset purchases.
- A contribution of \$48,050 was recorded in the Utility Fund to reflect the City's equity interest in the Church Ditch Water Authority.
- Accounts payable used to acquire capital assets decreased by \$176,974 for the Utility Fund.
- The unrecognized gain recorded to value the noncash investments of the enterprise funds to fair market value was \$93,376.
- Amortization totaling (\$172,263) was recognized through the amortization of bond premiums, discounts, deferred loss on refunding, and bond issuance costs.
- Accrued interest decreased for enterprise funds by (\$3,912).
- An allowance for doubtful collection was recorded for a note receivable in the amount of \$246,000 in the Westminster Housing Authority.
- Capital contributions were received by the Utility Fund from the General Fund in the amount of \$7,525.
- Capital contributions were received by the Golf Funds from the General Capital Improvement Fund in the amount of \$47,056.
- Capital contributions were received by the Westminster Housing Authority from the General Capital Improvement Fund in the amount of \$40,098.
- An note receivable with a face value of \$2,250,000 was included as part of the sale of an asset in the Westminster Housing Authority. However, the unsecured loan is recorded on the financial statements at \$396,877. The note provides for annual payments from available project cash flows over a 40 year period.

CITY OF WESTMINSTER, COLORADO  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
DECEMBER 31, 2012

	Volunteer Fire Pension
<b>ASSETS</b>	
Investments with fiscal agent	<u>\$ 2,432,653</u>
<b>NET POSITION</b>	
Held in trust for pension benefits	<u><u>\$ 2,432,653</u></u>

CITY OF WESTMINSTER, COLORADO  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FIDUCIARY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Volunteer Fire Pension
<b>ADDITIONS</b>	
Net investment income	\$ 284,964
Total additions	284,964
<b>DEDUCTIONS</b>	
Benefits	199,640
Administrative expense	21,546
Total deductions	221,186
<b>Change in net position</b>	63,778
<b>Net position - beginning</b>	2,368,875
<b>Net position - ending</b>	\$ 2,432,653

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**CITY OF WESTMINSTER, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City is a municipality governed by an elected mayor and six additional members of Council. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 14 are separate organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Blended component units are, in substance, part of the City's operations, therefore data from these units are combined with the data of the City; separate financial statements are not prepared. The City's component units are all blended. All component units have a December 31 year-end.

**Blended Component Units**

The Westminster Housing Authority (WHA) (Enterprise Fund), Amherst General Improvement District (Special Revenue Fund), Sheridan Crossing General Improvement District (Special Revenue Fund), Westminster Economic Development Authority (WEDA) Fund (Special Revenue Fund), 136<sup>th</sup> Avenue General Improvement District (Special Revenue Fund), Orchard Park Place General Improvement District (Special Revenue Fund), Mandalay Town Center General Improvement District (Special Revenue Fund), 144<sup>th</sup> Avenue General Improvement District (Special Revenue Fund), and the Promenade Parking General Improvement District (Special Revenue Fund) are all governed by boards comprised of the City's elected officials. Each component unit governing body is substantially the same as the governing body of the City. In addition, the City has the ability to modify or approve the budgets of these entities.

**Westminster Building Authority (WBA)**

The City created the Westminster Building Authority as a non-profit corporation under State law (Articles 20 through 29, inclusive of Title 7 of the Colorado Revised Statutes). The Building Authority is intended to be the City's financing arm and, as such, allows the City to avoid paying fees to an outside third-party financing corporation. WBA is not presented in the financial statements as it assigned its right to receive and enforce payments relating to debt service of these financial benefits to a trustee and it has no assets or liabilities of its own.

**B. Basic Financial Statements**

The basic financial statements include government-wide and fund financial statements. The government-wide statements focus on the City as a whole and the fund financial statements focus on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds. The government-wide financial statements categorize primary activities as either governmental or business-type. Fiduciary activities are excluded from the government-wide financial statements. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

**Government-Wide Statements**

The government-wide statement emphasis is on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the year.

For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided.

**CITY OF WESTMINSTER, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net expenses per functional category (Public Safety, Public Works, etc.), which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. Program revenues include 1) charges to customers or applications for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions.

Transfers between governmental funds and between enterprise funds are reported in total at the fund level, and are not carried forward to the government-wide statements; transfers between governmental activities and business-type activities are reported in the respective activities columns of the Statement of Activities, resulting in elimination of transfer activity at the government-wide level.

The net expense (by function or business-type activity) is normally covered by general revenue (property, sales and use taxes, intergovernmental revenues, interest income, etc.).

**Fund Financial Statements**

The fund financial statements emphasis is on major governmental and proprietary fund categories. Nonmajor funds (by category) are summarized into a single column, unless the City believes a nonmajor fund (under major fund criteria) is particularly important to financial statement users, in which case it is reported as a major fund.

The governmental funds in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate (a) legal and covenant compliance, (b) the source and use of liquid resources, and (c) how the City's actual experience conforms to the budget plan.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each fund statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

**Reporting of Internal Service and Fiduciary Funds**

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the City's governmental activities, net position of internal service funds is consolidated with governmental activities when presented at the government-wide level. As appropriate, surplus or deficits are allocated back to customers in the entity-wide Statement of Activities and are therefore not eliminated in the consolidation of interfund services provided and used.

The Volunteer Firefighter Pension Fund is presented in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. Since these assets are being held for the

**CITY OF WESTMINSTER, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, it is not incorporated into the government-wide statements.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The financial transactions of the City are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, net position, revenues and expenditures or expenses. The various funds are reported by generic classification within the financial statements.

GASB Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis— for State and Local Governments*, sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City has chosen to present additional funds as major funds, as allowed by GASB Statement 34. The nonmajor funds are combined in a column in the fund financial statements and detailed in the combining statements section.

**Governmental funds** are used to account for the City’s general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 45 days after year-end.

Sales taxes, property and other imposed taxes, as well as business fees and interest earnings associated with the current fiscal period are all susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of tax 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 City.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt and certain compensated absences and claims and judgments, which are recognized when the obligations are due.

When both restricted and unrestricted resources are available for use, it is the City’s practice to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

**General Fund** is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**General Capital Improvement Fund** accounts for the financing and construction of projects ranging from parks, street improvements, and traffic signals to fire station construction and remodeling. Financing is provided by investment earnings, General Fund and Conservation Trust Fund revenues, intergovernmental revenues, contributions, bond proceeds and transfers.



**CITY OF WESTMINSTER, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**Westminster Economic Development Authority Fund** is a special revenue fund that accounts for the monies for urban renewal activity. Financing is provided by the incremental increases of both property tax and sales tax within the boundaries of the Authority. Proceeds from bond issues are used to finance capital improvements.

**Proprietary funds** are used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector. Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, revenues, expenses, and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds. The generally accepted accounting principles followed are generally those applicable to similar businesses in the private sector; the measurement focus is based upon determination of *net income, financial position, and cash flows*. Revenues earned and expenses incurred are recognized and classified in a government's proprietary funds in essentially the same manner as in business-type accounting and financial reporting. 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 the principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary fund:

**Utility Fund** accounts for all activities necessary to provide water, sewer and storm drainage services to City residents and some outside users, financing of such activities and related debt service.

The City additionally reports the following Fund types:

**Internal Service Funds** account for operations that provide services to other departments or agencies of the City on a cost-reimbursement basis. The City has three internal service funds that are used for self-insurance purposes; property and liability, workers' compensation, and medical and dental insurance. In addition, the City has one internal service fund used for replacement of capital equipment.

**Trust Funds** account for assets held by the City in a trustee capacity on behalf of others under the terms of a formal trust agreement. Trust funds use the same measurement focus and basis of accounting as proprietary funds. The City has one pension trust fund that accounts for the assets of the City's volunteer firefighter pension plan.

**CITY OF WESTMINSTER, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**D. Assets and Liabilities**

**Deposits and Investments**

The City's cash and cash equivalents include amounts that are readily convertible to known amounts of cash and are not subject to significant risk from changes in interest rates.

Investments are reported at fair value. For cash and cash equivalents, the fair value approximates the carrying value. For long-term investments, fair value is determined via dealer quotes. The City considers all investments with original maturities at three months or less to be cash equivalents.

**Receivables and Payables**

The receivables for property taxes are recognized as of the lien date. Taxes are liened on January 1, certified to the counties in December, levied on January 1 of the following year, and subsequently paid in either one installment on April 30, or two installments on February 28 and June 15. Property taxes are recognized as receivables and deferred revenue when liened, and as revenue when available for collection in the following year. The respective counties bill and collect the City's property taxes.

Assessments are also enforceable liens on property. They are certified to the counties when liabilities for special improvement districts are established. Payments, billings, and collections are handled by the counties in the same manner as property taxes, or the City collects the assessments directly.

**Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures/expenses when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Restricted Assets**

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position and Fund Statement Balance Sheets because their use is limited by applicable debt covenants. The General Fund; General Capital Improvement Projects Fund; Westminster Economic Development Authority Special Revenue Fund; Parks, Open Space & Trails Special Revenue Fund; and the Utility Enterprise Fund have restricted assets which consist of bond proceeds and other cash and investments mandated by indenture to be segregated for the construction of various projects and payment of debt. The Community Development Block Grant Fund has cash and deposits that are restricted due to the Department of Housing and Urban Development and/or debt requirements. The Conservation Trust Fund has restricted cash that is restricted due to the legal requirements of the program.

**Capital Assets**

Capital assets with a value of \$5,000 or more are recorded at historical cost. Major outlays for constructed capital assets and improvements are capitalized when the assets are placed in service and the improvements are complete. Donated capital assets are recorded at estimated fair value at the date of donation. Costs that do not add to the value of an asset or materially extend its useful life are not included in its capitalized value. Infrastructure includes all streets and other pavement, bridges, storm drainage, signs, and traffic signals. Capital assets are depreciated using the straight-line method over their estimated useful lives:

**CITY OF WESTMINSTER, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

Depreciable Life Schedule

<u>Capital Asset</u>	<u>Life Months</u>
Machinery and equipment	36-240
Buildings and plants	360-600
Improvements other than buildings	240-600
Parks	240
Infrastructure	120-600

Assets recorded under capital lease agreements are either amortized over the term of the lease or the estimated useful life of the asset, whichever period is shorter. Amortization expense for capital leases is included in the depreciation line item on the financial statements.

Included in business-type activities is the interest incurred during the construction phase of capital assets, net of interest earned on the invested proceeds over the same period (other than for taxable debt).

**Long-Term Debt Premiums, Discounts, Deferred Losses on Refundings, and Issuance Costs**

In the governmental funds, bond premiums, discounts, deferred loss on refundings and issuance costs are treated as period costs in the year of issue. In the proprietary funds (and for the governmental activities, in the government-wide statements) bond premiums, discounts, deferred loss on refundings and issue costs are deferred and amortized over the term of the bonds.

**Other Long-Term Liabilities**

Compensated absences, postemployment benefits other than pension (OPEB), and pollution remediation obligations are reported as Other Liabilities in the proprietary fund financial statements. In proprietary funds and in the government-wide statements, these liabilities are accrued when incurred.

In governmental funds, compensated absences is accrued as a fund liability when it becomes payable following an employee's resignation or retirement; otherwise compensated absences and OPEB are considered long-term and are not accrued as fund liabilities. Pollution remediation obligations are accrued when extinguishable with current financial resources; otherwise, they are not accrued.

Compensated absences and OPEB are liquidated by the fund in which an employee works. The General Fund is typically used to liquidate these liabilities for the general government. Pollution remediation obligations are liquidated by the fund responsible for the remediation activity.

Differences in the treatment of these liabilities between governmental fund statements and the Statement of Net Position, Governmental Activities are accounted for in the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.

**Use of Estimates**

In preparing the City's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF WESTMINSTER, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**E. Net Position/Fund Balances**

Net position reflects assets plus deferred outflows less liabilities plus deferred inflows and is shown in three main categories in the government-wide, proprietary, and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt used to acquire, construct and improve capital assets. Net position is restricted when constraints placed on net resources are externally imposed. Remaining net position is reported as unrestricted.

Fund balance reflects assets minus liabilities and is shown only in governmental fund statements. Financial reporting standards establish criteria for classifying fund balance amounts into specifically defined categories to make the nature and extent of constraints on those amounts more useful and understandable. The categories comprise a hierarchy based on the extent to which constraints must be honored for a specified purpose and for which amounts can be spent. Fund balances may be categorized as nonspendable, restricted, committed, assigned, and unassigned.

*Nonspendable Fund Balance* cannot be spent because it is either in nonspendable form or is legally or contractually required to be maintained intact. Examples include items not expected to be converted to cash such as inventories and prepaid assets.

*Restricted Fund Balance* is restricted for specific purposes based on constraints externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* is constrained for specified purposes through ordinance, resolution, motion or order adopted by the City Council, and can be rescinded only through the same type of formal action used to establish the commitment.

*Assigned Fund Balance* is constrained for specified purposes by the City Manager as authorized by the City's charter.

*Unassigned Fund Balance* is unconstrained and comprised of residual uncategorized fund balance amounts.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, restricted amounts are deemed to be used first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are considered to be reduced first, followed by assigned amounts and then by unassigned amounts.

In 2009, City Council adopted a resolution establishing the General Fund Stabilization Reserve, which is intended to level the ebbs and flows of revenue collections, particularly sales and use tax revenues, and to smooth out any peaks or valleys that result from the unpredictable nature of this primary revenue source. The General Fund Stabilization Reserve is intended to enable continuous delivery of City services despite downturns in the economy. The reserve may be tapped prior to, in conjunction with or as a final step after budget reductions have been made. When not in an economic downturn, the target amount of the General Fund Stabilization Reserve in any given year is between 5% and 10% of the total sales and use tax revenues for that year. Should the reserve fall below the lower threshold of 5%, it will be replenished from various sources once economic conditions allow. At December 31, 2012, the General Fund

**CITY OF WESTMINSTER, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

Stabilization Reserve balance was \$4,027,016. This amount is included in the unassigned fund balance on the balance sheet.

**F. Interfund Transactions**

In the fund financial statements, interfund transactions are reflected as loans, services provided and used, reimbursements or transfers. Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "loans to" and "loans from" other funds. In Governmental Funds, loans to other funds are offset by an equal nonspendable fund balance to indicate that resources are not available for appropriation. Short-term advances between funds are reported as "due to" and "due from" other funds.

Services provided and used are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges a benefiting fund for the costs and directly reduces its own costs related to the reimbursement.

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide columnar presentation.

In the government-wide Statement of Net Position, loans between governmental and business type activities are reflected as internal balances.

**NOTE 2 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

The bank balance of the City's cash deposits at December 31, 2012 was \$13,231,444, of which \$500,000 was covered by Federal Deposit Insurance and \$12,731,444 was uninsured but collateralized in accordance with provision of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in trust for all uninsured deposits as a group. An additional \$500,000 in Federal Deposit Insurance covers deposits held separately for the Westminster Economic Development Authority. The carrying amount of deposits and cash on hand at December 31, 2012 was \$12,707,189.

**Investments**

The City as a home rule municipality operating under its City Charter is allowed under Colorado State Statutes to promulgate and implement local standards for cash and investment management operations. It is the policy of the City to invest public funds in a manner that will provide preservation of capital, meet the daily liquidity needs of the City, diversify the City's investments, conform to all local rules and state statutes governing the investment of public funds, and generate market rates of return.

The adopted Investment Policy for the City authorizes all investments to be made in accordance with Colorado Revised Statutes. The provision of the City's Investment Policy apply to all investable funds of the City to include trust funds, bond ordinance accounts and reserve accounts. The reserve and trust accounts are further defined with additional investment guidelines. The Investment Policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the City's funds.

**CITY OF WESTMINSTER, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

The City's principal investment objectives are:

- Preservation of capital and protection of investment principal
- Maintenance of sufficient liquidity to meet anticipated cash flows
- Diversification to avoid incurring unreasonable financial risks
- Attainment of a market rate of return as defined in Section XIII of the Investment Policy
- Conformance with all applicable City policies, State statutes and Federal regulations

The City's investments are subject to interest rate, credit and concentration of credit risk, which are mitigated by Colorado State Statutes as follows:

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits investment maturities to less than seven years, unless matched to a specific cash flow.

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by maintaining the weighted average maturity not to exceed three years.

*Credit Risk.* In accordance with its investment policy, the City manages its credit risk by requiring at the time of purchase that the security be rated by at least two nationally recognized credit rating agencies as further defined in the Investment policy.

The City's securities at December 31, 2012, were in compliance with the City's Investment Policy. The City's investment policy follows Colorado Revised Statutes 24-75-602.1(j) and any changes enacted in the statutes. In addition, public funds are protected by the Public Depository Protection Act, which require that collateral must have an original minimum fair value (including accrued interest) of 102% of the dollar value of the transaction; if the collateralized value drops below 101%, it is immediately restored to 102%. Collateral is held by the City's custodian bank as the safekeeping agent and marked to market daily.

*Concentration of Credit Risk.* In accordance with the City's investment policy, investments are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Percentage limitations used for measurements are based on the percentage of cost value of the portfolio as defined within the Investment Policy.

**Local Government Investment Pool.** At December 31, 2012, the City had invested \$2,172,586 in Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pool.

CSAFE is a 2a7-like investment pool and is not subject to interest rate risk disclosure. CSAFE operates similar to a money market fund where each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pooled shares. The pool is rated AAA by Standard and Poor's.

The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank.

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The custodian's internal records identify the investments owned by the pool. Investments of the pool comply with state statutes, consisting of U.S. Treasury bills, notes and note strips, repurchase agreements, U.S. Instrumentalities, Commercial Paper, Bank Deposits, and Money Market Funds.

Cash, cash equivalents and investments as reported on the financial statements at December 31, 2012

Cash and cash equivalents	\$ 14,175,645
Cash and cash equivalents with fiscal agent	162,084
Investments	141,437,024
Restricted cash and cash equivalents	1,096,928
Restricted cash and cash equivalents with fiscal agent	26,128,309
Restricted investments	6,255,842
Restricted investments with fiscal agent	2,281,170
Total per Statement of Net Position:	<u>\$ 191,537,002</u>

Credit Quality Distribution for Securities as a Percentage of Total Investments

<u>Investment Type</u>	<u>S &amp; P Rating</u>	<u>% of Total</u>
Local Investment - CSAFE	AAA	1.22%
Commercial Paper ING Funding	A-1	2.94%
Commercial Paper Rabobank	A-1+	1.68%
Commercial Paper Kells Funding LLC	A-1+	1.68%
Corporate GE Capital	AA+	1.42%
Corporate General Electric	AA+	1.12%
Corporate Met Life Glob	AA-	3.48%
Corporate New York Life Global Funding	AA+	2.41%
Corporate CME Group Inc	AA	1.29%
Corporate Walmart	AA	1.26%
Corporate Bank of New York	A+	1.15%
Corporate Johnson & Johnson	AAA	1.64%
Municipal - Westminster Economic Development Authority	NR	1.87%
US Treasury Securities	N/A	14.69%
Federal Farm Credit Banks	AA+	6.38%
Federal Home Loan Bank System	AA+	10.60%
Freddie Mac (Federal Home Loan Mortgage Corporation)	AA+	11.79%
Fannie Mae (Federal National Mortgage Association)	AA+	18.21%
First American Money Market Fund	AAAm	15.17%

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average to Maturity (years)</u>
Colorado Surplus Asset Fund (CSAFE)	\$ 2,172,586	-
Commercial Paper	11,246,447	0.06
US Treasuries	26,274,840	2.43
US Instrumentalities	84,026,830	1.67
Domestic Corporate Securities	24,634,847	1.34
Municipal	3,340,000	4.44
First American Money Market Fund	27,134,263	-
Total Investments controlled by City	<u>\$ 178,829,813</u>	
Portfolio weighted average maturity		1.84

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**B. Disaggregation of Receivables**

Receivables at December 31, 2012, were as follows:

	Taxes	Accounts	Notes and Leases	Grants	Interest	Total Receivables
<b>Governmental Activities:</b>						
General	\$ 11,559,239	\$ 3,974,186	\$ 4,340,000	\$ 326,211	\$ 89,874	\$ 20,289,510
GCIF	-	934,302	229,847	860,658	95,281	2,120,088
WEDA	8,783,564	474	346,851	-	19,575	9,150,464
Other Governmental	773,923	10,436	-	451,095	17,521	1,252,975
Less: Allowance for Doubtful Accounts	-	(1,338,091)	-	-	-	(1,338,091)
Subtotal	21,116,726	3,581,307	4,916,698	1,637,964	222,251	31,474,946
Reconciliation of balances in fund financial statements to government-wide financial statements						
	-	48,748	-	-	57,428	106,176
<b>Total - Governmental Activities</b>	<b>\$ 21,116,726</b>	<b>\$ 3,630,055</b>	<b>\$ 4,916,698</b>	<b>\$ 1,637,964</b>	<b>\$ 279,679</b>	<b>\$ 31,581,122</b>
<b>Business-type Activities:</b>						
Utilities	\$ -	\$ 4,633,294	\$ 100,087	\$ -	\$ 256,115	\$ 4,989,496
Golf Course	-	8,069	-	-	1,730	9,799
Housing Authority	-	3,827	2,496,000	-	9,464	2,509,291
Less: Allowance for Doubtful Accounts	-	-	(2,099,123)	-	-	(2,099,123)
<b>Total - Business-type Activities:</b>	<b>\$ -</b>	<b>\$ 4,645,190</b>	<b>\$ 496,964</b>	<b>\$ -</b>	<b>\$ 267,309</b>	<b>\$ 5,409,463</b>

**C. Notes and Leases Receivable**

In the governmental fund financial statements, long-term receivables, such as special assessments and capital leases receivable, are offset by deferred revenue and revenues are recognized based on collections. Operating lease revenue is reported as income as it is earned. The net investment in a capital lease becomes receivable when benefits and risks associated with ownership of the property transfer to the lessee, typically at inception of the lease agreement.

The capital lease with Hyland Hills Parks and Recreation District represents a sublease for an undivided fifty percent interest in the Ice Centre to be paid over 25 years. In the event of default, Hyland Hills' interest would be reduced by two percent for each year the lease obligation was not met. The net interest rate on the lease is 3.385%.

The note with Catellus Development Corporation represents the final special assessment payment due on land purchased by Catellus.

The note with Colorado Rural Housing Development Corp. is for the construction and purchase of a 12,000 square foot building located in the South Westminster Urban Renewal Area. The note requires monthly payments of principal and interest, with a balloon payment due in January, 2017. Interest rates on the loan change annually and range from 2.0% to 3.0%.

The City considers these amounts to be fully collectable and therefore, no reserve has been established. The City will periodically reassess the collectability of the notes receivable and record a reserve if deemed necessary.



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Description of notes and leases receivable

PRIMARY GOVERNMENT	Purpose of Issue	Amount Issued	Amount Outstanding	Scheduled Payments	Final Payment
<b>Governmental Activities</b>					
Catellus Development Corporation	Land SID assessment	\$ 194,847	\$ 194,847	one-time pymt	*
Westminster Public Safety Recognition Foundation (WPSRF)	Art Tribute for the Public Safety Center	35,000	35,000	one-time pymt	2013
Hyland Hills Park and Recreation District	Ice Centre	4,975,000	4,340,000	semi-annually	Dec-2022
Colorado Rural Housing Development Corporation	Development Corp Building Construction	355,513	346,851	monthly	2017
Total Governmental Activities		<u>\$ 5,560,360</u>	<u>\$ 4,916,698</u>		

The Westminster Housing Authority entered into a note with Community Builders for the construction of a 12,000 square foot building. Certain performance provisions of the note were satisfied in 2009. Therefore, the principal is forgiven at the rate of 10% per year. An allowance for doubtful accounts has been established for the remaining balance of \$246,000 at December 31, 2012.

The Utility Fund entered into notes receivable with West 117th Master HOA, Village at Park Center HOA, American Rental Associates and Life Fellowship Church. These notes allow the water system user to pay for the cost of connecting to the water system over a period of time. Payment amounts are based on water usage and collected along with the monthly usage billing. Since repayment is based on water usage the notes do not have a defined term. An allowance for doubtful accounts is not established as the City can lien the associated property.

The Westminster Housing Authority (WHA) entered into a note with Westminster Commons VOA, LP as part of the sale of the Westminster Commons senior housing complex. Repayment will be made from projected cash flows generated by the project beginning in 2015 with a balloon payment of any unpaid principal and accrued interest in 2052. Interest is compounded annually at the rate of 3.6%. Due to the limited projected cash flows and unsecured subordinate note, an allowance for doubtful accounts has been established in the amount of \$1,853,123 at December 31, 2012. Actual cash flows and updated project cash flows will be reviewed annually with the allowance for doubtful accounts adjusted when necessary.

Description of notes and leases receivable

PRIMARY GOVERNMENT	Purpose of Issue	Amount Issued	Amount Outstanding	Scheduled Payments	Final Payment
<b>Business-type Activities</b>					
Community Builders	Development Corp Building Construction Sale of Westminster	\$ 410,000	**	**	**
Westminster Commons VOA, LP	Commons	2,250,000	396,877	annually	2052
Utility Customers	Water System Connection	160,275	100,087	monthly	****
Total Business-Type Activities		<u>\$ 2,820,275</u>	<u>496,964</u>		

\*\*In accordance with the agreement, this note is forgiven at a rate of 10% per year until extinguished; therefore, no outstanding amount is reflected in the statements.

\*\*\*The face value of the note is \$2,250,000 with repayment from project cash flows. However, an allowance for doubtful accounts of \$1,853,123 has been established due to projected limited cash flows. A review will be conducted annually to adjust the allowance if necessary. (Note 3T)

\*\*\*\* The payment amount is based on water usage not a defined term.

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Notes and Leases Receivable Maturities

Year Ending	Governmental activities					Business-type activities			
	Catellus	WPSRF	Hyland Hills	Colorado Rural Housing	Total	Community Builders	Westminster Commons VOA, LP	Utility Customers	Total
2013	\$ 194,847	\$ 35,000	\$ 335,000	\$ 8,958	\$ 573,805	\$ -	\$ -	\$ 50,489	\$ 50,489
2014	-	-	342,500	8,509	351,009	-	-	5,553	5,553
2015	-	-	352,500	8,148	360,648	-	9,720	5,752	15,472
2016	-	-	365,000	8,347	373,347	-	13,678	5,956	19,634
2017	-	-	375,000	312,889	687,889	-	14,307	6,168	20,475
2018-2022	-	-	2,570,000	-	2,570,000	246,000	80,774	26,169	352,943
2023-2027	-	-	-	-	-	-	95,457	-	95,457
2028-2032	-	-	-	-	-	-	109,950	-	109,950
2033-2037	-	-	-	-	-	-	124,800	-	124,800
2038-2042	-	-	-	-	-	-	139,650	-	139,650
2043-2047	-	-	-	-	-	-	154,500	-	154,500
2048-2052	-	-	-	-	-	-	169,350	-	169,350
	194,847	35,000	4,340,000	346,851	4,916,698	246,000	912,186	100,087	1,258,273
Net present value/ principal adjustment	-	-	-	-	-	(246,000)	(515,309)	-	(761,309)
Total	\$ 194,847	\$ 35,000	\$ 4,340,000	\$ 346,851	\$ 4,916,698	\$ -	\$ 396,877	\$ 100,087	\$ 496,964

**D. Interfund Receivables and Payables**

The composition of interfund balances as of December 31, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due to/from other funds:		
General Fund	Community Development Block Grant	\$ 5,006
Loans from/to other funds:		
General Fund	Westminster Economic Development Authority	120,000
General Capital Improvement	Westminster Economic Development Authority	1,125,000
Utility Fund	Westminster Economic Development Authority	1,625,000
Utility Fund	Parks, Open Space and Trails	425,000
	Total	<u>\$ 3,300,006</u>

At December 31, 2012, the General Fund covered the overdrawn cash balance of the Community Development Block Grant Fund in the amount of \$5,006.

The loans of \$2,870,000 to the WEDA Fund were used to 1) pay for the redevelopment and revitalization of the Westminster Plaza Shopping Center and 2) pay for expenses associated with the redevelopment of an abandoned residential project within the Holly Park Urban Renewal Area. These interfund loans are expected to be repaid in the near term.

The loan of \$425,000 to the Parks, Open Space and Trails Fund from the Utility fund assisted in the purchase of the Mandalay-Parkwood open space property. The interfund loan is expected to be repaid in 2017.

For budget purposes, interfund loans are appropriated as "Other Financing Use" in the payor fund. On an actual basis, the interfund loan is only a balance sheet transaction; therefore, interfund loan transactions show a budget to actual variance in the budget comparison financial statements.

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**E. Capital Assets**

Capital Assets at December 31, 2012 were as follows:

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Governmental Activities					
Land & Land Rights	\$ 111,860,395	\$ 2,365,307	\$ -	\$ -	\$ 114,225,702
Water Rights	1,000,000	-	-	-	1,000,000
Joint Venture	5,361,000	-	-	-	5,361,000
Construction in progress	1,108,842	4,295,655	(4,080,131)	-	1,324,366
Total nondepreciable assets	<u>119,330,237</u>	<u>6,660,962</u>	<u>(4,080,131)</u>	<u>-</u>	<u>121,911,068</u>
Buildings	89,339,205	-	690,015	-	90,029,220
Improvements other than buildings	42,292,222	17,530	1,170,495	(48,125)	43,432,122
Parks	56,459,576	-	766,653	-	57,226,229
Ice Center	6,972,384	-	-	-	6,972,384
Infrastructure	326,249,361	-	862,221	(7,000)	327,104,582
Machinery and equipment	40,761,979	1,763,781	503,593	(1,334,341)	41,695,012
Total depreciable assets	<u>562,074,727</u>	<u>1,781,311</u>	<u>3,992,977</u>	<u>(1,389,466)</u>	<u>566,459,549</u>
Less accumulated depreciation for:					
Buildings	(42,336,583)	(3,549,445)	-	-	(45,886,028)
Improvements other than buildings	(17,986,573)	(2,037,736)	-	-	(20,024,309)
Parks	(28,654,431)	(2,425,684)	-	-	(31,080,115)
Ice Center	(1,888,354)	(145,258)	-	-	(2,033,612)
Infrastructure	(168,393,722)	(8,425,764)	-	1,853	(176,817,633)
Machinery and equipment	(29,312,047)	(2,806,869)	-	1,122,449	(30,996,467)
Total accumulated depreciation	<u>(288,571,710)</u>	<u>(19,390,756)</u>	<u>-</u>	<u>1,124,302</u>	<u>(306,838,164)</u>
Net total depreciable assets	<u>273,503,017</u>	<u>(17,609,445)</u>	<u>3,992,977</u>	<u>(265,164)</u>	<u>259,621,385</u>
Governmental activities capital assets, net	<u>\$ 392,833,254</u>	<u>\$ (10,948,483)</u>	<u>\$ (87,154)</u>	<u>\$ (265,164)</u>	<u>\$ 381,532,453</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,238,865
Public safety	1,971,713
Public works	6,642,817
Community development	2,997,408
Culture and Recreation	6,230,399
Unallocated depreciation-Internal Service Funds	309,554
Total depreciation expense	<u>\$ 19,390,756</u>

	Beginning Balance	Additions	Transfers	Deletions	Ending Balance
Business-type activities:					
Land & Land Rights	\$ 20,544,199	\$ -	\$ -	\$ (164,206)	\$ 20,379,993
Water rights	90,771,295	180,000	-	-	90,951,295
Construction in progress	8,397,484	7,212,550	(13,384,686)	-	2,225,348
Total nondepreciable assets	<u>119,712,978</u>	<u>7,392,550</u>	<u>(13,384,686)</u>	<u>(164,206)</u>	<u>113,556,636</u>
Buildings and plants	236,008,245	-	6,977,446	(4,062,141)	238,923,550
Improvements other than buildings	188,071,370	-	6,171,056	-	194,242,426
Parks	1,563,487	-	-	-	1,563,487
Machinery and equipment	19,922,869	529,267	323,338	(662,767)	20,112,707
Total depreciable assets	<u>445,565,971</u>	<u>529,267</u>	<u>13,471,840</u>	<u>(4,724,908)</u>	<u>454,842,170</u>
Less accumulated depreciation for:					
Buildings and plants	(81,585,488)	(6,719,351)	-	3,205,978	(85,098,861)
Improvements other than buildings	(67,432,416)	(3,905,657)	-	-	(71,338,073)
Parks	(906,420)	(77,532)	-	-	(983,952)
Machinery and equipment	(13,433,470)	(2,240,036)	-	628,052	(15,045,454)
Total accumulated depreciation	<u>(163,357,794)</u>	<u>(12,942,576)</u>	<u>-</u>	<u>3,834,030</u>	<u>(172,466,340)</u>
Net total depreciable assets	<u>282,208,177</u>	<u>(12,413,309)</u>	<u>13,471,840</u>	<u>(890,878)</u>	<u>282,375,830</u>
Business-type activities capital assets, net	<u>\$ 401,921,155</u>	<u>\$ (5,020,759)</u>	<u>\$ 87,154</u>	<u>\$ (1,055,084)</u>	<u>\$ 395,932,466</u>

Depreciation expense was charged to business-type functions as follows:

Utility	\$ 12,350,020
Golf	470,389
Westminster Housing Authority	122,167
Total depreciation expense	<u>\$ 12,942,576</u>

Refinancing of capital leases required adjustment to the respective financed asset values, per GASB 62 paragraph 219 (a). Adjustments were reported in the deletions column as follows: Governmental Activities: machinery and equipment \$46,273 and improvements other than buildings \$48,125; Business-type activities: machinery and equipment \$7,099. There was no related deletion of accumulated depreciation.

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The following is a summary of machinery and equipment purchased by capital lease with a liability outstanding as of December 31, 2012.

2012 Leased Assets

	<b>Historical Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Book Value</b>
Governmental Activities	\$ 3,008,422	\$ (1,140,234)	\$ 1,868,188
General Capital Outlay Replacement Fund	4,098,533	(1,067,045)	3,031,488
Golf Course Fund	1,238,560	(1,175,887)	62,673
<b>Total</b>	<b>\$ 8,345,515</b>	<b>\$ (3,383,166)</b>	<b>\$ 4,962,349</b>

**F. Disaggregation of Payables**

Payables at December 31, 2012, were as follows:

	Accounts Payable	Other	Accrued Liabilities	Accrued Interest	Total Payables
<b>Governmental Funds:</b>					
General	\$ 5,305,495	\$ 2,072,889	\$ 2,075,648	\$ -	\$ 9,454,032
GCIF	978,600	79,813	2,685	-	1,061,098
WEDA	48,709	318,193	143	-	367,045
Other Governmental	245,002	61,421	470	1,297	308,190
Subtotal - Governmental Funds	6,577,806	2,532,316	2,078,946	1,297	11,190,365
Reconciliation of balances in fund financial statements to government wide financial statements	-	-	30,166	808,246	838,412
Internal service funds	382,158	-	1,853	19,152	403,163
<b>Total - Governmental Activities</b>	<b>\$ 6,959,964</b>	<b>\$ 2,532,316</b>	<b>\$ 2,110,965</b>	<b>\$ 828,695</b>	<b>\$ 12,431,940</b>
<b>Business-type Activities:</b>					
Utilities	\$ 2,449,886	\$ 470,655	\$ 358,142	\$ 131,377	\$ 3,410,060
Golf Course	26,556	1,422	49,950	17,059	94,987
Housing Authority	7,470	-	-	-	7,470
<b>Total - Business-type Activities</b>	<b>\$ 2,483,912</b>	<b>\$ 472,077</b>	<b>\$ 408,092</b>	<b>\$ 148,436</b>	<b>\$ 3,512,517</b>

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**G. Interfund Transfers**

Transfer activity for the year ended December 31, 2012 was as follows:

TRANSFERS OUT	TRANSFERS IN						Grand Total
	General Fund	General Capital Improvement Fund	Westminster Economic Development Authority	Nonmajor Governmental Funds	Utility Fund	Golf Course Fund	
General Fund	\$ -	\$ 5,595,808	\$ 200,000	\$ 3,700,000	\$ -	\$ -	\$ 9,495,808
General Capital Improvement Fund	-	-	250,000	1,925	1,475	508,000	\$ 761,400
Westminster Economic Development Authority	-	268,000	-	-	-	-	\$ 268,000
Nonmajor Governmental Funds	-	715,127	-	3,535,487	-	243,143	\$ 4,493,757
Internal Service Fund	-	300,000	-	-	-	-	\$ 300,000
Golf Course Fund	-	380,000	-	-	-	-	\$ 380,000
Utility Fund	257,000	18,200	-	19,000	-	-	\$ 294,200
<b>Grand Totals</b>	<b>\$ 257,000</b>	<b>\$ 7,277,135</b>	<b>\$ 450,000</b>	<b>\$ 7,256,412</b>	<b>\$ 1,475</b>	<b>\$ 751,143</b>	<b>\$ 15,993,165</b>

The matrix summarizes the City's interfund transfer activity. Most transfers between the General, General Capital Improvement, and Nonmajor Governmental Funds are routinely used to reallocate resources to fund City operations, capital construction, land purchases, debt service and governmental subsidies. In 2012, onetime transfers totaling \$300,000 from internal service funds to the General Capital Improvement fund transpired to provide funding for capital construction of the City's CareHere wellness center. Also in 2012, transfers from governmental funds to the Westminster Economic Development Authority totaling \$450,000 transpired to provide funding for the redevelopment of urban renewal areas. Transfer activity between governmental and business-type funds is detailed below:

**Reconciliation of Transfers between Governmental and Proprietary Funds:**

From the Utility Fund to the General Fund in lieu of taxes	\$ 257,000
From the Utility Fund to the Nonmajor Governmental Fund (Open Space Fund) in lieu of taxes	19,000
From the Utility Fund to the General General Capital Improvement Fund to supplement other fund sources	18,200
From the General Capital Improvement Fund to the Golf Course Fund for operating subsidies	(508,000)
From Golf Course Fund to General Capital Improvement fund to supplement other fund sources	380,000
From the Nonmajor Governmental Fund (Open Space Fund) to the Golf Course Fund to assist with debt service obligations	(243,143)
From the General Capital Improvement Fund to the Utility Fund to supplement other fund sources	(1,475)
<b>Total transfers between Governmental and Business Type Activities Funds</b>	<b>\$ (78,418)</b>

**Reconciliation of Transfers between Governmental and Business-type Activities**

Transfers between Governmental and Proprietary Funds	\$ (78,418)
Reassignment of capital asset contributions between governmental and business-type activities	(87,154)
	<b>\$ (165,572)</b>

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**H. Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2012 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Bonds, loans, leases and other payable:					
Revenue bonds	\$ 55,465,000	\$ -	\$ (4,980,000)	\$ 50,485,000	\$ 5,155,000
Registered interest coupons	125,000	-	-	125,000	125,000
Tax increment bonds and loans	101,740,000	99,520,000	(99,840,000)	101,420,000	5,171,000
Notes & Loans	-	1,612,724	-	1,612,724	-
Capital leases	72,008,018	1,920,249	(7,809,210)	66,119,057	5,931,740
	<u>229,338,018</u>	<u>103,052,973</u>	<u>(112,629,210)</u>	<u>219,761,781</u>	<u>16,382,740</u>
Add:					
Bond premium	3,858,039	1,756,197	(490,895)	5,123,341	561,685
Bond discount and deferred amount on refundings	(5,069,794)	(4,747,362)	1,010,747	(8,806,409)	(1,773,027)
	<u>(5,069,794)</u>	<u>(4,747,362)</u>	<u>1,010,747</u>	<u>(8,806,409)</u>	<u>(1,773,027)</u>
Total bonds, loans and leases payable	<u>228,126,263</u>	<u>100,061,808</u>	<u>(112,109,358)</u>	<u>216,078,713</u>	<u>15,171,398</u>
Other liabilities:					
Compensated absences	4,738,044	7,263,622	(6,985,577)	5,016,089	301,576
OPEB	143,415	226,751	(350,998)	19,168	-
Derivative	3,632,226	216,774	(3,849,000)	-	-
Total other liabilities	<u>8,513,685</u>	<u>7,707,147</u>	<u>(11,185,575)</u>	<u>5,035,257</u>	<u>301,576</u>
Governmental activities long-term liabilities	<u>\$ 236,639,948</u>	<u>\$ 107,768,955</u>	<u>\$ (123,294,933)</u>	<u>\$ 221,113,970</u>	<u>\$ 15,472,974</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Business-Type Activities:</b>					
Bonds, notes and leases payable:					
Revenue bonds	\$ 35,310,000	\$ -	\$ (1,850,000)	\$ 33,460,000	\$ 1,930,000
Notes	28,644,252	-	(5,014,847)	23,629,405	2,582,392
Capital leases	4,934,076	125,123	(682,023)	4,377,176	374,454
	<u>68,888,328</u>	<u>125,123</u>	<u>(7,546,870)</u>	<u>61,466,581</u>	<u>4,886,846</u>
Add:					
Bond/Notes premium	842,701	-	(104,811)	737,890	104,811
Bond discount and deferred amount on refundings	(139,913)	-	45,501	(94,412)	(9,769)
	<u>(139,913)</u>	<u>-</u>	<u>45,501</u>	<u>(94,412)</u>	<u>(9,769)</u>
Total bonds, notes and leases payable	<u>69,591,116</u>	<u>125,123</u>	<u>(7,606,180)</u>	<u>62,110,059</u>	<u>4,981,888</u>
Other liabilities:					
Compensated absences	959,805	1,597,620	(1,574,148)	983,277	48,792
OPEB	231,862	43,958	(68,043)	207,777	-
Pollution Remediation	233,970	-	(105,135)	128,835	69,500
Total other liabilities	<u>1,425,637</u>	<u>1,641,578</u>	<u>(1,747,326)</u>	<u>1,319,889</u>	<u>118,292</u>
Business-type activities long-term liabilities	<u>\$ 71,016,753</u>	<u>\$ 1,766,701</u>	<u>\$ (9,353,506)</u>	<u>\$ 63,429,948</u>	<u>\$ 5,100,180</u>

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Long-term liability activity for the year ended December 31, 2012 was as follows:

Revenue Bonds	Purpose of Issue	Amount Issued	Amount Outstanding	Coupon Interest Rate	Final Maturity
Sales and Use Tax Refunding Series 2001	Refunding/112th Ave Improvements	\$ 13,275,000	\$ 1,620,000	4.30-5.5%	12/01/21
Sales and Use Tax Revenue Series 2007A	Refunding/Street Improvements	10,715,000	5,625,000	4.25% - 5.5%	12/01/16
Sales and Use Tax POST Series 2007B	Refunding/Open Space Purchases	13,680,000	6,890,000	4.0% - 5.5%	12/01/16
Sales and Use Tax Refunding Series 2007C	Refunding/Street Improvements	10,910,000	5,805,000	4.0% - 5.25%	12/01/16
Sales and Use Tax POST Series 2007D	Open Space Purchases/Facility Improvements	20,000,000	20,000,000	4.0% - 5.0%	12/01/31
Sales and Use Tax Refunding Series 2010	Refunding/Street Improvements	10,545,000	10,545,000	2.125% - 5.0%	12/01/22
Total Governmental Activities			<u>50,485,000</u>		
Water/Wastewater Revenue Series 2001	Refunding	20,990,000	3,955,000	5.0% - 5.5%	12/01/14
Water/Wastewater Revenue Series 2010	Build America Bonds	29,505,000	29,505,000	3.23% - 5.82%	12/01/30
Total Business-type Activities			<u>33,460,000</u>		
Total Revenue bonds			<u>\$ 83,945,000</u>		
<b>Registered interest coupons</b>					
Sales and Use Tax Refunding Series 2010	Registered 'B' interest coupons	125,000	\$ 125,000	(1)	12/01/13
			<u>\$ 125,000</u>		

Annual debt service requirements to maturity for revenue bonds and registered interest coupons are as follows:

Year	Governmental Activities			Year	Business-type Activities		
	Principal	Interest	Total		Principal	Interest	Total
2013	\$ 5,155,000	\$ 2,565,864	\$ 7,720,864	2013	\$ 1,930,000	\$ 1,685,759	\$ 3,615,759
2014	5,480,000	2,107,664	7,587,664	2014	2,025,000	1,589,259	3,614,259
2015	5,835,000	1,864,233	7,699,233	2015	1,475,000	1,477,884	2,952,884
2016	6,105,000	1,582,208	7,687,208	2016	1,505,000	1,430,212	2,935,212
2017	2,185,000	1,305,463	3,490,463	2017	1,540,000	1,374,602	2,914,602
2018-2022	12,130,000	5,024,775	17,154,775	2018-2022	8,385,000	5,830,971	14,215,971
2023-2027	6,850,000	2,618,288	9,468,288	2023-2027	9,815,000	3,642,563	13,457,563
2028-2032	6,745,000	819,613	7,564,613	2028-2032	6,785,000	799,102	7,584,102
Total	<u>\$ 50,485,000</u>	<u>\$ 17,888,108</u>	<u>\$ 68,373,108</u>	Total	<u>\$ 33,460,000</u>	<u>\$ 17,830,352</u>	<u>\$ 51,290,352</u>

(1) The Series 2010 Sales and Use Tax Revenue Refunding Bonds include \$125,000 of B Interest Registered Coupons. These do not have a specified interest rate associated with payment due but are included in the total amount of interest due for 2013 above.

**Tax Increment Bonds and Loans**

Outstanding	Purpose of Issue	Amount Issued	Amount Outstanding	Coupon Interest Rate	Final Maturity
WEDA Revenue Refunding Bonds Series 2009	Westminster Plaza Redevelopment	\$ 5,330,000	\$ 3,340,000	3.800%	12/01/17
WEDA Revenue Refunding Bonds Series 2012	Mandalay Gardens Urban Renewal	28,900,000	27,750,000	1.0%-5.0%	12/01/28
Total Tax Increment Bonds			<u>31,090,000</u>		
WEDA Revenue Loan Series 2012	North Huron Urban Renewal	59,000,000	59,000,000	3.510%	12/01/28
WEDA Revenue Loan Series 2012	South Sheridan Urban Renewal	7,420,000	7,130,000	(2)	12/01/28
WEDA Revenue Loan Series 2012	Westminster Urban Reinvestment Project	4,200,000	4,200,000	2.960%	12/01/28
Total Tax Increment Loans			<u>70,330,000</u>		
Total Governmental Activities			<u>\$101,420,000</u>		

Annual debt service requirements to maturity for tax increment bonds and loans are as follows:

Year	Governmental Activities		
	Principal	Interest	Total
2013	\$ 5,171,000	\$ 3,419,421	\$ 8,590,421
2014	9,510,000	3,176,309	12,686,309
2015	5,487,000	2,965,056	8,452,056
2016	5,683,000	2,798,964	8,481,964
2017	5,857,000	2,601,386	8,458,386
2018-2022	28,282,000	10,131,988	38,413,988
2023-2027	33,610,000	4,817,444	38,427,444
2028-2032	7,820,000	180,326	8,000,326
Total	<u>\$ 101,420,000</u>	<u>\$ 30,090,894</u>	<u>\$ 131,510,894</u>

(2) The 2012 WEDA South Sheridan Loan has a fixed interest rate for the first 5 years of 2.8%. Subsequent years' interest is variable based on LIBOR.

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Capital Leases	Purpose of Issue	Amount Issued	Amount Outstanding	Interest Rate	Final Maturity
Capital lease	12 Energy Saving Equipment (05 refinance)	\$ 2,262,993	\$ 868,766	1.39%	10/15/16
Capital lease	12 Fire truck (07 refinance)	396,932	73,125	1.39%	01/15/14
Capital lease	12 Fire truck (08 refinance)	603,450	200,571	1.39%	01/15/15
Capital lease	12 Pumper Truck (08 refinance)	216,475	94,676	1.39%	10/15/15
Capital lease	12 Parks Equipment (09 refinance)	527,540	177,840	1.39%	10/15/14
Capital lease	12 Heavy Rescue Truck (10 refinance)	274,999	185,015	1.39%	01/31/17
Capital lease	12 Pumper Truck (10 refinance)	451,416	320,256	1.39%	10/15/17
Capital lease	10 Copier Portion of Joint Lease	58,096	10,190	5.00%	04/15/13
Capital lease	10 Energy Saving Equipment	2,517,094	2,201,767	4.100%	04/01/21
Capital lease	11 Fire Ladder	683,383	591,851	2.18%	10/15/17
Capital lease - Certificates of Participation 05	144th & I-25 interchange	17,130,000	13,080,000	4.0% - 5.0%	12/01/25
Capital lease - Broomfield/Westminster Foundation	Metzger Farm Open Space	4,920,000	2,030,000	4.25% - 4.3%	12/01/16
Capital lease - Certificates of Participation 07	Refunding/Capital Facilities & Streets	32,210,000	25,660,000	4.0% - 5.0%	12/01/25
Capital lease - Certificates of Participation 10	Refunding/Public Safety & Golf Course Revenue	12,825,000	11,945,000	3.0% - 4.25%	12/01/22
Capital lease - Certificates of Participation 10	Ice Centre Refunding	9,950,000	8,680,000	3.0% - 4.5%	12/01/22
Total Governmental Activities			<u>66,119,057</u>		
Golf Course capital lease	06 Maintenance Equipment	582,144	47,635	4.32%	04/15/13
Golf Course capital lease	12 Maintenance Equipment (07 refinance)	547,000	125,123	1.39%	04/15/14
Golf Course capital lease	09 Golf Portion of Joint Lease	439,745	63,613	4.85%	04/15/14
Public Works and Utilities capital lease	10 PWU Portion of Joint Copier Lease	4,585	805	5.00%	04/15/13
Capital lease - Certificates of Participation 10	Refunding/Public Safety & Golf Course Revenue	4,820,000	4,140,000	3.0% - 4.25%	12/01/22
Total Business-type Activities			<u>4,377,176</u>		
Total Capital Leases			<u>\$ 70,496,233</u>		

Annual debt service requirements to maturity for capital leases are as follow s:

Governmental Activities				Business-type Activities			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2013	\$ 5,931,740	\$ 2,675,871	\$ 8,607,611	2013	\$ 374,454	\$ 151,288	\$ 525,742
2014	6,057,787	2,488,368	8,546,155	2014	232,722	141,774	374,496
2015	6,260,441	2,256,059	8,516,500	2015	365,000	131,750	496,750
2016	6,427,251	2,028,809	8,456,060	2016	375,000	120,800	495,800
2017	5,877,991	1,765,103	7,643,094	2017	390,000	105,800	495,800
2018-2022	27,423,847	5,246,280	32,670,127	2018-2022	2,160,000	323,263	2,483,263
2023-2027	8,140,000	764,363	8,904,363	2023-2027	480,000	18,000	498,000
Total	<u>\$ 66,119,057</u>	<u>\$ 17,224,853</u>	<u>\$ 83,343,910</u>	Total	<u>\$ 4,377,176</u>	<u>\$ 992,675</u>	<u>\$ 5,369,851</u>

Notes & Loans	Purpose of Issue	Amount Issued	Amount Outstanding	Coupon Interest Rate	Final Maturity
Note	12 CHF Shoenberg Farm Note	112,724	\$ 112,724	3.00%	01/01/17
Loan	12 Section 108 HUD Loan	1,500,000	1,500,000	(3)	08/01/32
Total Governmental Activities			<u>\$ 1,612,724</u>		
Colorado Water Power Authority Note 97	Reclamation Facility	\$ 13,246,525	\$ 4,464,765	4.54%	06/01/17
Colorado Water Power Authority Note 98	Reclamation Facility	4,085,697	1,178,877	3.96%	06/01/17
Colorado Water Power Authority Note 00	Northwest Water Treatment Plant	14,998,357	6,751,436	4.40%	06/01/20
Colorado Water Power Authority Note 05	Big Dry Creek Wastewater Treatment Plant	15,440,000	10,667,500	3.32%	06/01/25
POST Church Ditch Note	Purchase of water shares	425,000	425,000	5.00%	12/28/17
Rehfeld Note	Purchase of water shares	180,000	141,827	4.00%	03/31/23
Total Business-type Activities			<u>\$ 23,629,405</u>		
Total Notes and Loans			<u>\$ 25,242,129</u>		

Annual debt service requirements to maturity for notes are as follow s:

Governmental Activities				Business-type Activities			
Year	Principal	Interest	Total	Year	Principal	Interest	Total
2013	\$ -	\$ 11,002	\$ 11,002	2013	\$ 2,582,392	\$ 1,031,593	\$ 3,613,985
2014	-	11,002	11,002	2014	2,664,246	945,875	3,610,121
2015	-	11,002	11,002	2015	2,754,304	853,636	3,607,940
2016	-	11,002	11,002	2016	2,886,621	726,217	3,612,838
2017	112,724	9,311	122,035	2017	3,306,314	599,465	3,905,779
2018-2022	-	38,100	38,100	2018-2022	6,912,463	1,552,775	8,465,238
2023-2027	-	38,100	38,100	2023-2027	2,523,065	299,117	2,822,182
2028-2032	1,500,000	15,240	1,515,240		<u>\$ 23,629,405</u>	<u>\$ 6,008,678</u>	<u>\$ 29,638,083</u>
Total	<u>\$ 1,612,724</u>	<u>\$ 144,759</u>	<u>\$ 1,757,483</u>				

(3) The 2012 Section 108 HUD Loan has variable interest based on LIBOR. As of 12/31/2012 the rate was 0.508%. The CDBG allocation is pledged as security for repayment of this note in the event of a default on the note.



**CITY OF WESTMINSTER, COLORADO**  
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**I. Net Position**

The government-wide, business-type and fiduciary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. **Net Investment in Capital Assets** is intended to reflect the portion of net position which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. **Restricted Net Position** is liquid assets which have third-party limitations on their use. Restricted net position is reported by major category, which includes emergencies; capital projects; open space conservation and improvements; and debt service. Nonmajor categories have been aggregated as restricted for other purposes. **Unrestricted Net Position** represents assets that do not have any third party limitations on their use. While City management may have categorized and segmented portions for various purposes, the City Council has the unrestricted authority to revisit or alter these managerial decisions.

**Net Investment in Capital Assets at December 31, 2012:**

**Governmental activities:**

Capital Assets: \$ 381,532,453

Related Debt:

Issue	Amount Outstanding	Premiums/ (Discounts)/ (Deferred Loss on Refunding)	Total Capital Related Debt	Less Unspent Proceeds	Net Capital Related Debt
2001 sales tax revenue bond	\$ 1,620,000	\$ (3,394)	\$ 1,616,606	\$ -	\$ 1,616,606
2007A sales tax revenue refunding bond	5,625,000	44,122	5,669,122	-	5,669,122
2007B open space sales tax refunding	6,890,000	81,415	6,971,415	-	6,971,415
2007C sales tax revenue refunding bond	5,805,000	(18,120)	5,786,880	-	5,786,880
2007D open space revenue bond	20,000,000	326,537	20,326,537	-	20,326,537
2010 sales tax revenue refunding bond	10,545,000	241,615	10,786,615	-	10,786,615
2010 sales tax revenue refunding "B" interest c	125,000	(5,424)	119,576	-	119,576
2012 WEDA Mandalay Gardens	27,750,000	800,218	28,550,218	-	28,550,218
2012 WEDA North Huron	59,000,000	(4,159,268)	54,840,732	6,496,500	48,344,232
2012 WEDA South Sheridan	7,130,000	(228,415)	6,901,585	-	6,901,585
2012 WEDA WURP	4,200,000	-	4,200,000	-	4,200,000
Notes, Loans & Capital Lease	67,731,781	(685,296)	67,046,485	1,862,358	65,184,127
Accounts payable incurred for capital asset purchases	1,011,193	-	1,011,193	-	1,011,193
<b>Total Governmental Activities *</b>	<b>\$ 217,432,974</b>	<b>\$ (3,606,010)</b>	<b>\$ 213,826,964</b>	<b>\$ 8,358,858</b>	<b>205,468,106</b>

**Net investment in capital assets, governmental activities**

176,064,347

**Business-type activities:**

Capital Assets: 395,932,466

Related Debt:

Issue	Amount Outstanding	Premiums/ (Discounts)/ (Deferred Loss on Refunding)	Total Capital Related Debt	Less Unspent Proceeds	Net Capital Related Debt
2001 Utility Refunding Revenue Bonds	\$ 3,955,000	\$ 98,808	\$ 4,053,808	\$ -	\$ 4,053,808
2010 Utility Revenue Bonds	29,505,000	-	29,505,000	3,752,090	25,752,910
2010 COPS - Golf Course Portion	4,140,000	50,680	4,190,680	-	4,190,680
Water Notes	23,204,405	493,990	23,698,395	-	23,698,395
Capital Leases	237,176	-	237,176	-	237,176
Accounts payable incurred for capital asset purchases	1,075,344	-	1,075,344	-	1,075,344
<b>Total Business Type Activities</b>	<b>\$ 62,116,925</b>	<b>\$ 643,478</b>	<b>\$ 62,760,403</b>	<b>\$ 3,752,090</b>	<b>59,008,313</b>

**Net investment in capital assets, business-type activities**

336,924,153

**Total net investment in capital assets**

\$ 512,988,500

\* The 2009 WEDA debt was not used for capital purposes and therefore is not included in the calculation of net investment in capital assets, governmental activities

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**J. Pledged Revenues**

The City has pledged a portion of future sales and use tax and property tax revenues to repay sales and use tax revenue bonds as follows:

- \$13,275,000 issued in 2001 to refund the Series 1991 refunding and improvement bonds originally issued to finance capital improvements.
- \$10,715,000 issued in March 2007 to provide new funding for street improvements and to refund certain of the City's outstanding Series 1997A sales and use tax revenue refunding and improvement bonds, originally issued to refund certain outstanding 1992A sales and use tax revenue bonds, originally issued for capital improvements.
- \$13,680,000 issued in March 2007 to refund certain of the City's outstanding series 1997B sales and use tax revenue bonds originally issued for public improvements.
- \$10,910,000 issued in October 2007 to provide new funding for street improvements and to refund certain of the City's outstanding Series 1997A sales and use tax revenue refunding and improvement bonds.
- \$20,000,000 issued in December 2007 to finance the acquisition, development, enhancement, and maintenance of open space and parkland throughout the City.
- \$10,545,000 issued in July 2010 to refund certain of the City's outstanding series 2001 and 2002 sales and use tax revenue refunding and improvement bonds, originally issued to finance capital improvements.

These bonds are payable solely from sales and use tax revenue collections. Current year, principal and interest of \$7,520,876 were paid from sales and use tax revenue totaling \$60,610,764. Total principal and interest payments remaining on the bonds is \$68,373,108 payable through December 2031.

The Westminster Economic Development Authority has pledged a portion of future sales and property tax revenues to repay tax increment revenue refunding bonds and loans, as follows:

- \$5,330,000 issued in 2009 as tax increment revenue refunding bonds to refund the Series 1997 used to finance the redevelopment in the South Westminster Urban Renewal Area.
- \$28,900,000 issued in 2012 as tax increment revenue refunding bonds to refund the Series 2009 tax increment adjustable rate revenue refunding bonds that refunded an earlier Series used to finance redevelopment in the Mandalay Gardens Urban Renewal Area.
- \$59,000,000 issued in 2012 to refinance the 2009 loan that refunded the Series 2005 tax increment adjustable rate revenue bonds used to finance new development in the North Huron Urban Renewal Area.
- \$7,420,000 issued in 2012 to refinance the 2009 loan that refinanced the Series 2007 tax increment adjustable rate revenue bonds used to finance redevelopment in the South Sheridan Urban Renewal Area.

Tax increment variable rate revenue bonds and loans are payable from incremental sales taxes and property taxes generated by increases above the base value of retail sales and assessed valuation in the urban renewal area plus interest earnings. Of the \$13,884,018 principal interest and fees reported in the WEDA statements, \$5,319,706 in principal, interest and fees were paid with incremental net pledged revenues plus prior year revenues totaling \$10,403,831. Total principal and interest remaining on the bonds and loans is \$127,154,113, payable through December 2028.

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The Utility Enterprise has pledged future water and waste water revenues, excluding any special assessments and net of specified operating expenses, to repay:

Colorado Water Resource and Power Development Authority Notes:

- \$13,246,525 issued in May 1997 to construct a Reclamation Facility
- \$4,085,697 issued in April 1998 to construct a Reclamation Facility
- \$14,998,357 issued in April 2000 to construct the NW Water Treatment Facility
- \$15,440,000 issued in May 2005 to expand the Big Dry Creek Treatment Facility

Revenue Bonds:

- \$20,990,000 issued in December 2001 to refund 1992 and 1994 General Obligation bonds
- \$29,505,000 issued in May 2010 to acquire and develop improvements to the System throughout the City

The notes and bonds are payable solely from water and waste water pledged net revenues. For the current year, principal and interest payments were \$7,190,534 and total water and waste water net revenues were \$25,127,699. Total principal and interest payments remaining on the bonds and notes are \$80,217,566 payable through December 2030.

**NOTE 3 - OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; employee injury on the job; theft of, damage to and destruction of assets; errors and omissions; and natural disaster for which the City carries excess insurance. The City self-funds the deductible portion of all claims. There were no reductions in insurance coverage from 2011 to 2012. The City has not had any settlements during the last three fiscal years that exceeded insurance coverage.

**Medical and Dental Self-Insurance Internal Service Fund**

The City established a dental plan effective January 1, 1984. The purpose of this plan is to pay the dental claims of eligible City employees and their covered dependents.

The City has an Administrative Service Only plan with Cigna, whereby the City pays Cigna a separate amount for administrative costs, insurance taxes, and claim servicing fees. The City agrees to provide funding for the payment of claims. At the end of the year, the City retains any money not spent on claims. The City provides a specific stop loss of \$150,000 per individual per year. This Open Access Plus plan has an unlimited lifetime benefit. The City has recorded a liability in this fund totaling \$445,512 for open and estimated claims not yet reported at December 31, 2012.

The City also offers a fully insured HMO plan through Kaiser Permanente which has unlimited lifetime benefits.

**Workers' Compensation Self-Insurance Internal Service Fund**

The City established a self-insured program for workers' compensation claims effective January 1, 1986. The purpose of this program is to pay workers' compensation claims of City employees and to reduce total annual workers' compensation costs to the City. The program covers individual losses up to \$350,000 per claim plus \$100,000 annual corridor deductible. Greater individual losses are covered by an excess insurance policy with statutory limits per occurrence purchased

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from an outside company. The City has recorded a liability totaling \$116,441 for open claims and estimated claims not yet reported at December 31, 2012.

**Property and Liability Self-Insurance Internal Service Fund**

The City established a program for property and liability claims effective January 1, 1988. The purpose of this program is to pay property and liability claims against the City and to reduce total annual insurance coverage cost to the City. The program covers individual losses up to \$250,000 per claim. Greater individual losses are covered through a risk sharing pool for Colorado municipalities. Property losses are insured through the pool for the total insured value of all property owned by the city up to a maximum shared pool total of \$500,500,000. In-state liability losses are limited as set forth by statutory liability limits for Colorado public jurisdictions up to \$150,000 per person and \$600,000 per occurrence. Through the pool, the City also carries excess liability coverage that covers the City for federal acts and out-of-state claims in excess of the self-insured program limits. In addition to property insurance including boiler and machinery, the program covers automobile liability, general liability, police professional, errors and omissions, crime and fiduciary liability.

Liabilities are reported when a claim is made against the City. The City has recorded a liability totaling \$393,070 for open claims at December 31, 2012.

**Changes in the balances of claim liabilities for all plans follow:**

Year	Beginning Balance Unpaid Claims	Incurred Claims	Cumulative Claim Payments	Ending Balance Unpaid Claims
2011	\$ 1,504,962	\$ 6,206,446	\$ 6,961,399	\$ 750,009
2012	750,009	8,245,952	8,040,938	955,023

**B. Public Entity Risk Pools**

The Colorado Intergovernmental Risk Sharing Agency (“CIRSA”) was formed by an intergovernmental agreement by member municipalities pursuant to the provisions of regulation 24-10-115.5, C.R.S. (1982 Repl. Vol.), as amended, 29-1-201 et seq., C.R.S. (1977 Repl. Vol.), as amended, 29-13-102, C.R.S. (1977 Repl. Vol.), as amended, and Colorado Constitution, Article XIV, Section 18(2). Membership is restricted to Colorado municipalities, which are members of the Colorado Municipal League. The City only participates in the property and liability coverage of the pool and does not participate in the worker’s compensation coverage. As of December 31, 2012, there were 208 member municipalities and 33 Affiliated Public Entities, including the City of Westminster, in the property and casualty pool.

The purpose of CIRSA is to provide members defined liability and property coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers. CIRSA provides insurance coverage for property, liability, fiduciary, crime, police professional, and errors and omissions. The deductible amount paid by the City per each incident in 2012 was \$250,000 for property and \$250,000 for liability. Coverages are as follows:

- 1) Property/excess property: total insured value for City property up to the \$500,500,000 pool limit.

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- 2) General liability (claims subject to the Governmental Immunity Act): to \$150,000 per person and \$600,000 per occurrence. (Claims not subject to Governmental Immunity Act up to \$5,000,000 limit)
- 3) Auto liability (claims not subject to the Governmental Immunity Act): to \$1,500,000 per occurrence.
- 4) Excess law enforcement liability and public officials' errors and omissions liability coverage: to \$5,000,000.
- 5) Crime: to \$150,000 any one claim and annual aggregate.
- 6) Supplemental defense costs (claims subject to the Governmental Immunity Act): to \$50,000 per claim/occurrence.
- 7) Excess crime to \$2,000,000 any one claim and annual aggregate.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available from insurance providers and under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs although it is not legally required to do so.

It is the intent of the members of CIRSA to create an entity in perpetuity, which will administer and use funds contributed by the members to indemnify, in accordance with the Bylaws, any member of CIRSA against stated liability or loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA are dedicated to the exclusive benefit of its members. The Bylaws constitute the substance of the intergovernmental contract among the members. Continued membership in CIRSA must be periodically approved by the City Council. The Board of Directors, which is elected by the membership for two-year terms, governs CIRSA. All actions of the membership require a majority vote for all the members present at a meeting.

**C. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

City Council and the WEDA Board have approved Economic Development Assistance packages as part of an active Economic Development program. As a result of these packages, the City will rebate certain future incremental revenues as outlined in the agreements.

Various suits and claims are pending against the City as of December 31, 2012. Although the outcome of such suits and claims cannot be predicted with certainty, the City believes that adequate insurance coverage exists and that the final settlements of these matters will not materially affect the financial statements of the City.

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**D. Construction and Other Significant Commitments**

At December 31, 2012, the City had commitments for the acquisition and construction of various major capital projects and facilities in the capital projects and enterprise funds as shown below.

Funding of these future expenditures for the capital projects funds has been provided for through investment earnings; operating transfers from the General, Sales & Use Tax, Parks, Open Space & Trails, Sales & Use Tax, Conservation Trust funds; sales and use tax revenue bond proceeds; tax increment variable rate bond proceeds; Community Development Block Grants and Section 108 Loan Guarantee proceeds, and various other grants.

Funding of these future expenditures in the Utility Fund has been provided for through water and wastewater rates and tap fees, as well as bond proceeds. Funding for future expenditures in the General Capital Outlay Replacement Fund are provided for through charges for services and periodic transfers from the General and Sales and Use Tax funds.

	Appropriation 12/31/2012	Cumulative Expenditures 12/31/2012	Authorized Available 12/31/2012
Governmental activities:			
General Capital Improvement Fund	\$ 36,337,180	\$ 1,122,965	\$ 35,214,215
Westminster Economic Development Authority	4,319,499	45,782	4,273,717
Nonmajor governmental funds	2,852,079	155,620	2,696,459
General Capital Outlay Replacement Fund	3,392,406	-	3,392,406
<b>Total Governmental activities</b>	<b>\$ 46,901,164</b>	<b>\$ 1,324,367</b>	<b>\$ 45,576,797</b>
Business-type activities			
Utility Fund	\$ 36,033,986	\$ 2,209,943	\$ 33,824,043

**E. Denver Water Board Raw Water Leases**

The City has the right to perpetually purchase up to 4,500 acre-feet of Moffat Collection System raw water annually from the Denver Water Board. Permitted usage varies from month-to-month and peaks during the summer months. By contract the City is obligated to take or pay for 1,750 acre-feet of water during Denver's fiscal year, which runs from July 1 to June 30. The 2012 rate charged per acre-foot by the Denver Water Board was \$280.23. The 2012 annual lease cost based on this rate was \$490,403.

**F. Perpetual Agreement**

In December 2003, the City amended its perpetual water rights lease exchange contract dated January 7, 1982 with the City of Thornton. The amended contract provided that Westminster could perpetually lease from Thornton 2.0 million gallons per day of treated water with the option to increase or decrease this amount by 10%. The rate on December 31, 2012, was \$3.28 per thousand gallons for an annual cost of \$2,154,960. In 2009, the City of Westminster signed an agreement with the City of Brighton that states Brighton will take the full amount of water, up to 2.2 million gallons, and pay the City of Westminster, which will pass the payment on to Thornton. All future rate increases will be passed through in a similar fashion, and Brighton will have all responsibility for the lease.

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**G. Employee Retirement Plans**

**Plan Description** The City provides pension benefits, through two defined contribution pension plans, for all of its regular full-time employees and part-time employees who work at least 20 hours per week and are over age 18. The Police Plan includes Police Officers. The General Employee Plan includes all other employees.

Both employee plans are established by separate ordinances as single-employer, defined contribution plans, qualified under IRS guidelines. When employees change job status, their pension balance is moved from their old plan to the appropriate new plan through a transfer. The City does not participate in Social Security.

Long-term disability and death benefits are provided as employee benefits apart from the Pension Plans.

The Plan provisions and requirements are established by Municipal Ordinance and determined to be a qualified Pension Plan by the Internal Revenue Service. The Plan Ordinance grants the Pension Board members and Trustee the authority to administer, interpret, and apply the requirements of the Plan document. Any changes to the Plan Document are subject to City Council approval and require Internal Revenue Service determination of qualification.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Earnings differ between participants in Westminster's plans because investments are self-directed; from eligible options, participants choose where to invest contributions to their account. Investment options are selected by the pension boards.

Eligible employees hired on or after January 6, 1986 must participate from the date of employment. Employees hired before that date were given the option to begin participation on January 6, 1986 or wait until they had completed 22 months of service with the City. Before January 6, 1986, employees could not participate until completing 22 months of service, at which time participation was mandatory.

Contributions and plan provisions of the two plans are the same. The mandatory employee contribution is 10% of base pay. Employees may elect to contribute in excess of the mandatory contribution. Voluntary contributions may be made on an after tax basis. The City contributes 10.25% of each employee's base pay beginning when the employee has completed 22 months of service with the City. The City has no other obligations to fund any employee pension plan.

All contributions and earnings are fully vested at all times. All administrative costs of the plans are borne by the participants of each plan. Administrative costs and fees charged by fund managers, are netted against earnings and allocated to the two plans based on either the dollars in the plan or the number of participants in the plan, depending on the type of expense.

No plan administration is performed by the City of Westminster other than transmitting contributions to the identified employee accounts. The Charles Schwab Corporation provides administration for the plans and assists employees with their self-directed investments.

**Summary of Contributions** For the year ended December 31, 2012, contributions actually made to the two plans equaled required contributions and were as follows:

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Required contributions to the two plans, and contributions actually made were as follows:

	Police Pension Plan	General Employee Pension Plan	Total
City contributions at 10.25%	\$ 1,259,875	\$ 3,188,218	\$ 4,448,093
Mandatory employee contributions at 10%	1,295,783	3,426,770	4,722,553
Voluntary employee contributions up to 10%	11,324	65,472	76,796
Rollover contributions	-	137,147	137,147

**H. State Fire and Police Pension Plan (FPPA Defined Benefit Plan)**

Effective September 1, 2004, the City of Westminster began contributing to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan, which is also administered by FPPA. All full-time, paid firefighters of the City of Westminster are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. That report may be obtained by calling FPPA at 303-770-3772 in the Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area.

The contribution requirements of plan members and the City of Westminster are established by statute. The contribution rate for the last three years to the Statewide Defined Benefit Plan for active plan members was either 8% or 10% of covered salary depending on date of hire, and for the employer was either 8% or 10% of covered salary, again depending on date of hire.

The City of Westminster's contributions to the Statewide Defined Benefit Plan for the years ending December 31, 2012, 2011, 2010 were \$1,671,590, \$1,650,819 and \$1,696,958, respectively, equal to the required contributions for each year. The following exhibit shows a detailed history of Annual Required Contributions (ARC) and actual contributions made to the plan:

Description	2010	2011	2012	Total
Employee Contribution 10%	\$ 584,127	\$ 554,814	\$ 556,206	\$ 1,695,147
Employee Contribution 8%	247,530	253,202	269,833	\$ 770,565
Employee Drop Program 10% *	33,644	34,787	19,512	\$ 87,943
Employer Contribution 10%	584,127	554,814	556,206	\$ 1,695,147
Employer Contribution 8%	247,530	253,202	269,833	\$ 770,565
Total	<u>\$ 1,696,958</u>	<u>\$ 1,650,819</u>	<u>\$ 1,671,590</u>	<u>\$ 5,019,367</u>

\*The FPPA Deferred Retirement Option Plan (DROP) is part of the Statewide Defined Benefit Plan designed for members who are eligible to retire, but instead choose to continue employment for a specified period of time not to exceed five years. The City has no liability to match DROP program employee contributions.

Prior to 1997, the State of Colorado made a one-time contribution to fund future service costs for all firefighters hired prior to January 1, 1997. These members do not make contributions to the



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Statewide Death and Disability Plan. Aggregate contributions totaling 2.6% of payroll were made to the Statewide Death and Disability Plan in 2011 for firefighters hired on or after January 1, 1997, of which 1.8% and 0.8% were funded by the City and plan members, respectively through October 31, 2011. Beginning November 1, 2011, the contribution of 2.6% changed, so that 1.02% and 1.58% were funded by the City and plan members, respectively. The contribution rate may vary from year to year, depending on actuarial experience.

**I. Volunteer Firefighter Pension Fund**

The City has fiduciary responsibility for a single-employer defined benefit retirement system (“the plan”) established by the Volunteers, which is included in the City’s financial reports as a pension trust fund.

**Summary of Significant Accounting Policies**

*Basis of Accounting.* Financial statements of the plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair value.

**Plan Description and Contribution Information**

At December 31, 2012, membership in the plan consisted of:

Retirees and beneficiaries receiving benefits	30
Terminated volunteers entitled to benefits but not receiving them	0
Active plan members	<u>0</u>
Total	<u>30</u>

**Plan Description.** The plan provides retirement benefits as well as death and disability benefits. Participants become fully vested after 20 years of active service. Retirement benefits are payable upon vesting for any volunteer who terminates after 10 years but prior to 20 years of active service allowed by State Statutes. The benefit is equal to the full retirement benefit at the date of termination prorated by the number of years of service accrued. Surviving spouses of deceased retirees may receive up to 50% of the retirement benefit until remarriage.

Volunteers may retire upon completion of 20 years of service even though not all of the service was earned in the same fire department. If they first became volunteers prior to June 2, 1977, the retirement benefit is paid from the pension fund of each department for which they served at least five years. The amount paid is equal to 1/20 of the monthly retirement benefit being paid by that department at the date of termination from the department for each year of service with that department.

**Contributions.** An actuarial study performed on January 1, 2011, states that the current level of assets in the fund are in excess of the amount needed to pay the capped maximum of \$700 per month and all prorated amounts by \$739,516. Therefore, no additional contributions are required at this time by either the Volunteers or the City. State statutes govern contribution

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requirements. For 2012, the City's annual pension cost of \$0 for the Volunteer Firefighter Pension Plan was equal to the City's required and actual contributions. The required contribution was determined as part of the 2011 actuarial valuation using the entry age actuarial cost method. The following exhibit shows a history of Annual Required Contributions (ARC) and Actual Contributions made to the plan:

Year Ended <u>31-Dec</u>	Required Contribution	Actual Contribution	Percentage Contributed
2010	-	-	100%
2011	-	-	100%
2012	-	-	100%

(Note: From 2006 – 2012, there was no active plan members and therefore, no actual or required contributions.)

Funding for the plan was provided through a property tax levy prior to 1987. The levy was eliminated in 1987 because the plan was over-funded. No annual employer contributions have been required. Therefore, the pension liability for the plan, determined in accordance with Statement No. 27 of the Governmental Accounting Standards Board (GASB), "*Accounting for Pensions by State and Local Government Employers*," is zero, as it was previously reported prior to implementation of GASB Statement 27. Since Volunteers do not contribute to the plan, no plan assets are distributed if a volunteer is terminated prior to vesting.

**Current Status of the Plan.** All volunteer firefighters have retired. After the last volunteer firefighter retired, the volunteer firefighter program was dissolved by the City Council as required by state law. As required by Colorado State Law, prior to dissolving the plan, Council established the final benefit. The maximum benefit for a volunteer beneficiary has been permanently capped. With the approval of the Volunteer Fire Pension Board and the City Council of Westminster, the assets of the plan were transferred to the Fire and Police Pension Association of Colorado (FPPA) as allowed by C.R.S., 31-31-705. This statute allows FPPA to manage the funds of the plan and pay beneficiaries. Administrative costs and fees of the plan are netted against investment earnings on a prorated basis. The City of Westminster retains responsibility for administration and the liability of the plan. Investments of the funds are invested under the concept of an agent multiple-employer plan. When the last participant of the plan passes away, the residual assets will transfer to the City and can only be used for fire related purposes.

The plan is included in FPPA's audited annual financial report, which may be obtained by calling 303-770-3772 in the Denver Metro area and 1-800-332-FPPA (3772) from outside the metro area.

**Funded Status and Funding Progress-Volunteer Firefighter Pension Plan**

Based on an amortization period of twenty years using the entry age actuarial cost method on an open level dollar amount basis, expected contributions exceed the amount recommended to fund the plan. The entry age actuarial cost method does not yield an unfunded actuarial liability. Because Volunteers are not paid, no projected salary increases or cost-of-living adjustments are included in the actuarial assumptions.

The schedule of funding progress presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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	2011 Actuarial Valuation*	
Actuarial Value of Assets	\$	2,594,924
Actuarial Accrued Liability (AAL)		1,855,408
Excess/(Shortfall) of Assets over AAL		739,516
Funded Ratio		140%

\*Actuarial Valuation performed every two years. Next valuation is scheduled for 2013.

**Actuarial Methods and Assumptions**

The actuarial valuation and annual required contributions (ARC) were determined using the entry age actuarial cost method since the plan has been dissolved and benefits capped. The actuarial assumptions used in the 2011 actuarial valuation included:

- a) Actuarial cost method: Entry Age
- b) Amortization method: Level Dollar – Open
- c) Remaining amortization period: 20 years
- d) Asset valuation method: Actuarial Value, based on a three-year smooth fair market value.
- e) Investment rate of return: 8.0%
- f) No projected salary increases
- g) No cost of living increases
- h) Inflation rate: 3.5%

**J. Retiree Health Program**

**Program Description.** The Retiree Health Program (Program) is a single-employer defined benefit healthcare plan administered by the City of Westminster. The Program provides medical, dental, and vision insurance benefits to eligible retirees and their dependents until reaching the Medicare qualification age. Retirees may not stay on the Program after age 65. Benefits are provided for active employees and retirees under the same health care plan.

The Program offers a self-funded Open Access Point of Service plan as well as a fully insured HMO plan. The dental benefit component is self-funded and the vision benefit is paid solely by the participants in the Program.

**Funding Policy.** The Program provisions and requirements are established and may be amended by Council policy. The City funds OPEB expense on a pay-as-you-go basis. Program claims and fees for the self-funded plan, and expected premiums for the fully funded plan totaled \$857,513 during 2012. Program members receiving benefits contributed \$293,623 in actual premiums equal to 100% of the equivalent premium recognized for active employees. The City's pay-as-you-go program funding totaled \$419,043 during the year. Stop-loss insurance recoveries totaled \$144,847.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45).

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover current year costs plus amortization for a portion of the unfunded accrued actuarial liability for Program benefits. The City implemented GASB 45 prospectively on January 1, 2007, and reports the net OPEB obligation at transition as zero in accordance with the provisions of the statement. The following table shows the components of the City's annual OPEB cost for the

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year, the amount actually contributed to the Program, and changes in the City's net OPEB obligation.

	2012
Annual required contribution	\$ 270,252
Interest on net OPEB obligation	18,426
Annual required contribution adjustment	(17,969)
Annual OPEB cost	270,709
Contributions made	(419,043)
Increase (decrease) in annual OPEB obligation	(148,334)
OPEB obligation - beginning of year	375,279
OPEB obligation - end of year	\$ 226,945

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for years 2010-2012 is as follows:

		Percentage of Annual OPEB	
Fiscal Year Ended	Annual OPEB Cost	Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 426,938	110.95%	\$ 426,344
12/31/2011	270,773	118.86%	375,279
12/31/2012	270,709	154.79%	226,945

**Funded Status and Funding Progress.** As of January 1, 2011, the most recent actuarial valuation date, the Program was not funded. The unfunded actuarial accrued liability (UAAL) was \$2,402,366. The covered payroll (annual payroll of active employees covered by the Program) was \$51,742,297. The ratio of the UAAL to covered payroll was 4.6 percent.

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear information about the actuarial accrued liability for benefits relative to the covered payroll of employees covered by the Program.

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the City and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the City and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2011 valuation, the Projected Unit Credit cost method was used. The actuarial assumptions included a 4.91 percent investment rate of return to calculate the ARC on a pay-as-you-go basis, which is the rate expected on short-term liquid investments. The Unfunded

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Actuarial Accrued Liability is amortized over the maximum acceptable period of 30 years. It is calculated assuming a level percentage of projected payroll on an open basis. Payroll is assumed to increase at 3.5% per year. The annual trend rates for health care costs applied on a select and ultimate basis are 9% and 5%, respectively. Select trends are reduced 0.5% each year until reaching the ultimate trend. These rates reflect the growth in health care costs and are used to project the benefit costs for current and future retirees.

A separate financial report is not issued for the Retiree Medical Program.

**K. Tax Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The City believes it is in compliance with the requirements of the amendment. However, the City has made certain interpretations of the amendment's language in order to determine its compliance.

In November 2002, Westminster voters approved a ballot measure that exempts the City from the spending and revenue limits of the amendment.

The Amendment requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

At December 31, 2012, amounts required as Emergency Reserves in compliance with the Amendment total \$3,691,533 for the general government and an aggregate of \$17,073 for applicable component units. These amounts are shown as restrictions of fund balance in the General and respective nonmajor funds as well as a restriction of Net Position on the Statement of Net Position.

**L. Jointly Governed Organization**

The Woman Creek Reservoir Authority was formed in 1996 to oversee facilities constructed to protect the City's main drinking water supply from hazards flowing from the former nuclear weapons manufacturing facility at Rocky Flats. Rocky Flats is located west of the City of Westminster between the Cities of Golden and Boulder. The U.S. Department of Energy funded this water protection project through a grant. The purpose of the grant is to provide a sufficient investment pool to generate investment earnings to cover the annual operating expenses of the Authority and cover any large rehabilitation costs which may arise. The Cities of Northglenn, Westminster, and Thornton participate equally in the administration and operation of the Authority. Each City appoints one member of the three-member board of directors for the Authority. The Authority has no employees.

The Authority is not financially accountable for any other organization nor is the Authority a component unit of any other primary governmental entity.

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**M. Joint Ventures**

*Hyland Hills Park and Recreation District-City of Westminster Ice Centre Intergovernmental Agreement.* The City entered into an intergovernmental agreement (IGA) with Hyland Hills Park and Recreation District on January 29, 1998. The City agreed to finance (through the Westminster Building Authority) and construct a three sheet Ice Centre and Hyland Hills agreed to operate the Ice Centre pursuant to a sublease. The sublease calls for Hyland Hills to make lease payments to the City equivalent to one-half of the rental obligation due from the City to the Westminster Building Authority. The agreement entitles Hyland Hills to an undivided fifty percent interest in the Ice Centre, which in the event of default, would be reduced by two percent for each year the lease obligation was not met.

In addition, Hyland Hills agreed to convey to the City an undivided fifty percent interest in Carroll Butts Park, and to lease to the City an undivided fifty percent interest in the Hyland Hills Ice Arena and adjacent parking lot for the twenty-five year term. At the end of the term, Hyland Hills will convey the City's fifty percent interest in the Ice Arena.

The City receives one-half of the net revenues from operations of the Ice Centre and the Hyland Hills Ice Arena and Carroll Butts Park. The City's share of net operating revenues in 2012 was \$546,994. At December 31, 2012, the net book value of the Ice Centre joint venture was \$4,938,772 and Carroll Butts Park was \$441,000. There are not separate financial statements for the joint venture.

*Broomfield-Westminster Open Space Foundation.* The City entered into an intergovernmental agreement with The City and County of Broomfield on December 12, 2005, to create the Broomfield-Westminster Open Space Foundation (Foundation), a nonprofit corporation qualifying under section 501 (c) (3) of the Internal Revenue Code, to function as a public foundation. The sole purpose of the nonprofit corporation is to acquire, finance, own, and operate approximately 150 acres of undeveloped land known as the Metzger Property. The board of directors for the Foundation is comprised of an equal number of directors appointed by each City, and one additional impartial director selected by Broomfield and Westminster. Acquisition of the property was financed in 2006 from grants, donations, gifts, contributions from public and private entities, and issuance of financial obligations by the Foundation. The cities agree to their share of payments as set forth in the By-Laws of the Foundation. The City accrues one-half ownership interest in the property based on annual lease rental payments set forth in the financing document. The City records its interest in the Metzger Farm as a capital lease payable and as Joint Venture Land valued at \$4,920,000. At December 31, 2012, the City's fifty percent equity interest in the Foundation is \$820,202.

Financial statements for the Broomfield-Westminster Open Space Foundation may be obtained by contacting the City of Broomfield, Colorado, Finance Department, 303-438-6357.

**N. Component Unit of Another Government with Joint Venture Characteristics**

The City of Westminster entered into an intergovernmental agreement with the City of Northglenn to establish the Church Ditch Water Authority (the Authority) on October 29, 2004. The Authority is responsible for the operation, maintenance, and continued development of Church Ditch. The effects of water resource development by the Authority benefit both cities and other contractual users of the Church Ditch. The Authority (a governmental entity), which replaced the Church Ditch Company (a private carrier ditch company), was created to maximize operating efficiencies, streamline the rate setting process, and provide for management of easement and property ownership issues. The Authority is governed by a Board of Directors

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consisting of two directors appointed by the City of Northglenn, and one director appointed by the City of Westminster. The City owns one-third of the Church Ditch while Northglenn owns the other two-thirds. The City of Northglenn reports the Church Ditch Authority as a discretely presented component unit; the City of Westminster, as the minority participant in the Authority, reports an equity interest of one-third of the Authority's net assets as "Other Assets" in the Utility Fund. At December 31, 2012, the City's equity interest in the Church Ditch Authority was \$1,065,162.

**O. Intergovernmental Agreement**

In September 1995, the City entered into an intergovernmental agreement with the State of Colorado, Department of Higher Education for the construction and operation of the College Hill Library at Front Range Community College. This agreement called for the City and Front Range College to jointly build, furnish, equip, staff, operate and maintain the College Hill Library. The library has been fully operational since April 7, 1998. The intergovernmental agreement calls for the City to pay Front Range Community College its proportionate share of operating expenses, which totaled \$215,471 in 2012. This agreement allows the City to occupy space in the facility for up to 50 years. After 33 years, either party may terminate this agreement by giving two years' written notice to the other party. Thus, the City would enjoy a minimum of 35 years.

**P. Arbitrage Compliance**

All bond issues for the City of Westminster have been evaluated to determine arbitrage compliance and liability position. For issues where all proceeds have been spent, the City has no liability. For recent issues where proceeds have not been fully spent, no potential liability exists.

**Q. Property Held for Resale**

WEDA acquired the abandoned portions of a townhome project within the Holly Park urban renewal area with the intention to clean-up the abandoned areas and ready the land for sale. WEDA continues to maintain the property as a potential redevelopment site of approximately 5.7 acres. At December 31, 2012, the property was reported in the financial statements at the fair market value of \$850,000. WEDA has also acquired approximately 95% of the 105-acre Westminster Center Urban Reinvestment Project site. Demolition on the site is complete; however, no redevelopment agreement has been finalized. At December 31, 2012, the properties were reported as property held for resale in the financial statements at the fair market value of \$29,250,523, which is less than cost.

The City acquired an approximate 295,000 square foot parcel of land in the South Westminster Transportation Oriented District. Roughly 168,000 square feet of the parcel will be used for the future development of a parking garage and street rights-of-way, while the balance will be sold at a later date. At December 31, 2012 the portion of the property held for resale was reported in the General Capital Improvement Fund at the prorated cost of \$366,000.

The City purchased a 40,000 square foot/.9183 acre parcel located at the southwest corner of 92<sup>nd</sup> Avenue and Lowell Boulevard which is intended to be sold at a later date for development purposes. At December 31, 2012, the land held for resale was reported as property held for resale in the financial statements of the General Fund at a cost of \$31,474.

The City acquired three properties located in the 7200 block of Lowell Boulevard. The properties were acquired with Section 108 Loan Guarantee Funds. The City has an agreement with a

**CITY OF WESTMINSTER, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

developer. Upon development plan approval, the City plans to convey these properties to the developer in exchange for the developer assuming the debt. As of December 31, 2012, the properties held for resale were reported as property held for resale in the financial statements of the Community Development Block Grant fund at a cost of \$759,610.

**R. Pollution Remediation**

The State of Colorado, Department of Labor and Employment, Division of Oil and Public Safety recognizes the City of Westminster as the sole responsible party for the pollution remediation of a leak from underground gas storage tanks at the Municipal Service Center discovered in 1986. A feasibility study performed by a consultant estimated the value of recovery costs on January 1, 2008 at \$550,000 for the mobile enhanced fluid recovery remediation method selected by the City.

The consultant provided cost estimates based on well readings and current costs for monitoring, operations and maintenance, and site closure over a 13-15 year period. At December 31, 2012, the pollution remediation liability recorded was \$128,835. Changes in the cost elements are likely to occur as a result of new information and data collected. The cost estimation is between -30% and +50%.

**S. Debt Issues**

On August 15, 2012 the Westminster Economic Development Authority (WEDA) issued \$28,900,000 of WEDA Tax Increment Fixed Rate Revenue Refunding Bonds, Series 2012 to current refund \$33,520,000 of outstanding WEDA Tax Increment Adjustable Rate Revenue Bonds, Series 2009. The interest rate on the coupons are fixed and range from 1.0%-5.0% for a net interest cost of 3.07%. The net proceeds of \$30,480,794, which included funds on deposit with the trustees and bond proceeds, were used to immediately redeem the 2009 bonds plus accrued interest. As a result, the 2009 Series bonds are considered to be fully redeemed and the liability for those bonds has been removed from the City's ledgers. A deferred amount on refunding of \$303,455 was recorded.

On August 28, 2012 the Westminster Economic Development Authority (WEDA) entered into a \$59,000,000 16-year term loan to current refund \$56,865,000 of outstanding WEDA Tax Increment Loan, Series 2009. The interest rate on the loan is fixed for the term at 3.51%. The net proceeds were used to immediately redeem the 2009 loan plus accrued interest, pay the SWAP termination of \$3,849,000, and to create a new project account of \$6,500,000. As a result, the 2009 Series loan is fully redeemed and the liability for those bonds has been removed from the City's ledgers. A deferred amount on refunding of \$4,266,405 was recorded.

On September 13, 2012 the Westminster Economic Development Authority (WEDA) entered into a \$7,420,000 16-year term loan to current refund the outstanding WEDA Tax increment Loan, Series 2009. The interest rate on the loan is fixed for 5-years at 2.80%. After the initial 5-year period, the interest rate will be reset based on 70% plus 2.25% of the chosen LIBOR index. The City may choose between a 3-month, 6-month, 1-year, or 5-year term. The net proceeds of \$7,420,000 were used to immediately redeem the 2009 loan plus accrued interest. As a result, the 2009 Series loan is considered to be fully redeemed and the liability for those bonds has been removed from the City's ledgers. A deferred amount on refunding of \$110,474 was recorded.

These current refundings were undertaken primarily to mitigate interest rate and agency risk associated with the variable rate structure of the original issues. The City anticipates the



**CITY OF WESTMINSTER, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

refundings to result in economic gains in future years; however, the amount of such gains is dependent upon future interest rates, including the variable rate options available with some of the new debt.

On February 29, 2012, the Westminster Economic Development Authority (WEDA) purchased a department store at the Westminster Center Urban Reinvestment Project site with a combination of existing funds and a loan, for a total purchase price of \$4,481,822. Under the terms of the Loan Agreement, the loan is collateralized by the properties purchased and two former department store properties. The loan term is for two years with interest-only payments made semi-annually at a rate of 2.96% per annum and a balloon principal payment of \$4.2 million, due February 28, 2014, plus accrued interest. Funding for the principal payment is anticipated to be paid from proceeds from the sale of the project site to a developer. The acquisition of this property is an integral part of the urban renewal redevelopment efforts.

On April 8, 2010 the City signed a promissory note with the Colorado Historical Fund Revolving Loan Fund (CHF) for the restoration of the Schoenberg Farm Historic Property in the amount of \$117,000 at a rate of 3.0% per annum. The loan was funded by CHF on January 13, 2012 but the City received only \$112,724. Thus, a Note Allonge and Amendment to the Deed of Trust were executed on March 1, 2012 to recognize the new funding date, change in principal amount to \$112,724, to extend the payment period through January 13, 2017.

On October 5, 2012, the City signed a loan with the U.S. Department of Housing and Urban Development (HUD) under Section 108 of the Housing and Community Development. The amount of original commitment was \$1,500,000. There is a potential funding of up to \$2,534,000. The interest rate on the loan is the 3 month LIBOR rate plus 20 basis points as of the reset date. Principal payments will be made annually at \$300,000 on August 2028 through 2032.

On October 15, 2012, after the scheduled master lease payments were made, the City refinanced nine capital leases with a new bank for a total of \$2,185,733. The interest rate on the leases is fixed at 1.39%. The life of the assets remained the same with payments being made annually in January. As a result of the refunding, the book value of the assets and liabilities were reduced by \$140,362.

**T. Special Item**

On July 11, 2011, the Westminster Housing Authority (WHA) Board, authorized the sale of the Westminster Commons senior apartment complex to Westminster Commons VOA, LLP. The sale was completed on October 4, 2012. A WHA carry-back 40-year note of \$2.25 million that is subordinate to three other debt instruments was included as part of the \$7 million sales price. Repayment of the note will be provided from future project cash flows. A review of the cash flow pro-forma brought attention of the possibility that WHA may not be fully repaid by the end of the amortization period in 2052. Therefore, an allowance for doubtful accounts was calculated with the note reported in the financials of WHA at \$396,877 as of December 31, 2012. The special item, gain on sale of assets, was reduced by \$1,853,123 to \$3,876,447 for the write down of the note. Projected cash flows for the project will be monitored annually with adjustments made to the value of the note as necessary.

**U. Subsequent Events**

On January 23, 2013, the City issued \$11,095,000 of Refunding Certificates of Participation, Series 2013 with an arbitrage yield of 2.167% to partially advance refund \$10,675,000 of

**CITY OF WESTMINSTER, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

\$13,080,000 outstanding Certificates of Participation, Series 2005. The net proceeds of \$12,220,559 were used to cover the cost of issuance fees and underwriter's discount of \$165,010 and to redeem the portions on the Series 2005 certificates refunded including interest. The proceeds of the Certificates were deposited in an irrevocable trust with an escrow agent used to purchase U.S. Government Obligations sufficient to provide for all future debt service payments on the portion of the Series 2005 certificates refunded.

On April 10, 2013, the City added \$484,283 to its master lease agreement with Key Government Finance for golf carts. Lease payments will be made quarterly beginning on July 15, 2013 at an interest rate of 2.40%.

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# **Required Supplemental Information**

Supplemental Information

**CITY OF WESTMINSTER, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property taxes	\$ 4,190,000	\$ 4,190,000	\$ 4,052,241	\$ (137,759)
Sales taxes	55,270,079	58,379,056	60,225,206	1,846,150
Use taxes	9,390,793	9,842,153	11,170,704	1,328,551
Business fees and other taxes	5,128,417	5,128,417	5,275,222	146,805
Accommodations taxes	675,000	675,000	785,218	110,218
Intergovernmental	6,079,776	6,610,243	6,660,574	50,331
Licenses and permits	1,415,000	1,645,250	2,006,610	361,360
Interest	570,656	570,656	338,154	(232,502)
Recreation fees	6,418,338	6,424,725	6,751,616	326,891
Fines and forfeits	2,110,000	2,110,000	2,008,735	(101,265)
Fleet maintenance billings and other	4,599,590	4,975,847	4,529,238	(446,609)
EMS billings	2,020,000	2,020,000	2,357,911	337,911
<b>Total revenues</b>	<u>97,867,649</u>	<u>102,571,347</u>	<u>106,161,429</u>	<u>3,590,082</u>
<b>EXPENDITURES</b>				
General government				
City council	183,328	183,328	136,804	46,524
City attorney's office	991,125	992,350	962,729	29,621
City manager's office	1,120,820	1,162,137	1,146,805	15,332
Central charges	24,754,935	28,940,267	27,694,885	1,245,382
General services	7,403,922	7,485,298	7,088,628	396,670
Finance	1,666,244	1,685,544	1,685,363	181
Public safety				
Police	19,649,023	20,133,935	19,906,036	227,899
Fire	11,393,094	11,648,802	11,509,400	139,402
Public works	7,350,706	7,351,529	7,210,468	141,061
Community development	3,414,485	3,414,485	3,354,814	59,671
Culture and recreation	13,899,311	13,923,409	13,674,664	248,745
Interest and fiscal charges	-	22,042	22,042	-
<b>Total expenditures</b>	<u>91,826,993</u>	<u>96,943,126</u>	<u>94,392,638</u>	<u>2,550,488</u>
<b>Excess of revenues over (under) expenditures</b>	<u>6,040,656</u>	<u>5,628,221</u>	<u>11,768,791</u>	<u>6,140,570</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding debt	-	1,046,606	1,046,606	-
Payment to refunded bond escrow account	-	(1,102,102)	(1,102,102)	-
Sale of capital asset	30,000	30,000	28,368	(1,632)
Transfers in	257,000	257,000	257,000	-
Transfers (out)	(5,782,000)	(9,995,808)	(9,495,808)	500,000
<b>Total other financing sources (uses):</b>	<u>(5,495,000)</u>	<u>(9,764,304)</u>	<u>(9,265,936)</u>	<u>498,368</u>
<b>Net change in fund balance</b>	<u>\$ 545,656</u>	<u>\$ (4,136,083)</u>	<u>2,502,855</u>	<u>\$ 6,638,938</u>
<b>Fund balance, beginning</b>			26,929,196	
<b>Fund balance, ending</b>			<u>\$ 29,432,051</u>	

**CITY OF WESTMINSTER, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Property tax increment	\$ 8,600,238	\$ 8,604,007	\$ 8,610,999	\$ 6,992
Sales tax increment	772,800	872,800	1,071,525	198,725
Intergovernmental	50,000	50,000	57,000	7,000
Interest	33,515	35,415	106,736	71,321
Rentals	-	154,980	470,674	315,694
<b>Total revenues</b>	<u>9,456,553</u>	<u>9,717,202</u>	<u>10,316,934</u>	<u>599,732</u>
<b>EXPENDITURES</b>				
General government	1,791,959	5,840,717	1,568,057	4,272,660
Capital projects	5,145,485	5,522,738	1,249,021	4,273,717
Debt service:				
Principal	4,450,000	9,070,000	6,655,000	2,415,000
Interest and fiscal charges	4,010,567	8,126,010	7,229,018	896,992
Bond issuance costs	-	412,862	383,516	29,346
<b>Total expenditures</b>	<u>15,398,011</u>	<u>28,972,327</u>	<u>17,084,612</u>	<u>11,887,715</u>
<b>Excess of revenues over (under) expenditures</b>	<u>(5,941,458)</u>	<u>(19,255,125)</u>	<u>(6,767,678)</u>	<u>12,487,447</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of notes	-	4,200,000	4,200,000	-
Issuance of refunding debt	-	95,320,000	95,320,000	-
Premium on refunding debt	-	1,756,197	1,756,197	-
Discount on refunding debt	-	(67,028)	(67,028)	-
Payment to bond escrow agent	-	(93,255,000)	(93,185,000)	70,000
Transfers in	-	250,000	450,000	200,000
Transfers (out)	-	(6,768,000)	(268,000)	6,500,000
<b>Total other financing sources (uses):</b>	<u>-</u>	<u>1,436,169</u>	<u>8,206,169</u>	<u>6,770,000</u>
<b>Net change in fund balance</b>	<u>\$ (5,941,458)</u>	<u>\$ (17,818,956)</u>	1,438,491	<u>\$ 19,257,447</u>
<b>Fund balance, beginning</b>			54,046,621	
<b>Fund balance, ending</b>			<u>\$ 55,485,112</u>	

**CITY OF WESTMINSTER, COLORADO**  
**Schedules of Funding Progress**  
**December 31, 2012**

**Retiree Health Program**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit Cost		Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
		Method	Method				
1/1/2007 (a)	\$	-	\$ 3,198,000	\$ 3,198,000	0%	\$ 48,655,116	6.6%
1/1/2009		-	4,000,000	4,000,000	0%	52,697,614	7.6%
1/1/2011		-	2,402,366	2,402,366	0%	51,742,297	4.6%

(a) GASB 45 was implemented as of January 1, 2007; therefore, actuarial information on the Retiree Health Program is not available prior to that date

**Volunteer Firefighter Pension Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age Actuarial Cost		Overfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
		Method	Method				
1/1/2007	\$3,213,932	\$	2,100,669	\$ 1,113,263	153.00%	(a)	NA
1/1/2009	2,710,097		1,975,712	734,385	137.00%	(a)	NA
1/1/2011	2,594,924		1,855,408	739,516	140.00%	(a)	NA

**CITY OF WESTMINSTER, COLORADO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2012**

**Budgetary Information**

A biennial city budget is legally adopted by City Council on a basis consistent with generally accepted accounting principles for all fund types, except for the Investigation Recovery Special Revenue Fund, Volunteer Firefighter Pension Fund, internal service self-insurance funds, capital project funds, and blended component units of the City.

A biennial budget is adopted for the Westminster Economic Development Authority by the Authority's Board and annual budgets are adopted for the Westminster Housing Authority and general improvement districts by their respective Boards.

Appropriations lapse at year end for legally adopted operating budgets.

Project-length budgets are adopted for all capital projects. At year end, appropriations for incomplete capital projects are carried forward to the following year. The General Capital Improvements Capital Projects Fund, Westminster Economic Development Authority Fund, Community Development Block Grant Fund, Parks, Open Space and Trails Fund, Conservation Trust Fund, and the Utility Enterprise Fund, budget for capital projects.

The General Capital Outlay Replacement Fund uses project length budgeting for capital outlay replacements of fleet vehicles and other equipment. Like capital project budgets, unspent appropriations are carried forward to the following year.

Budgetary comparison schedules for funds with project length budgets include current year and continuing appropriations from the prior year.

The legal level of budgetary control is the department level. Transfers of appropriations between departments and/or funds require the approval of the City Council.

See the disclosure on Construction and Other Significant Commitments, page 55 for detail on the continuing appropriations for capital project and project length budgets.



# Combining Statements

Statements

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**NONMAJOR FUNDS  
Governmental Funds**

**Special Revenue Funds**

**Parks, Open Space & Trails Sales and Use Tax Fund** - accounts for revenues from the City's 0.25 percent sales and use tax which was approved by Westminster voters. Spending is restricted to land acquisition to preserve open space and scenic vistas, and up to one-half of the revenues may be used for the development of additional park land, trails, and enhancement of existing parks.

**Sheridan Crossing General Improvement District Fund** – accounts for revenues provided for and expenditures associated with the operation and maintenance of commons areas within the District. Revenues are provided by ad valorem property taxes levied and received by the District.

**Amherst General Improvement District Fund** – accounts for revenues provided for and expenditures associated with the operation and maintenance of commons areas within the District. Revenues are provided by ad valorem property taxes levied and received by the District.

**136<sup>th</sup> Avenue General Improvement District Fund** – accounts for revenues provided for and expenditures associated with the building of an interchange within the District. Revenues are provided by ad valorem property taxes levied and received by the District.

**Orchard Park Place General Improvement District Fund** – accounts for revenues provided for and expenditures associated with District improvements, maintenance of the improvements, and District administration. Revenues are provided by ad valorem property taxes levied and received by the District.

**Promenade Parking General Improvement District Fund** – accounts for revenues provided for and expenditures associated with the operation and maintenance of a parking garage within the District. Revenues are provided by ad valorem property taxes levied and received by the District.

**Mandalay Town Center General Improvement District Fund** – accounts for revenues provided for and expenditures associated with debt service for infrastructure improvements within the District. Revenues are provided by ad valorem property taxes levied and received by the District.

**144<sup>th</sup> Avenue General Improvement District Fund** – accounts for revenues provided for and expenditures associated with debt service for infrastructure improvements within the District. Revenues are provided by ad valorem property taxes levied and received by the District.

**Conservation Trust Fund** - accounts for lottery proceeds received from the State of Colorado. Spending is restricted to the development or improvement of City parks. The City's share is determined by population data and the existence of special recreational districts.

**Investigation Recovery Fund** - accounts for proceeds from police seizures, forfeitures and restitutions. Spending is restricted by both Federal and State law to Police Department equipment, commodities, and/or training needs above budgeted amounts.

## **Debt Service Funds**

**General Debt Service Fund** - accumulates monies for payment of the following bond issues:

- a) 2001 Sales and Use Tax Revenue Refunding Bonds of \$13,275,000 originally issued; \$1,620,000 remaining after 2010 refunding, due in annual installments through December 1, 2021; interest at 4.3 to 5.0 percent. Financing is provided by the City's 3 percent sales and use tax.
- b) 2007A Sales and Use Tax Revenue Refunding Bonds of \$10,715,000 due in annual installments through December 1, 2016; interest at 4.25 to 5.5 percent. Financing is provided by the City's 3 percent sales and use tax.
- c) 2007B Special Purpose Sales and Use Tax Revenue Refunding Bonds of \$13,680,000 due in annual installments through December 1, 2016, interest at 4.0 to 5.5 percent. Financing is provided by the City's .25 percent open space sales and use tax.
- d) 2007C Sales and Use Tax Revenue Refunding Bonds of \$10,910,000 due in annual installments through December 1, 2016; interest at 4.0 to 5.25 percent. Financing is provided by the City's 3 percent sales and use tax.
- e) 2007D Special Purpose Sales and Use Tax Revenue Bonds of \$20,000,000 due in annual installments through December 1, 2031, interest at 4.0 to 5.0 percent. Financing is provided by the City's .25% percent open space sales and use tax.
- f) 2010 Sales and Use Tax Revenue Refunding Bonds of \$10,545,000 in annual installments through December 1, 2022; interest at 2.13 to 5.0 percent. Financing is provided by the City's 3 percent sales and use tax.

## **Capital Projects Funds**

**Community Development Block Grant Fund** - accounts for monies received from the Federal government through Community Development Block Grant entitlements and the Section 108 Loan Guarantee Program. Community Development Block Grant entitlements are used to finance low income and senior housing. Section 108 loan Guarantee Program Funds are used for economic and community development activities. Additional financing is provided by General Fund revenues and investment earnings.

## **Proprietary Funds**

**Golf Course Fund** – accounts for all activities necessary to operate and maintain two championship golf courses and finance the related debt service.

**Westminster Housing Authority Fund** – accounts for activities related to providing affordable housing within the City including partnering with for-profit and non-profit housing developers to construct or rehabilitate residences. Funds held by the WHA are used to leverage other funding sources such as Low Income Housing Tax Credits.

## **Internal Service Funds**

**Medical and Dental Self-Insurance Fund** - accounts for the resources and payment of dental and medical claims of employees and their covered dependents.

**Workers' Compensation Self-Insurance Fund** - accounts for the resources and payment of workers' compensation claims of employees.

**Property and Liability Self-Insurance Fund** - accounts for the payment of property and liability claims against the City from resources accumulated for this purpose.

**General Capital Outlay Replacement Fund** – accounts for the replacement of the City's fleet and other capital assets.

**CITY OF WESTMINSTER, COLORADO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2012**

	Special Revenue Funds					
	Parks, Open Space & Trails	Sheridan Crossing GID	Amherst GID	136th Ave GID	Orchard Park Place GID	Promenade Parking GID
<b>ASSETS</b>						
Cash and cash equivalents	\$ 154,100	\$ 94,986	\$ 26,834	\$ 992	\$ 298	\$ 40
Investments	1,539,306	948,819	268,047	9,907	2,976	402
Receivables:						
Taxes	545,763	99,233	63,056	11,479	252	146
Accounts	1,897	550	343	1,229	16	-
Grants	406,550	-	-	-	-	-
Interest	5,678	3,461	974	54	-	-
Property held for resale	-	-	-	-	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Cash and cash equivalents with fiscal agent	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Total assets	<u>\$ 2,653,294</u>	<u>\$ 1,147,049</u>	<u>\$ 359,254</u>	<u>\$ 23,661</u>	<u>\$ 3,542</u>	<u>\$ 588</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and other	\$ 97,497	\$ 3,600	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	326	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Loans from other funds	425,000	-	-	-	-	-
Deferred revenue	406,550	99,233	63,056	11,479	252	146
Total liabilities	<u>929,373</u>	<u>102,833</u>	<u>63,056</u>	<u>11,479</u>	<u>252</u>	<u>146</u>
Fund balances:						
Property held for resale	-	-	-	-	-	-
Restricted for:						
Capital additions and improvements	-	1,040,665	294,084	-	3,198	-
Contractual obligations	-	-	-	4,893	-	437
Emergencies	-	3,551	2,114	7,289	92	5
Open space conservation and improvements	1,505,845	-	-	-	-	-
Public safety	-	-	-	-	-	-
Assigned to:						
Community development	218,076	-	-	-	-	-
Debt service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>1,723,921</u>	<u>1,044,216</u>	<u>296,198</u>	<u>12,182</u>	<u>3,290</u>	<u>442</u>
Total liabilities and fund balances	<u>\$ 2,653,294</u>	<u>\$ 1,147,049</u>	<u>\$ 359,254</u>	<u>\$ 23,661</u>	<u>\$ 3,542</u>	<u>\$ 588</u>

				Total Special Revenue Funds	Debt Service	Capital Project	Total Other Governmental Funds
					Fund	Fund	
Mandalay Town Center GID	144th Avenue GID	Conservation Trust	Investigation Recovery		Debt Service	Community Development Block Grant	
\$ 370	\$ 350	\$ -	\$ 2,864	\$ 280,834	\$ 22,086	\$ -	\$ 302,920
3,701	3,495	-	28,605	2,805,258	220,604	-	3,025,862
25,478	28,516	-	-	773,923	-	-	773,923
3,307	3,094	-	-	10,436	-	-	10,436
-	-	-	-	406,550	-	44,545	451,095
-	-	6,435	108	16,710	811	-	17,521
-	-	-	-	-	-	759,610	759,610
-	-	158,689	-	158,689	-	-	158,689
-	-	-	-	-	-	734,028	734,028
-	-	1,585,144	-	1,585,144	-	-	1,585,144
<u>\$ 32,856</u>	<u>\$ 35,455</u>	<u>\$ 1,750,268</u>	<u>\$ 31,577</u>	<u>\$ 6,037,544</u>	<u>\$ 243,501</u>	<u>\$ 1,538,183</u>	<u>\$ 7,819,228</u>
\$ -	\$ -	\$ 117,167	\$ 19,489	\$ 237,753	\$ 900	\$ 67,770	\$ 306,423
-	-	-	-	326	-	144	470
-	-	-	-	-	-	5,006	5,006
-	-	-	-	-	-	1,297	1,297
-	-	-	-	425,000	-	-	425,000
25,478	28,516	-	-	634,710	-	44,545	679,255
<u>25,478</u>	<u>28,516</u>	<u>117,167</u>	<u>19,489</u>	<u>1,297,789</u>	<u>900</u>	<u>118,762</u>	<u>1,417,451</u>
-	-	-	-	-	-	759,610	759,610
-	-	1,633,101	-	2,971,048	-	704,356	3,675,404
5,405	4,890	-	-	15,625	-	-	15,625
1,973	2,049	-	-	17,073	-	-	17,073
-	-	-	-	1,505,845	-	-	1,505,845
-	-	-	12,088	12,088	-	-	12,088
-	-	-	-	218,076	-	-	218,076
-	-	-	-	-	242,601	-	242,601
-	-	-	-	-	-	(44,545)	(44,545)
<u>7,378</u>	<u>6,939</u>	<u>1,633,101</u>	<u>12,088</u>	<u>4,739,755</u>	<u>242,601</u>	<u>1,419,421</u>	<u>6,401,777</u>
<u>\$ 32,856</u>	<u>\$ 35,455</u>	<u>\$ 1,750,268</u>	<u>\$ 31,577</u>	<u>\$ 6,037,544</u>	<u>\$ 243,501</u>	<u>\$ 1,538,183</u>	<u>\$ 7,819,228</u>

**CITY OF WESTMINSTER, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Special Revenue Funds					
	Parks, Open Space & Trails	Sheridan Crossing GID	Amherst GID	136th Ave GID	Orchard Park Place GID	Promenade Parking GID
<b>REVENUES</b>						
Property taxes	\$ -	\$ 100,161	\$ 62,885	\$ 11,685	\$ 148	\$ 150
Sales taxes	4,247,567	-	-	-	-	-
Use taxes	775,514	-	-	-	-	-
Intergovernmental	1,130,793	6,896	4,302	231,119	2,900	-
Assessments	-	-	-	-	-	-
Interest	19,412	11,326	3,267	183	15	-
Rentals	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Other	127,277	-	-	-	-	-
<b>Total revenues</b>	<b>6,300,563</b>	<b>118,383</b>	<b>70,454</b>	<b>242,987</b>	<b>3,063</b>	<b>150</b>
<b>EXPENDITURES</b>						
Current:						
General government	-	30,354	28,547	242,175	752	146
Public safety	-	-	-	-	-	-
Community development	2,062,007	-	-	-	-	-
Capital projects	841,204	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	21,250	-	-	-	-	-
<b>Total expenditures</b>	<b>2,924,461</b>	<b>30,354</b>	<b>28,547</b>	<b>242,175</b>	<b>752</b>	<b>146</b>
<b>Excess of revenues over (under) expenditures</b>	<b>3,376,102</b>	<b>88,029</b>	<b>41,907</b>	<b>812</b>	<b>2,311</b>	<b>4</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of notes	-	-	-	-	-	-
Transfers in	20,925	-	-	-	-	-
Transfers (out)	(4,493,757)	-	-	-	-	-
<b>Total other financing sources (uses):</b>	<b>(4,472,832)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>(1,096,730)</b>	<b>88,029</b>	<b>41,907</b>	<b>812</b>	<b>2,311</b>	<b>4</b>
<b>Fund balances - beginning</b>	<b>2,820,651</b>	<b>956,187</b>	<b>254,291</b>	<b>11,370</b>	<b>979</b>	<b>438</b>
<b>Fund balances - ending</b>	<b>\$ 1,723,921</b>	<b>\$ 1,044,216</b>	<b>\$ 296,198</b>	<b>\$ 12,182</b>	<b>\$ 3,290</b>	<b>\$ 442</b>

				Total	Debt Service	Capital Project	Total
Mandalay				Special	Fund	Fund	Other
Town Center	144th Ave	Conservation	Investigation	Revenue	Debt	Community	Governmental
GID	GID	Trust	Recovery	Funds	Service	Development	Funds
						Block	
						Grant	
\$ 23,841	\$ 29,393	\$ -	\$ -	\$ 228,263	\$ -	\$ -	\$ 228,263
-	-	-	-	4,247,567	-	-	4,247,567
-	-	-	-	775,514	-	-	775,514
41,685	38,783	804,934	-	2,261,412	232,000	226,158	2,719,570
-	-	-	-	-	6,000	-	6,000
240	110	17,082	211	51,846	25,955	40	77,841
-	-	-	-	-	-	5,725	5,725
-	-	-	1,383	1,383	-	-	1,383
-	-	-	-	127,277	-	-	127,277
<u>65,766</u>	<u>68,286</u>	<u>822,016</u>	<u>1,594</u>	<u>7,693,262</u>	<u>263,955</u>	<u>231,923</u>	<u>8,189,140</u>
67,358	67,928	-	-	437,260	-	-	437,260
-	-	-	19,489	19,489	-	-	19,489
-	-	-	-	2,062,007	-	-	2,062,007
-	-	541,708	-	1,382,912	-	263,643	1,646,555
-	-	-	-	-	4,980,000	-	4,980,000
-	-	-	-	21,250	2,543,866	-	2,565,116
<u>67,358</u>	<u>67,928</u>	<u>541,708</u>	<u>19,489</u>	<u>3,922,918</u>	<u>7,523,866</u>	<u>263,643</u>	<u>11,710,427</u>
(1,592)	358	280,308	(17,895)	3,770,344	(7,259,911)	(31,720)	(3,521,287)
-	-	-	-	-	-	1,500,000	1,500,000
-	-	-	-	20,925	7,235,487	-	7,256,412
-	-	-	-	(4,493,757)	-	-	(4,493,757)
-	-	-	-	(4,472,832)	7,235,487	1,500,000	4,262,655
(1,592)	358	280,308	(17,895)	(702,488)	(24,424)	1,468,280	741,368
8,970	6,581	1,352,793	29,983	5,442,243	267,025	(48,859)	5,660,409
<u>\$ 7,378</u>	<u>\$ 6,939</u>	<u>\$ 1,633,101</u>	<u>\$ 12,088</u>	<u>\$ 4,739,755</u>	<u>\$ 242,601</u>	<u>\$ 1,419,421</u>	<u>\$ 6,401,777</u>



**CITY OF WESTMINSTER, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**PARKS, OPEN SPACE AND TRAILS SALES AND USE TAX FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Sales taxes	\$ 4,140,425	\$ 4,247,567	\$ 107,142
Use taxes	685,124	775,514	90,390
Intergovernmental	1,138,493	1,130,793	(7,700)
Interest	3,816	19,412	15,596
Other	199,970	127,277	(72,693)
<b>Total revenues</b>	<u>6,167,828</u>	<u>6,300,563</u>	<u>132,735</u>
<b>EXPENDITURES</b>			
Community development	3,071,051	2,062,007	1,009,044
Capital projects	841,204	841,204	-
Interest and fiscal charges	21,604	21,250	354
<b>Total expenditures</b>	<u>3,933,859</u>	<u>2,924,461</u>	<u>1,009,398</u>
<b>Excess of revenues over (under) expenditures</b>	<u>2,233,969</u>	<u>3,376,102</u>	<u>1,142,133</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	20,925	20,925	-
Transfers (out)	(4,493,757)	(4,493,757)	-
<b>Total other financing sources (uses):</b>	<u>(4,472,832)</u>	<u>(4,472,832)</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (2,238,863)</u>	<u>(1,096,730)</u>	<u>\$ 1,142,133</u>
<b>Fund balance, beginning</b>		2,820,651	
<b>Fund balance, ending</b>		<u>\$ 1,723,921</u>	

**CITY OF WESTMINSTER, COLORADO  
 BUDGETARY COMPARISON SCHEDULE  
 SHERIDAN CROSSING GENERAL IMPROVEMENT DISTRICT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 100,675	\$ 100,161	\$ (514)
Intergovernmental	6,400	6,896	496
Interest	21,692	11,326	(10,366)
<b>Total revenues</b>	<u>128,767</u>	<u>118,383</u>	<u>(10,384)</u>
<b>EXPENDITURES</b>			
General government	62,910	30,354	32,556
<b>Total expenditures</b>	<u>62,910</u>	<u>30,354</u>	<u>32,556</u>
<b>Net change in fund balance</b>	<u>\$ 65,857</u>	88,029	<u>\$ 22,172</u>
<b>Fund balance, beginning</b>		956,187	
<b>Fund balance, ending</b>		<u>\$ 1,044,216</u>	

**CITY OF WESTMINSTER, COLORADO  
 BUDGETARY COMPARISON SCHEDULE  
 AMHERST GENERAL IMPROVEMENT DISTRICT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 62,839	\$ 62,885	\$ 46
Intergovernmental	4,000	4,302	302
Interest	4,811	3,267	(1,544)
<b>Total revenues</b>	<u>71,650</u>	<u>70,454</u>	<u>(1,196)</u>
<b>EXPENDITURES</b>			
General government	<u>63,943</u>	<u>28,547</u>	<u>35,396</u>
<b>Total expenditures</b>	<u>63,943</u>	<u>28,547</u>	<u>35,396</u>
<b>Net change in fund balance</b>	<u>\$ 7,707</u>	41,907	<u>\$ 34,200</u>
<b>Fund balance, beginning</b>		254,291	
<b>Fund balance, ending</b>		<u>\$ 296,198</u>	

**CITY OF WESTMINSTER, COLORADO  
 BUDGETARY COMPARISON SCHEDULE  
 136TH AVENUE GENERAL IMPROVEMENT DISTRICT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 12,062	\$ 11,685	\$ (377)
Intergovernmental	227,456	231,119	3,663
Interest	232	183	(49)
<b>Total revenues</b>	<u>239,750</u>	<u>242,987</u>	<u>3,237</u>
<b>EXPENDITURES</b>			
General government	242,181	242,175	6
<b>Total expenditures</b>	<u>242,181</u>	<u>242,175</u>	<u>6</u>
<b>Net change in fund balance</b>	<u>\$ (2,431)</u>	812	<u>\$ (3,243)</u>
<b>Fund balance, beginning</b>		11,370	
<b>Fund balance, ending</b>		<u>\$ 12,182</u>	

**CITY OF WESTMINSTER, COLORADO  
 BUDGETARY COMPARISON SCHEDULE  
 ORCHARD PARK PLACE GENERAL IMPROVEMENT DISTRICT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 156	\$ 148	\$ (8)
Intergovernmental	290	2,900	2,610
Interest	-	15	15
<b>Total revenues</b>	<u>446</u>	<u>3,063</u>	<u>2,617</u>
<b>EXPENDITURES</b>			
General government	<u>753</u>	<u>752</u>	<u>1</u>
<b>Total expenditures</b>	<u>753</u>	<u>752</u>	<u>1</u>
<b>Net change in fund balance</b>	<u>\$ (307)</u>	2,311	<u>\$ 2,618</u>
<b>Fund balance, beginning</b>		979	
<b>Fund balance, ending</b>		<u>\$ 3,290</u>	

**CITY OF WESTMINSTER, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**PROMENADE PARKING GENERAL IMPROVEMENT DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 146	\$ 150	\$ 4
<b>Total revenues</b>	<u>146</u>	<u>150</u>	<u>4</u>
<b>EXPENDITURES</b>			
General government	146	146	-
<b>Total expenditures</b>	<u>146</u>	<u>146</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	4	<u>\$ 4</u>
<b>Fund balance, beginning</b>		438	
<b>Fund balance, ending</b>		<u>\$ 442</u>	

**CITY OF WESTMINSTER, COLORADO  
 BUDGETARY COMPARISON SCHEDULE  
 MANDALAY TOWN CENTER GENERAL IMPROVEMENT DISTRICT  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 25,322	\$ 23,841	\$ (1,481)
Intergovernmental	42,000	41,685	(315)
Interest	58	240	182
<b>Total revenues</b>	<u>67,380</u>	<u>65,766</u>	<u>(1,614)</u>
<b>EXPENDITURES</b>			
General government	<u>67,380</u>	<u>67,358</u>	<u>22</u>
<b>Total expenditures</b>	<u>67,380</u>	<u>67,358</u>	<u>22</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(1,592)</u>	<u>\$ (1,592)</u>
<b>Fund balance, beginning</b>		8,970	
<b>Fund balance, ending</b>		<u>\$ 7,378</u>	

**CITY OF WESTMINSTER, COLORADO  
 BUDGETARY COMPARISON SCHEDULE  
 144th AVENUE GENERAL IMPROVEMENT DISTRICT  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Property taxes	\$ 28,502	\$ 29,393	\$ 891
Intergovernmental	36,400	38,783	2,383
Interest	200	110	(90)
<b>Total revenues</b>	<u>65,102</u>	<u>68,286</u>	<u>3,184</u>
<b>EXPENDITURES</b>			
General government	<u>67,928</u>	<u>67,928</u>	<u>-</u>
<b>Total expenditures</b>	<u>67,928</u>	<u>67,928</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (2,826)</u>	358	<u>\$ 3,184</u>
<b>Fund balance, beginning</b>		6,581	
<b>Fund balance, ending</b>		<u>\$ 6,939</u>	



**CITY OF WESTMINSTER, COLORADO  
 BUDGETARY COMPARISON SCHEDULE  
 CONSERVATION TRUST FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 625,000	\$ 804,934	\$ 179,934
Interest	-	17,082	17,082
<b>Total revenues</b>	<u>625,000</u>	<u>822,016</u>	<u>197,016</u>
<b>EXPENDITURES</b>			
Capital projects	<u>1,958,352</u>	<u>541,708</u>	<u>1,416,644</u>
<b>Total expenditures</b>	<u>1,958,352</u>	<u>541,708</u>	<u>1,416,644</u>
<b>Net change in fund balance</b>	<u>\$ (1,333,352)</u>	280,308	<u>\$ 1,613,660</u>
<b>Fund balance, beginning</b>		1,352,793	
<b>Fund balance, ending</b>		<u>\$ 1,633,101</u>	

**CITY OF WESTMINSTER, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 235,000	\$ 232,000	\$ (3,000)
Assessments	-	6,000	6,000
Interest	<u>50,000</u>	<u>25,955</u>	<u>(24,045)</u>
<b>Total revenues</b>	<u>285,000</u>	<u>263,955</u>	<u>(21,045)</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	4,980,000	4,980,000	-
Interest and fiscal charges	<u>2,547,528</u>	<u>2,543,866</u>	<u>3,662</u>
<b>Total expenditures</b>	<u>7,527,528</u>	<u>7,523,866</u>	<u>3,662</u>
<b>Excess of revenues (under)</b> <b>expenditures</b>	<u>(7,242,528)</u>	<u>(7,259,911)</u>	<u>(17,383)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>7,235,487</u>	<u>7,235,487</u>	<u>-</u>
<b>Total other financing</b> <b>sources (uses):</b>	<u>7,235,487</u>	<u>7,235,487</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ (7,041)</u>	<u>(24,424)</u>	<u>\$ (17,383)</u>
<b>Fund balance, beginning</b>		267,025	
<b>Fund balance, ending</b>		<u>\$ 242,601</u>	

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**CITY OF WESTMINSTER, COLORADO**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**DECEMBER 31, 2012**

	Golf Course	Westminster Housing Authority	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 50,250	\$ 261,024	\$ 311,274
Investments	471,978	2,607,375	3,079,353
Receivables	9,799	13,291	23,090
Inventories	204,391	-	204,391
Bond costs and other prepaid items	88,603	-	88,603
Total current assets	<u>825,021</u>	<u>2,881,690</u>	<u>3,706,711</u>
Noncurrent assets:			
Capital assets:			
Non-depreciable assets	11,101,327	201,173	11,302,500
Depreciable assets, net	3,838,424	998,358	4,836,782
Notes receivable	-	396,877	396,877
Total noncurrent assets	<u>14,939,751</u>	<u>1,596,408</u>	<u>16,536,159</u>
Total assets	<u>15,764,772</u>	<u>4,478,098</u>	<u>20,242,870</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other	27,978	7,470	35,448
Accrued liabilities	49,950	-	49,950
Unearned revenue	29,313	-	29,313
Lease payable, current portion	378,476	-	378,476
Other liabilities, current portion	8,144	-	8,144
Accrued interest	17,059	-	17,059
Total current liabilities	<u>510,920</u>	<u>7,470</u>	<u>518,390</u>
Noncurrent liabilities:			
Leases payable	4,048,575	-	4,048,575
Other liabilities payable	237,603	-	237,603
Total noncurrent liabilities	<u>4,286,178</u>	<u>-</u>	<u>4,286,178</u>
Total liabilities	<u>4,797,098</u>	<u>7,470</u>	<u>4,804,568</u>
<b>NET POSITION</b>			
Net investment in capital assets	10,512,700	1,199,531	11,712,231
Unrestricted	454,974	3,271,097	3,726,071
Total net position	<u>\$ 10,967,674</u>	<u>\$ 4,470,628</u>	<u>\$ 15,438,302</u>

**CITY OF WESTMINSTER, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Golf Course	Westminster Housing Authority	Total
<b>Operating revenues</b>			
Charges for services	\$ 3,141,318	\$ 723,307	\$ 3,864,625
Rentals	-	839	839
Other	477	-	477
<b>Total operating revenues</b>	<u>3,141,795</u>	<u>724,146</u>	<u>3,865,941</u>
<b>Operating expenses</b>			
Personnel services	1,513,181	118,020	1,631,201
Contractual services	710,121	180,414	890,535
Commodities	475,839	135,979	611,818
Capital expense	8,844	-	8,844
Insurance and other expenses	-	36,081	36,081
Depreciation expense	470,389	122,167	592,556
<b>Total operating expenses</b>	<u>3,178,374</u>	<u>592,661</u>	<u>3,771,035</u>
<b>Operating income (loss)</b>	<u>(36,579)</u>	<u>131,485</u>	<u>94,906</u>
<b>Nonoperating revenues (expenses)</b>			
Income on investments	6,918	25,879	32,797
Interest expense	(174,841)	(94,531)	(269,372)
Other	-	(9,738)	(9,738)
<b>Total nonoperating revenues (expenses)</b>	<u>(167,923)</u>	<u>(78,390)</u>	<u>(246,313)</u>
<b>Income (loss) before contributions and transfers</b>	<u>(204,502)</u>	<u>53,095</u>	<u>(151,407)</u>
Capital contributions	47,056	40,098	87,154
Transfers in	751,143	-	751,143
Transfers (out)	(380,000)	-	(380,000)
<b>SPECIAL ITEM</b>			
Gain on sale of asset	-	3,876,447	3,876,447
<b>Change in net position</b>	<u>213,697</u>	<u>3,969,640</u>	<u>4,183,337</u>
<b>Net position - beginning</b>	<u>10,753,977</u>	<u>500,988</u>	<u>11,254,965</u>
<b>Net position - ending</b>	<u>\$ 10,967,674</u>	<u>\$ 4,470,628</u>	<u>\$ 15,438,302</u>

**CITY OF WESTMINSTER, COLORADO  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Golf Course	Westminster Housing Authority	Total
Cash flows from operating activities:			
Cash received from customers	\$ 3,129,867	\$ 727,841	\$ 3,857,708
Cash payments to employees for services	(1,494,807)	-	(1,494,807)
Cash payments to suppliers for goods and services	(1,203,088)	(507,131)	(1,710,219)
Net cash provided by operating activities	<u>431,972</u>	<u>220,710</u>	<u>652,682</u>
Cash flows from noncapital financing activities:			
Principal paid on long-term debt	-	(251,683)	(251,683)
Interest paid on long-term debt	-	(8,785)	(8,785)
Transfer in	751,143	-	751,143
Transfer out	(380,000)	-	(380,000)
Net cash provided by (used in) noncapital financing activities	<u>371,143</u>	<u>(260,468)</u>	<u>110,675</u>
Cash flows from capital and related financing activities:			
Principal paid on long-term debt	(548,252)	(2,265,169)	(2,813,421)
Interest paid on long-term debt	(172,128)	(58,775)	(230,903)
Proceeds from sale of capital assets	-	4,499,939	4,499,939
Net cash provided by (used in) capital and related financing activities	<u>(720,380)</u>	<u>2,175,995</u>	<u>1,455,615</u>
Cash flow from investing activities:			
Sale/(purchase) of investments	(115,205)	(2,461,135)	(2,576,340)
Interest received on investments	6,285	(240)	6,045
Net cash (used in) investing activities	<u>(108,920)</u>	<u>(2,461,375)</u>	<u>(2,570,295)</u>
Net (decrease) in cash and cash equivalents	(26,185)	(325,138)	(351,323)
Cash and cash equivalents - beginning of year	<u>76,435</u>	<u>586,162</u>	<u>662,597</u>
Cash and cash equivalents - end of year	<u>\$ 50,250</u>	<u>\$ 261,024</u>	<u>\$ 311,274</u>

(Continued)

**CITY OF WESTMINSTER, COLORADO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(Continued)**

	Golf Course	Westminster Housing Authority	Total
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (36,579)	\$ 131,485	\$ 94,906
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	470,389	122,167	592,556
(Increase) decrease in accounts receivable	(5,959)	3,695	(2,264)
(Increase) in inventories	(17,683)	-	(17,683)
(Increase) decrease in prepaid items	-	11,882	11,882
(Decrease) in unearned revenue	(5,969)	-	(5,969)
Increase (decrease) in accounts payable and other	27,773	(48,519)	(20,746)
Total adjustments	468,551	89,225	557,776
Net cash provided by operating activities	<u>\$ 431,972</u>	<u>\$ 220,710</u>	<u>\$ 652,682</u>

Noncash investing, capital, and financing activities:

- The unrecognized gain recorded to value the noncash investments of the enterprise funds to fair market value was \$18,148.
- Amortization totaling (\$29,607) was recognized through the amortization of bond premiums, discounts, deferred loss on refunding, and bond issuance costs.
- Accrued interest increased for nonmajor enterprise funds by 9,661.
- An allowance for doubtful collection was recorded for a note receivable in the amount of \$246,000 in the Westminster Housing Authority.
- Capital contributions were received by the Golf Funds from the General Capital Improvement Fund in the amount of \$47,056.
- Capital contributions were received by the Westminster Housing Authority from the General Capital Improvement Fund in the amount of \$40,098.
- An note receivable with a face value of \$2,250,000 was included as part of the sale of an asset in the Westminster Housing Authority. However, the unsecured loan is recorded on the financial statements at \$396,877. The note provides for annual payments from available project cash flows over a 40 year period.

**CITY OF WESTMINSTER, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
UTILITY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Operating revenues</b>			
Charges for services	\$ 45,213,597	\$ 49,243,639	\$ 4,030,042
Other	549,896	672,419	122,523
<b>Total operating revenues</b>	<u>45,763,493</u>	<u>49,916,058</u>	<u>4,152,565</u>
<b>Operating expenses</b>			
Personnel services	14,989,842	14,609,666	380,176
Contractual services	13,202,102	11,815,215	1,386,887
Commodities	2,156,200	1,810,461	345,739
Capital expense	54,869,806	10,050,410	44,819,396
Insurance and other expenses	-	11,048	(11,048)
<b>Total operating expenses</b>	<u>85,217,950</u>	<u>38,296,800</u>	<u>46,921,150</u>
<b>Operating income (loss)</b>	<u>(39,454,457)</u>	<u>11,619,258</u>	<u>51,073,715</u>
<b>Nonoperating revenues (expenses)</b>			
Income on investments	1,322,363	807,609	(514,754)
Debt service	(7,223,673)	(7,208,513)	15,160
Grants	-	36,435	36,435
Disposition of assets	-	193,743	193,743
Other	-	517,259	517,259
<b>Total nonoperating revenues (expenses)</b>	<u>(5,901,310)</u>	<u>(5,653,467)</u>	<u>247,843</u>
<b>Income (loss) before contributions and transfers</b>	<u>(45,355,767)</u>	<u>5,965,791</u>	<u>51,321,558</u>
Capital contributions	3,700,000	5,452,941	1,752,941
Transfers in	3,968,976	10,430,560	6,461,584
Transfers (out)	(10,723,285)	(10,723,285)	-
<b>Change in net position</b>	<u>\$ (48,410,076)</u>	<u>11,126,007</u>	<u>\$ 59,536,083</u>
<b>Adjustments to GAAP basis</b>			
<b>Debt</b>			
Principal payments		4,349,545	
Amortization of prepaid bond sale expense		(232,872)	
Amortization of premiums and discounts		90,216	
Accrued interest adjustment		13,573	
<b>Capital assets</b>			
Acquisitions		8,323,817	
Net book value of disposals		(27,615)	
Capital contributions		7,525	
Depreciation		(12,350,020)	
<b>Inventories</b>		56,061	
<b>General leave accrual</b>		4,650	
<b>Change in net position, GAAP basis</b>		<u>\$ 11,360,887</u>	



**CITY OF WESTMINSTER, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GOLF COURSE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Operating revenues</b>			
Charges for services	\$ 2,745,702	\$ 3,141,318	\$ 395,616
Other	-	477	477
<b>Total operating revenues</b>	2,745,702	3,141,795	396,093
<b>Operating Expenses</b>			
Personnel services	1,573,940	1,498,768	75,172
Contractual services	1,419,478	1,430,502	(11,024)
Commodities	491,735	493,522	(1,787)
Capital expense	8,080	8,843	(763)
<b>Total operating expenses</b>	3,493,233	3,431,635	61,598
<b>Operating income (loss)</b>	(747,531)	(289,840)	457,691
<b>Nonoperating revenues (expenses)</b>			
Income on investments	-	6,918	6,918
Debt service	(3,612)	-	3,612
Issuance of debt	132,222	132,222	-
Payment to refunded leasing agent	(132,222)	(132,222)	-
<b>Total nonoperating revenues (expenses)</b>	(3,612)	6,918	10,530
<b>Income (loss) before transfers</b>	(751,143)	(282,922)	468,221
Transfers in	751,143	751,143	-
Transfers (out)	(380,000)	(380,000)	-
<b>Change in net position</b>	\$ (380,000)	88,221	\$ 468,221
<b>Adjustments to GAAP basis</b>			
<b>Debt</b>			
Principal payments		548,253	
Issuance of leases		(132,222)	
Payment to refunded lease agent		132,222	
Amortization of prepaid bond sale expense		(8,438)	
Amortization of premiums and discounts		4,826	
Accrued interest adjustment		899	
<b>Capital assets</b>			
Capital contributions		47,056	
Depreciation		(470,389)	
<b>Inventories</b>		17,682	
<b>General leave accrual</b>		(14,413)	
<b>Change in net position, GAAP basis</b>		\$ 213,697	

**CITY OF WESTMINSTER, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
WESTMINSTER HOUSING AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Operating revenues</b>			
Charges for services	\$ 930,600	\$ 723,307	\$ (207,293)
Rentals	-	839	839
<b>Total operating revenues</b>	<u>930,600</u>	<u>724,146</u>	<u>(206,454)</u>
<b>Operating expenses</b>			
Personnel services	164,724	118,020	46,704
Contractual services	222,450	180,414	42,036
Commodities	170,132	135,979	34,153
Insurance and other expenses	24,264	36,081	(11,817)
Depreciation Expense	96,984	-	96,984
<b>Total operating expenses</b>	<u>678,554</u>	<u>470,494</u>	<u>208,060</u>
<b>Operating income (loss)</b>	<u>252,046</u>	<u>253,652</u>	<u>1,606</u>
<b>Nonoperating revenues (expenses)</b>			
Income on investments	1,124	25,879	24,755
Debt service	(510,529)	(2,611,383)	(2,100,854)
Other	(906)	(9,738)	(8,832)
<b>Total nonoperating revenues (expenses)</b>	<u>(510,311)</u>	<u>(2,595,242)</u>	<u>(2,084,931)</u>
<b>Loss before transfers</b>	(258,265)	(2,341,590)	(2,083,325)
Transfers in	198,105	-	(198,105)
<b>SPECIAL ITEM</b>			
Gain on sale of land	-	4,896,815	4,896,815
<b>Change in net position</b>	<u>\$ (60,160)</u>	<u>2,555,225</u>	<u>\$ 2,615,385</u>
<b>Adjustments to GAAP basis</b>			
<b>Debt</b>			
Principal payments		2,516,852	
<b>Capital assets</b>			
Net book value of disposals		(1,020,368)	
Capital contributions		40,098	
Depreciation		(122,167)	
<b>Change in net position, GAAP Basis</b>		<u>\$ 3,969,640</u>	

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**CITY OF WESTMINSTER, COLORADO**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2012**

	Governmental Activities				Total
	Internal Service Funds				
	Medical and Dental Self- Insurance	Workers' Compensation Self-Insurance	Property and Liability Self- Insurance	General Capital Outlay Replacement	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 444,218	\$ 432,882	\$ 373,035	\$ 327,910	\$ 1,578,045
Cash and cash equivalents with fiscal agent	156,789	-	-	-	156,789
Investments	4,437,297	4,324,061	3,726,248	3,275,497	15,763,103
Receivables:					
Accounts	-	30,226	1,499	17,023	48,748
Interest	16,169	15,898	13,627	11,734	57,428
Prepaid items	-	2,700	-	-	2,700
Total current assets	<u>5,054,473</u>	<u>4,805,767</u>	<u>4,114,409</u>	<u>3,632,164</u>	<u>17,606,813</u>
Noncurrent assets:					
Capital assets:					
Depreciable assets, net	-	-	-	6,458,206	6,458,206
Total assets	<u>5,054,473</u>	<u>4,805,767</u>	<u>4,114,409</u>	<u>10,090,370</u>	<u>24,065,019</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and other	231,283	27,983	38,507	84,385	382,158
Accrued liabilities	1,438	-	415	-	1,853
Lease payable, current portion	-	-	-	376,667	376,667
Other liabilities, current portion	1,037	-	2,848	-	3,885
Accrued interest	-	-	-	19,152	19,152
Estimated claims	445,512	116,441	393,070	-	955,023
Total current liabilities	<u>679,270</u>	<u>144,424</u>	<u>434,840</u>	<u>480,204</u>	<u>1,738,738</u>
Noncurrent liabilities:					
Leases payable	-	-	-	1,088,827	1,088,827
Other liabilities payable	11,267	-	6,125	-	17,392
Total noncurrent liabilities	<u>11,267</u>	<u>-</u>	<u>6,125</u>	<u>1,088,827</u>	<u>1,106,219</u>
Total liabilities	<u>690,537</u>	<u>144,424</u>	<u>440,965</u>	<u>1,569,031</u>	<u>2,844,957</u>
<b>NET POSITION</b>					
Net investment in capital assets	-	-	-	4,916,819	4,916,819
Unrestricted	4,363,936	4,661,343	3,673,444	3,604,520	16,303,243
Total net position	<u>\$ 4,363,936</u>	<u>\$ 4,661,343</u>	<u>\$ 3,673,444</u>	<u>\$ 8,521,339</u>	<u>\$ 21,220,062</u>

**CITY OF WESTMINSTER, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Activities				Total
	Internal Service Funds				
	Medical and Dental Self- Insurance	Workers' Compensation Self-Insurance	Property and Liability Self- Insurance	General Capital Outlay Replacement	
<b>Operating revenues</b>					
Charges for services	\$ 11,110,984	\$ 1,245,106	\$ 1,364,127	\$ 2,016,098	\$ 15,736,315
Other	-	-	-	10,173	10,173
<b>Total operating revenues</b>	<u>11,110,984</u>	<u>1,245,106</u>	<u>1,364,127</u>	<u>2,026,271</u>	<u>15,746,488</u>
<b>Operating expenses</b>					
Personnel services	87,891	1,734	158,649	-	248,274
Contractual services	923,436	125,281	465,273	-	1,513,990
Commodities	38,139	2,843	2,303	-	43,285
Capital expense	-	-	-	227,150	227,150
Insurance and other expenses	10,155,819	437,213	750,754	-	11,343,786
Depreciation	-	-	-	1,488,562	1,488,562
<b>Total operating expenses</b>	<u>11,205,285</u>	<u>567,071</u>	<u>1,376,979</u>	<u>1,715,712</u>	<u>14,865,047</u>
<b>Operating income (loss)</b>	<u>(94,301)</u>	<u>678,035</u>	<u>(12,852)</u>	<u>310,559</u>	<u>881,441</u>
<b>Nonoperating revenues (expenses)</b>					
Income on investments	51,417	50,488	43,337	44,628	189,870
Interest expense	-	-	-	(63,112)	(63,112)
Gain (loss) on disposition of capital assets	-	-	-	(129,356)	(129,356)
<b>Total nonoperating revenues (expenses)</b>	<u>51,417</u>	<u>50,488</u>	<u>43,337</u>	<u>(147,840)</u>	<u>(2,598)</u>
<b>Income (loss) before contributions and transfers</b>	<u>(42,884)</u>	<u>728,523</u>	<u>30,485</u>	<u>162,719</u>	<u>878,843</u>
Capital contributions	-	-	-	47,438	47,438
Transfers (out)	(300,000)	-	-	-	(300,000)
<b>Change in net position</b>	<u>(342,884)</u>	<u>728,523</u>	<u>30,485</u>	<u>210,157</u>	<u>626,281</u>
<b>Net position - beginning</b>	4,706,820	3,932,820	3,642,959	8,311,182	20,593,781
<b>Net position - ending</b>	<u>\$ 4,363,936</u>	<u>\$ 4,661,343</u>	<u>\$ 3,673,444</u>	<u>\$ 8,521,339</u>	<u>\$ 21,220,062</u>

**CITY OF WESTMINSTER, COLORADO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Activities				Total
	Internal Service Funds				
	Medical and Dental Self- Insurance	Workers' Compensation Self-Insurance	Property and Liability Self- Insurance	General Capital Outlay Replacement	
Cash flows from operating activities:					
Cash received from customers	\$ 11,110,984	\$ 295,686	\$ 133,291	\$ 1,999,075	\$ 13,539,036
Cash payments to employees for services	(96,058)	(1,734)	(159,919)	-	(257,711)
Cash payments to suppliers for goods and services	(10,994,129)	(740,810)	(888,286)	(94,358)	(12,717,583)
Payments from other funds	-	960,055	1,229,337	-	2,189,392
Other operating revenues	-	-	-	10,173	10,173
Net cash provided by operating activities	<u>20,797</u>	<u>513,197</u>	<u>314,423</u>	<u>1,914,890</u>	<u>2,763,307</u>
Cash flows from capital and related financing activities:					
Principal paid on long term debt	-	-	-	(428,983)	(428,983)
Interest paid on long term debt	-	-	-	(55,699)	(55,699)
Acquisition and construction of capital assets	-	-	-	(1,553,763)	(1,553,763)
Proceeds from sale of capital assets	-	-	-	58,672	58,672
Transfer to other funds	(300,000)	-	-	-	(300,000)
Net cash used in capital and related financing activities	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(1,979,773)</u>	<u>(2,279,773)</u>
Cash flow from investing activities:					
Sale/(purchase) of investments	(196,299)	(848,094)	(626,216)	(275,101)	(1,945,710)
Interest received on investments	60,675	51,442	45,751	49,170	207,038
Net cash used in investing activities	<u>(135,624)</u>	<u>(796,652)</u>	<u>(580,465)</u>	<u>(225,931)</u>	<u>(1,738,672)</u>
Net decrease in cash and cash equivalents	(414,827)	(283,455)	(266,042)	(290,814)	(1,255,138)
Cash and cash equivalents - beginning of year	<u>1,015,834</u>	<u>716,337</u>	<u>639,077</u>	<u>618,724</u>	<u>2,989,972</u>
Cash and cash equivalents - end of year	<u>\$ 601,007</u>	<u>\$ 432,882</u>	<u>\$ 373,035</u>	<u>\$ 327,910</u>	<u>\$ 1,734,834</u>

**Reconciliation of operating income (loss) to net cash provided by (used in) operating activities**

Operating income (loss)	\$ (94,301)	\$ 678,035	\$ (12,852)	\$ 310,559	\$ 881,441
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	1,488,562	1,488,562
(Increase) decrease in accounts receivable	-	10,636	(1,499)	(17,023)	(7,886)
Decrease in prepaid items	-	4,679	20,758	124,300	149,737
Increase (decrease) in accounts payable and other	61,371	(10,875)	(1,211)	8,492	57,777
Increase in accrued liabilities	(8,168)	-	(3,171)	-	(11,339)
Increase (decrease) in estimated claims	61,895	(169,278)	312,398	-	205,015
Total adjustments	<u>115,098</u>	<u>(164,838)</u>	<u>327,275</u>	<u>1,604,331</u>	<u>1,881,866</u>
Net cash provided by operating activities	<u>\$ 20,797</u>	<u>\$ 513,197</u>	<u>\$ 314,423</u>	<u>\$ 1,914,890</u>	<u>\$ 2,763,307</u>

Noncash investing, capital, and financing activities:

- The unrecognized gain (loss) recorded to value the non-cash investments of the City's internal service funds to fair market value was \$2,633.
- Capital assets contributed from governmental activities to the General Capital Outlay Replacement Internal Service Fund totaled \$47,438.
- Accrued interest increased for the General Capital Outlay Replacement Internal Service Fund by \$7,413.
- Accounts payable used to acquire capital assets decreased by \$212,152 for the General Capital Outlay Replacement Internal Service Fund.

**CITY OF WESTMINSTER, COLORADO  
BUDGETARY COMPARISON SCHEDULE  
GENERAL CAPITAL OUTLAY REPLACEMENT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Operating revenues</b>			
Charges for services	\$ 2,016,098	\$ 2,016,098	\$ -
Other	10,173	10,173	-
<b>Total operating revenues</b>	<u>2,026,271</u>	<u>2,026,271</u>	<u>-</u>
<b>Operating expenses</b>			
Capital expense	4,921,812	1,780,913	3,140,899
<b>Total operating expenses</b>	<u>4,921,812</u>	<u>1,780,913</u>	<u>3,140,899</u>
<b>Operating income (loss)</b>	<u>(2,895,541)</u>	<u>245,358</u>	<u>3,140,899</u>
<b>Nonoperating revenues (expenses)</b>			
Income on investments	-	44,628	44,628
Debt service	(501,505)	(499,508)	1,997
Disposition of assets	-	58,672	58,672
Issuance of debt	929,366	929,367	1
Payment to refunded leasing agent	(912,544)	(912,544)	-
<b>Total nonoperating revenues (expenses)</b>	<u>(484,683)</u>	<u>(379,385)</u>	<u>105,298</u>
<b>Change in net position</b>	<u>\$ 3,380,224</u>	<u>(134,027)</u>	<u>\$ (3,514,251)</u>
<b>Adjustments to GAAP basis</b>			
<b>Debt</b>			
Principal payments		428,983	
Issuance of leases		(929,367)	
Payment to refunded lease agent		912,544	
Accrued interest adjustment		7,413	
<b>Capital assets</b>			
Acquisitions		1,553,763	
Net book value of disposals		(188,028)	
Capital contributions		47,438	
Depreciation		(1,488,562)	
Change in Net Position, GAAP Basis		<u>\$ 210,157</u>	

# STATISTICS

STATISTICS



## STATISTICAL SECTION (Unaudited)

### Table

#### **Financial Trends Information**

*These schedules contain trend information to help the reader understand how the city's financial performance and wellbeing are changed over time.*

Net Position by Component	1
Changes in Net Position	2
Fund Balance of Governmental Funds	3
Changes in Fund Balances of Governmental Funds	4

#### **Revenue Capacity Information**

*These schedules contain information to help the reader assess the city's most significant local revenue source, the sales and use tax.*

Sales and Use Tax Revenue	5
Direct and Overlapping Sales and Use Tax Rates	6
Principal Sales and Use Taxpayers by Industry	7

#### **Debt Capacity Information**

*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.*

Ratios of Outstanding Debt by Type	8
Direct and Overlapping Governmental Activities Debt	9
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Pledged Revenue Coverage	11

#### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within the city's financial activity take place.*

Demographic and Economic Statistics	12
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#### **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.*

Full Time Equivalent City Government Employees by Function/Program	14
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Capital Asset Statistics by Function/Program	16

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**Table 1**  
**City of Westminster**

**Net Position by Component**  
**Last ten fiscal years**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 176,064,347	\$ 167,459,905	\$ 166,119,255	\$ 158,875,846	\$ 160,998,545	\$ 177,034,028	\$ 174,180,185	\$ 198,949,426	\$ 182,883,693	\$ 188,252,570
Restricted	32,889,201	35,378,439	32,828,397	36,445,526	30,686,285	30,387,925	45,756,100	3,978,822	3,275,792	4,427,178
Unrestricted	96,304,116	91,201,675	78,848,530	67,848,480	72,256,476	62,116,184	32,614,076	53,798,749	60,247,261	65,813,768
<b>Total governmental activities net position</b>	<b>\$ 305,257,664</b>	<b>\$ 294,040,019</b>	<b>\$ 277,796,182</b>	<b>\$ 263,169,852</b>	<b>\$ 263,941,306</b>	<b>\$ 269,538,137</b>	<b>\$ 252,550,361</b>	<b>\$ 256,726,997</b>	<b>\$ 246,406,746</b>	<b>\$ 258,493,516</b>
<b>Business-type activities</b>										
Net Investment in capital assets	\$ 336,924,153	\$ 337,605,101	\$ 336,344,413	\$ 329,710,391	\$ 343,627,745	\$ 321,320,685	\$ 296,968,005	\$ 288,116,734	\$ 280,402,901	\$ 276,220,697
Restricted	5,206,778	5,484,664	5,483,098	5,486,422	3,424,753	3,406,636	3,384,483	3,371,769	3,939,139	690,739
Unrestricted	81,540,256	64,814,804	55,893,678	58,676,671	73,164,925	83,341,972	96,573,378	81,944,889	74,959,025	74,913,867
<b>Total business-type activities net position</b>	<b>\$ 423,671,187</b>	<b>\$ 407,904,569</b>	<b>\$ 397,721,189</b>	<b>\$ 393,873,484</b>	<b>\$ 420,217,423</b>	<b>\$ 408,069,293</b>	<b>\$ 396,925,866</b>	<b>\$ 373,433,392</b>	<b>\$ 359,301,065</b>	<b>\$ 351,825,303</b>
<b>Total</b>										
Net Investment in capital assets	\$ 512,988,500	\$ 505,065,006	\$ 502,463,668	\$ 488,586,237	\$ 504,626,290	\$ 498,354,713	\$ 471,148,190	\$ 487,066,160	\$ 463,286,594	\$ 464,473,267
Restricted	38,095,979	40,863,103	38,311,495	41,931,948	34,111,038	33,794,561	49,140,583	7,350,591	7,214,931	5,117,917
Unrestricted	177,844,372	156,016,479	134,742,208	126,525,151	145,421,401	145,458,156	129,187,454	135,743,638	135,206,286	140,727,635
<b>Total net position</b>	<b>\$ 728,928,851</b>	<b>\$ 701,944,588</b>	<b>\$ 675,517,371</b>	<b>\$ 657,043,336</b>	<b>\$ 684,158,729</b>	<b>\$ 677,607,430</b>	<b>\$ 649,476,227</b>	<b>\$ 630,160,389</b>	<b>\$ 605,707,811</b>	<b>\$ 610,318,819</b>

Note: Prior year transactions affecting the beginning Net Position were restated in the reporting year as follows:  
 2006: \$401,667 decrease GCORF depreciation expense, \$1,098,603 Utility Fund increase construction expense, \$1,132,332 Governmental Activities decrease depreciation expense, \$8,889,537 increase construction expense, \$692,455 decrease loss on disposal of assets  
 2005: \$535,927 Government Activities accreted interest subtracted from capital lease payable  
 2004: \$839,626 WEDA decrease interest expense, \$839,626 General Fund increase interest expense, \$1,894,844 Governmental Activities accreted interest added to capital lease payable

**Table 2**  
**City of Westminster**

**Changes in Net Position**  
**Last ten fiscal years**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
Governmental activities:										
General government	\$ 35,878,873	\$ 35,365,276	\$ 37,650,090	\$ 36,876,436	\$ 37,827,492	\$ 30,083,440	\$ 26,755,382	\$ 28,375,433	\$ 27,373,824	\$ 23,149,819
Public safety	32,690,106	31,572,328	31,705,261	31,552,454	31,797,184	30,077,636	29,526,569	28,211,005	25,188,099	21,748,704
Public works	14,484,672	10,278,949	14,468,243	13,941,301	13,748,911	14,501,794	14,385,925	7,793,659	6,669,236	6,259,809
Community development	10,294,204	14,367,026	12,014,109	12,454,872	17,656,461	14,059,071	24,290,269	14,849,423	20,668,261	3,492,112
Culture and recreation	21,450,331	17,403,563	17,608,348	20,368,098	17,307,667	17,829,533	11,481,246	13,498,043	13,487,779	12,773,283
Capital projects	-	-	-	-	-	-	-	-	7,761,325	2,556,076
Interest and fiscal charges	6,697,736	6,952,116	7,803,642	8,449,810	7,845,618	7,394,096	9,052,813	2,964,876	4,721,589	3,621,023
Unallocated depreciation	309,553	347,847	443,359	479,427	488,012	1,095,078	1,099,897	11,354,543	11,885,480	10,327,198
Total governmental activities expenses	121,805,475	116,287,105	121,693,052	124,122,398	126,671,345	115,040,648	116,592,101	107,046,982	117,755,593	83,928,024
Business-type activities:										
Utility	44,861,022	42,845,082	44,664,016	48,678,931	45,569,405	40,329,042	37,840,442	30,937,189	31,668,693	30,161,907
Golf	3,354,014	3,389,873	3,526,264	4,017,357	4,128,726	3,410,562	3,301,699	3,171,327	3,534,028	3,170,192
Westminster Building Authority	-	-	-	-	-	-	-	68,559	120,821	149,035
Westminster Housing Authority	696,930	792,691	1,243,300	922,689	969,722	995,606	947,135	1,325,012	996,062	818,719
Total business-type activities expenses	48,911,966	47,027,646	49,433,580	53,618,977	50,667,853	44,735,210	42,089,276	35,502,087	36,319,604	34,299,853
Total primary government expenses	170,717,441	163,314,751	171,126,632	177,741,375	177,339,198	159,775,858	158,681,377	142,549,069	154,075,197	118,227,877
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	4,055,921	3,737,240	6,116,547	4,497,892	5,666,074	7,432,044	5,319,186	5,591,578	6,297,375	2,821,007
Public safety	4,507,902	4,550,427	4,160,047	4,225,333	4,096,692	4,053,890	4,498,935	4,195,334	3,692,640	3,223,216
Public works	1,810,028	1,744,118	1,419,414	1,777,317	1,527,937	-	-	-	-	159,478
Community development	(12,469)	186,524	297,219	400,784	246,084	77,884	117,934	178,163	228,753	295,462
Culture and recreation	6,747,706	6,550,418	7,139,822	6,249,434	6,908,729	5,753,903	6,297,123	5,913,673	5,649,992	5,873,713
Operating grants and contributions	6,669,118	6,550,602	4,496,790	4,300,000	5,486,482	5,748,908	5,329,834	4,165,796	4,716,909	5,210,404
Capital grants and contributions	9,309,177	9,094,638	11,701,408	7,113,267	8,736,385	14,261,659	10,067,149	10,400,100	9,012,841	7,334,926
Total program revenues	33,087,383	32,413,967	35,331,247	28,564,027	32,668,383	37,328,288	31,630,161	30,444,644	29,598,510	24,918,206

Business-type activities:										
Charges for services:										
Utility	49,243,639	44,227,706	43,638,168	37,785,693	41,355,962	37,009,477	37,639,880	34,574,051	29,890,164	31,528,197
Golf	3,141,318	2,679,816	2,682,977	2,730,028	3,137,704	3,197,655	2,993,881	2,932,389	2,825,291	2,925,457
Westminster Building Authority	-	-	-	-	-	-	-	15,655	17,020	17,847
Westminster Housing Authority	723,307	944,917	942,564	920,327	901,313	902,899	887,721	878,870	835,157	794,098
Operating grants and contributions	36,435	-	1,972	-	-	-	-	-	-	-
Capital grants and contributions	5,460,466	7,589,453	4,221,676	3,534,458	12,590,561	7,809,021	15,704,276	14,934,514	11,002,884	9,305,522
Total business-type activities program revenues	58,605,165	55,441,892	51,487,357	44,970,506	57,985,540	48,919,052	57,225,758	53,335,479	44,570,516	44,571,121
Total revenues	91,692,548	87,855,859	86,818,604	73,534,533	90,653,923	86,247,340	88,855,919	83,780,123	74,169,026	69,489,327
<b>Net (expense)/revenue</b>										
Governmental activities	(88,718,092)	(83,873,138)	(86,361,805)	(95,558,371)	(94,002,962)	(77,712,360)	(84,961,940)	(76,602,338)	(88,157,083)	(59,009,818)
Business-type activities	9,693,199	8,414,246	2,053,777	(8,648,471)	7,317,687	4,183,842	15,136,482	17,833,392	8,250,912	10,271,268
Total primary government net expense	(79,024,893)	(75,458,892)	(84,308,028)	(104,206,842)	(86,685,275)	(73,528,518)	(69,825,458)	(58,768,946)	(79,906,171)	(48,738,550)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes										
Property taxes	12,891,503	13,334,499	13,326,123	10,737,251	9,020,419	6,348,656	5,272,024	4,600,304	4,331,501	4,185,561
Sales taxes	65,544,298	64,746,106	66,078,878	63,634,222	65,369,753	60,290,173	56,725,466	54,419,354	52,568,207	42,803,354
Use taxes	11,946,218	11,614,468	11,432,450	10,382,385	12,436,326	13,610,159	12,634,095	11,683,748	11,422,307	10,454,839
Business fees and other taxes	5,275,222	5,342,892	5,092,047	4,797,606	5,137,132	4,556,637	4,300,682	4,185,604	3,950,630	3,828,966
Accommodations taxes	2,427,226	2,365,444	2,231,693	2,045,874	2,627,010	1,425,434	1,239,740	1,078,023	945,908	914,662
Intergovernmental not restricted to a specific purpose	672,172	673,423	1,612,345	1,360,925	1,079,951	1,052,427	1,060,315	818,642	1,086,271	1,071,316
Assessments	6,000	2,000	-	-	-	-	-	-	-	-
Interest	811,117	913,339	1,261,427	1,979,580	6,043,261	6,496,200	5,760,231	3,087,962	1,043,447	1,242,606
Rentals	470,674	569,867	-	-	-	-	-	-	-	-
Other	35,000	273,002	-	597,423	1,420,276	1,980,122	2,152,680	991,884	434,985	(11,042,785)
Gain on Sale of Assets	21,879	632,142	809,511	-	604,571	-	-	-	-	-
Special Item	-	-	-	-	(14,825,447)	-	-	-	-	-
Transfers	(165,572)	(350,207)	(856,339)	(748,349)	(507,121)	(1,059,672)	(1,035,000)	5,521,091	2,181,901	6,039,079
Total governmental activities	99,935,737	100,116,975	100,988,135	94,786,917	88,406,131	94,700,136	88,110,233	86,386,612	77,965,157	59,497,598
Business-type activities:										
Interest	840,406	901,668	670,337	1,177,710	3,978,172	5,899,913	4,325,952	1,802,480	822,480	1,597,971
Rentals	839	-	-	-	-	-	-	-	-	-
Other	1,190,155	517,259	267,252	-	-	-	-	17,546	584,271	-
Gain on Sale of Assets	-	-	-	1,019	895,150	-	4,093,643	-	-	-
Special Item	3,876,447	-	-	-	-	-	-	-	-	-
Transfers	165,572	350,207	856,339	748,349	507,121	1,059,672	1,035,000	(5,521,091)	(2,181,901)	(6,039,079)
Total business-type activities	6,073,419	1,769,134	1,793,928	1,927,078	5,380,443	6,959,585	9,454,595	(3,701,065)	(775,150)	(4,441,108)
Total	106,009,156	101,886,109	102,782,063	96,713,995	93,786,574	101,659,721	97,564,828	82,685,547	77,190,007	55,056,490
<b>Change in net position</b>										
Governmental activities	11,217,645	16,243,837	14,626,330	(771,454)	(5,596,831)	16,987,776	3,148,293	9,784,274	(10,191,926)	487,780
Business-type activities	15,766,618	10,183,380	3,847,705	(6,721,393)	12,698,130	11,143,427	24,591,077	14,132,327	7,475,762	5,830,160
Total	\$ 26,984,263	\$ 26,427,217	\$ 18,474,035	\$ (7,492,847)	\$ 7,101,299	\$ 28,131,203	\$ 27,739,370	\$ 23,916,601	\$ (2,716,164)	\$ 6,317,940

Note: Prior period adjustments affecting expenses are noted in Table 1

**Table 3**  
**City of Westminster**

**Fund Balances, Governmental Funds**  
**Last ten fiscal years**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>General fund</b>										
Reserved			\$ 7,220,548	\$ 4,971,225	\$ 5,299,062	\$ 5,203,223	\$ 6,539,253	\$ 7,623,125	\$ 7,387,538	\$ 5,277,981
Unreserved			11,628,557	14,873,895	12,045,241	9,859,229	11,015,978	10,172,500	11,058,947	10,154,348
Nonspendable	\$ 943,056	\$ 1,060,299								
Restricted	4,849,535	4,822,404								
Committed	-	-								
Assigned	5,843,851	5,802,983								
Unassigned	17,795,609	15,243,510								
<b>Total general fund</b>	<b>\$29,432,051</b>	<b>\$26,929,196</b>	<b>\$18,849,105</b>	<b>\$19,845,120</b>	<b>\$17,344,303</b>	<b>\$15,062,452</b>	<b>\$17,555,231</b>	<b>\$17,795,625</b>	<b>\$18,446,485</b>	<b>\$15,432,329</b>
<b>All other governmental funds</b>										
Reserved			\$ 53,287,957	\$ 32,504,877	\$ 49,434,107	\$ 55,624,752	\$ 41,493,854	\$ 51,749,047	\$ 13,894,852	\$ 32,396,047
Unreserved, reported in:										
Special revenue funds			11,702,434	9,959,421	10,975,428	12,304,218	7,472,186	14,949,783	3,161,386	4,821,194
Capital project funds			17,652,289	35,179,303	46,104,714	41,475,007	33,713,081	47,985,815	40,797,055	42,654,999
Nonspendable	\$ 32,351,416	\$ 27,391,523								
Restricted	30,475,367	32,119,519								
Committed	29,391,324	24,387,010								
Assigned	460,677	338,688								
Unassigned	(382,694)	(754,471)								
<b>Total all other governmental funds</b>	<b>\$92,296,090</b>	<b>\$83,482,269</b>	<b>\$82,642,680</b>	<b>\$77,643,601</b>	<b>\$106,514,249</b>	<b>\$109,403,977</b>	<b>\$82,679,121</b>	<b>\$114,684,645</b>	<b>\$57,853,293</b>	<b>\$79,872,240</b>

Note: In 2011 GASB 54 was implemented with new fund balance classifications.

**Table 4**  
**City of Westminster**

**Changes in Fund Balance, Governmental Funds**  
**Last ten fiscal years**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenues</b>										
Taxes and business fees	\$ 98,084,467	\$ 97,403,409	\$ 98,161,191	\$ 91,597,338	\$ 94,590,640	\$ 86,231,059	\$ 80,172,007	\$ 76,079,765	\$ 73,218,549	\$ 61,979,807
Intergovernmental	13,363,386	14,690,316	14,485,838	13,354,111	14,316,029	12,626,793	14,815,789	9,821,702	9,891,407	10,262,233
Assessments	45,935	43,361	41,905	46,471	42,886	149,199	160,425	932,647	629,422	807,875
Licenses and permits	2,006,610	1,824,264	1,708,941	1,127,900	2,133,832	2,654,027	2,616,662	2,101,468	2,321,833	2,293,599
Interest	828,450	937,931	1,265,429	2,029,458	6,102,824	6,554,612	5,781,155	3,119,849	1,043,728	1,248,030
Rentals	476,399	569,867	-	-	-	-	-	-	-	-
Contributions	2,846,572	2,893,030	2,444,022	341,739	771,595	4,349,528	1,460,160	4,850,163	3,128,934	1,320,656
Recreation fees	6,751,616	6,443,748	6,372,404	5,766,441	6,379,855	5,735,111	5,867,809	5,311,991	5,072,051	5,352,397
Fines and forfeits	2,010,118	2,251,882	2,077,598	2,066,013	1,977,465	2,164,544	2,512,044	2,222,848	1,991,265	1,634,836
Fleet maintenance billings and other	4,529,238	4,442,594	5,427,769	6,544,888	6,886,037	5,058,804	3,699,601	3,425,398	2,988,540	2,330,473
EMS billings	2,357,911	2,016,677	2,031,040	1,858,670	2,026,555	2,020,583	1,937,237	1,814,699	1,492,350	1,435,730
Miscellaneous and other	127,277	317,947	128,456	336,893	973,939	80,040	10,737	376,850	254,296	382,841
<b>Total revenues</b>	<b>133,427,979</b>	<b>133,835,026</b>	<b>134,144,593</b>	<b>125,069,922</b>	<b>136,201,657</b>	<b>127,624,300</b>	<b>119,033,626</b>	<b>110,057,380</b>	<b>102,032,375</b>	<b>89,048,477</b>
<b>Expenditures</b>										
Current:										
General government	41,025,193	40,160,148	39,544,389	38,893,287	38,981,777	32,017,213	29,101,545	29,270,288	29,781,843	23,558,895
Public safety	31,434,925	30,521,418	30,409,003	30,241,887	30,411,901	28,794,062	28,183,148	27,315,730	24,067,713	20,913,186
Public works	7,210,468	3,280,134	7,391,466	6,754,884	6,753,727	7,238,076	7,071,716	6,506,687	6,635,754	6,208,225
Community development	5,416,821	8,948,499	7,090,959	4,647,250	9,807,146	6,634,975	15,393,627	6,608,216	8,168,892	6,157,124
Culture and recreation	13,674,664	13,047,644	13,771,317	14,036,487	14,009,673	13,456,076	12,868,421	12,407,022	11,683,528	11,417,127
Capital projects	11,361,038	13,070,798	19,731,978	32,958,628	26,018,509	29,413,964	49,866,552	45,506,648	51,364,097	42,732,128
Debt service:										
Principal	11,635,000	12,585,000	8,720,000	15,538,875	4,920,000	5,480,000	5,240,000	14,411,670	4,910,000	4,960,000
Interest and fiscal charges	9,816,176	6,584,681	6,973,932	7,883,680	7,519,672	7,278,409	8,706,148	7,570,896	4,309,524	3,893,883
Issuance costs	383,516	-	483,318	1,003,757	-	1,558,275	-	-	-	-
<b>Total expenditures</b>	<b>131,957,801</b>	<b>128,198,322</b>	<b>134,116,362</b>	<b>151,958,735</b>	<b>138,422,405</b>	<b>131,871,050</b>	<b>156,431,157</b>	<b>149,597,157</b>	<b>140,921,351</b>	<b>119,840,568</b>
<b>Excess of revenues over (under) expenditures</b>	<b>1,470,178</b>	<b>5,636,704</b>	<b>28,231</b>	<b>(26,888,813)</b>	<b>(2,220,748)</b>	<b>(4,246,750)</b>	<b>(37,397,531)</b>	<b>(39,539,777)</b>	<b>(38,888,976)</b>	<b>(30,792,091)</b>
<b>Other financing Sources (Uses)</b>										
Issuance of bonds	5,812,724	-	1,134,410	535,337	-	29,485,488	-	68,300,000	9,000,000	38,525,000
Issuance of notes	-	3,500,000	-	-	-	-	-	-	-	260,000
Issuance of leases	-	-	2,575,190	562,530	32,792	40,626	5,045,733	20,651,235	488,414	250,523
Issuance of refunding debt	96,366,606	-	-	-	-	-	-	-	-	-
Premium on refunding debt	1,756,197	-	-	-	-	-	-	-	-	-
Discount on refunding debt	(67,028)	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(94,287,102)	-	-	-	-	-	-	-	-	-
Sale of capital asset	43,519	50,770	1,121,572	169,464	1,071,525	702,109	1,140,880	5,484,526	8,213,870	1,739,299
Transfers in	15,240,547	21,348,099	92,160,117	67,485,765	75,333,568	72,740,073	71,995,567	85,070,154	67,737,574	59,112,666
Transfers (out)	(15,018,965)	(21,615,893)	(93,016,456)	(68,234,114)	(75,840,689)	(74,489,469)	(73,030,567)	(83,785,646)	(65,555,673)	(53,073,587)
<b>Total other financing sources (uses)</b>	<b>9,846,498</b>	<b>3,282,976</b>	<b>3,974,833</b>	<b>518,982</b>	<b>597,196</b>	<b>28,478,827</b>	<b>5,151,613</b>	<b>95,720,269</b>	<b>19,884,185</b>	<b>46,813,901</b>
<b>Special item: Write-off of note receivable</b>										<b>(3,443,361)</b>
<b>Net change in fund balances</b>	<b>\$ 11,316,676</b>	<b>\$ 8,919,680</b>	<b>\$ 4,003,064</b>	<b>\$(26,369,831)</b>	<b>\$(1,623,552)</b>	<b>\$ 24,232,077</b>	<b>\$(32,245,918)</b>	<b>\$ 56,180,492</b>	<b>\$(19,004,791)</b>	<b>\$ 12,578,449</b>
Debt Service as a percentage of noncapital expenditures	17.5%	16.4%	13.4%	19.1%	10.5%	13.0%	12.6%	23.5%	9.4%	11.4%

**Table 5**  
**City of Westminster**

**Sales and Use Tax Revenue**  
**Last ten fiscal years**

Fiscal Year	City Sales and Use Tax	Public Safety Sales and Use Tax <sup>1</sup>	Open Space Sales and Use Tax <sup>2</sup>	Total Direct Tax Rate
2003	\$ 49,042,179	\$ -	\$ 4,216,011	3.25%
2004	49,700,220	10,025,888	4,264,405	3.85%
2005	51,359,026	10,353,701	4,390,375	3.85%
2006	53,640,060	11,040,410	4,679,093	3.85%
2007	56,966,362	11,927,367	5,006,603	3.85%
2008	60,528,509	12,196,830	5,080,740	3.85%
2009	57,689,144	11,526,169	4,801,294	3.85%
2010	60,677,400	11,832,426	5,001,503	3.85%
2011	59,520,797	11,887,799	4,951,978	3.85%
2012	60,408,927	12,058,508	5,023,081	3.85%

Source: City Sales Tax Division

<sup>1</sup> The Public Safety Sales and Use Tax was implemented January 1, 2004

<sup>2</sup> The Open Space Sales and Use Tax was implemented January 1, 1985



**Table 6**  
**City of Westminster**

**Sales and Use Tax Rates**  
**Last ten fiscal years**

Fiscal Year	City Direct Rates				Overlapping Rates <sup>3</sup>		
	City Sales and Use Tax	Public Safety Sales and Use Tax <sup>1</sup>	Open Space Sales and Use Tax <sup>2</sup>	Total Direct Tax Rate	Adams County Sales Tax	Jefferson County Sales Tax	RTD/CD/FD Sales Tax
2003	3.00%	-	0.25%	3.25%	0.70%	0.50%	0.80%
2004	3.00%	0.60%	0.25%	3.85%	0.70%	0.50%	0.80%
2005	3.00%	0.60%	0.25%	3.85%	0.70%	0.50%	1.20%
2006	3.00%	0.60%	0.25%	3.85%	0.70%	0.50%	1.20%
2007	3.00%	0.60%	0.25%	3.85%	0.75%	0.50%	1.20%
2008	3.00%	0.60%	0.25%	3.85%	0.75%	0.50%	1.20%
2009	3.00%	0.60%	0.25%	3.85%	0.75%	0.50%	1.20%
2010	3.00%	0.60%	0.25%	3.85%	0.75%	0.50%	1.20%
2011	3.00%	0.60%	0.25%	3.85%	0.75%	0.50%	1.20%
2002	3.00%	0.60%	0.25%	3.85%	0.75%	0.50%	1.10%

Source: City Sales Tax Division

<sup>1</sup> The Public Safety Sales and Use Tax was implemented January 1, 2004

<sup>2</sup> The Open Space Sales and Use Tax was implemented January 1, 1985

<sup>3</sup> Overlapping rates are those of county governments and tax districts within the City of Westminster. Not all overlapping rates apply to all sales transactions.

**Table 7**  
**City of Westminster**

**Principal Sales and Use Tax Payers by Category**  
**Current Year and Nine Years Ago**

Category	Fiscal Year 2012			Fiscal Year 2003		
	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax	Sales and Use Tax Amount	Rank	Percentage of Total City Sales and Use Tax
Department and Discount Stores	\$ 18,845,750	1	24.3%	\$ 9,364,882	1	17.7%
Utility	8,828,781	2	11.4%	5,410,862	2	10.3%
Restaurants	8,784,938	3	11.3%	5,091,105	5	9.6%
Automobile Use	5,819,465	4	7.5%	5,770,004	3	10.9%
Grocery Stores	4,459,748	5	5.8%	5,541,935	4	10.5%
Home Improvement/Hardware Stores	3,202,354	6	4.1%	1,433,988	7	2.7%
Clothing, Jewelry	2,667,688	7	3.4%	2,349,484	6	4.5%

Source: City Sales Tax Division

Note: Due to requirements under the City Code, the names of the largest revenue payers are held as confidential.  
The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

**Table 8**  
**City of Westminster**

**Ratios of Outstanding Debt by Type**  
**Last ten fiscal years**

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal	
	General Obligation Bonds	Revenue Bonds	Tax Increment Bonds	Special Assessment Bonds	Capital Leases	Notes	General Obligation Bonds	Revenue Bonds	Capital Leases	Notes		Income <sup>1</sup>	Per Capita <sup>1</sup>
2003	\$ -	\$73,895,000	\$44,955,000	\$ 715,000	\$68,555,883	\$ 260,000	\$ -	\$31,575,000	\$ 2,532,048	\$30,494,150	\$252,982,081	7.4%	2,498
2004	-	69,525,000	44,835,000	555,000	68,503,976	9,000,000	-	29,720,000	2,656,970	28,845,784	253,641,730	6.7%	2,386
2005	-	64,730,000	112,970,000	-	85,369,906	-	-	27,850,000	1,939,127	42,281,591	335,140,624	8.4%	3,093
2006	-	59,775,000	112,685,000	-	86,810,539	-	-	25,900,000	2,250,782	40,327,316	327,748,637	7.8%	2,988
2007	-	74,330,000	120,485,000	-	83,852,128	-	-	23,880,000	2,507,662	38,068,147	343,122,937	7.9%	3,127
2008	-	69,740,000	120,155,000	-	80,627,717	-	-	15,945,000	835,300	35,915,842	323,218,859	7.2%	2,905
2009	-	64,955,000	110,055,000	-	76,826,446	-	-	14,075,000	1,075,366	33,366,040	300,352,852	7.0%	2,747
2010	-	60,300,000	105,990,000	-	76,667,485	-	-	37,090,000	5,390,622	31,258,393	316,696,500	6.9%	2,727
2011	-	55,465,000	101,740,000	-	72,008,017	-	-	35,310,000	4,934,076	28,644,252	298,101,345	6.7%	2,719
2012	-	50,485,000	101,420,000	-	66,119,057	1,612,724	-	33,460,000	4,377,176	23,629,405	281,103,362	6.3%	2,604

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

<sup>1</sup>Personal income and population data can be found on Table 12

**Table 9**  
**City of Westminster**

**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2012**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Adams County School District #12	\$ 306,312,707	27.09%	\$ 82,980,112
Adams County School District #50	88,550,000	45.80%	40,555,900
Apex Park & Rec District	12,030,000	6.47%	778,341
Arvada Fire Protection District	8,555,000	13.08%	1,118,994
Bradburn Metro #2	5,112,000	100.00%	5,112,000
Bradburn Metro #3	7,260,000	100.00%	7,260,000
Church Ranch Metro District	2,950,000	96.78%	2,855,010
Country Club Highlands Metro District	2,055,000	100.00%	2,055,000
Country Club Village Metro District	2,915,000	100.00%	2,915,000
Countrydale Metropolitan District	26,030,000	98.24%	25,571,872
Hunington Trails Metro District	6,380,000	100.00%	6,380,000
Hyland Hills Park & Recreation	11,350,000	54.61%	6,198,235
Jefferson County School District R-1	500,785,000	8.25%	41,314,763
NBC Metropolitan District	1,483,000	99.99%	1,482,852
North Metro Fire and Rescue	22,670,000	0.14%	31,738
Southwest Adams Fire Protection District #2	194,400	0.02%	39
Westglenn Metro District	5,157,099	97.94%	5,050,863
Subtotal, overlapping debt			\$ 231,660,719
City Direct debt			219,636,781
Total direct and overlapping debt			\$ 451,297,500

Source: Assessed value data used to estimate applicable percentages provided by Adams County and Jefferson County Governments. Debt outstanding data provided by each governmental unit. City direct debt details can be found on Table 8.

Note: 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 government'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.

**Table 10**  
**City of Westminster**

**Legal Debt Margin Information**  
**Last ten fiscal years**

**Legal Debt Margin Calculation for Fiscal Year 2012**

Actual value of taxable property <sup>1</sup>	
Adams County portion of the City	\$ 5,727,346,945
Jefferson County portion of the City	<u>4,093,434,827</u>
Total actual value	<u>\$ 9,820,781,772</u>
Debt limit (3% of actual value <sup>2</sup> )	\$ 294,623,453
Debt applicable to limit:	
Bonded debt - general obligation only	\$ -
Installment of lease/purchase contracts for purchase of property or equipment <sup>3</sup>	<u>70,496,233</u>
	<u>70,496,233</u>
Less deductions allowed by law:	<u>-</u>
Total net debt applicable to limit	<u>70,496,233</u>
Legal debt margin	<u>\$ 224,127,220</u>

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$ 294,623,453	\$ 296,197,301	\$ 305,686,451	\$ 306,001,998	\$ 315,072,736	\$ 311,178,234	\$ 300,968,004	\$ 295,891,298	\$ 281,817,584	\$ 246,800,481
Total net debt applicable to limit	<u>70,496,233</u>	<u>76,942,093</u>	<u>82,058,107</u>	<u>77,901,812</u>	<u>85,685,000</u>	<u>83,852,128</u>	<u>86,810,539</u>	<u>85,369,906</u>	<u>68,503,976</u>	<u>68,555,883</u>
Legal debt margin	<u>\$ 224,127,220</u>	<u>\$ 219,255,208</u>	<u>\$ 223,628,344</u>	<u>\$ 228,100,186</u>	<u>\$ 229,387,736</u>	<u>\$ 227,326,106</u>	<u>\$ 214,157,465</u>	<u>\$ 210,521,392</u>	<u>\$ 213,313,608</u>	<u>\$ 178,244,598</u>
Total net debt applicable to the limit as a percentage of debt limit	23.93%	25.98%	26.84%	25.46%	27.20%	26.95%	28.84%	28.85%	24.31%	27.78%

<sup>1</sup> Source Adams County and Jefferson County Assessors' Offices

<sup>2</sup>CRS 31-15-302 (3% limit)

<sup>3</sup>Included in general obligation indebtedness per Section 11.1 of City Charter

**Table 11**  
**City of Westminster**

**Pledged Revenue Coverage**  
**Last ten fiscal years**

<b>Utilities Revenue Bonds</b>						
Fiscal Year	Applicable Revenues	Less:		Debt Service		Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest	
2003	\$ 39,875,011	\$ (20,835,380)	\$ 19,039,631	\$ 2,947,007	\$ 2,078,044	3.79
2004	38,998,008	(24,955,155)	14,042,853	3,060,531	1,621,526	3.00
2005	46,724,597	(23,011,461)	23,713,136	3,400,839	1,931,352	4.45
2006	51,879,413	(29,305,618)	22,573,795	3,832,679	2,393,501	3.63
2007	47,716,690	(30,278,159)	17,438,531	3,947,987	2,148,085	2.86
2008	52,890,292	(34,178,877)	18,711,415	9,913,352	2,159,562	1.55
2009	38,962,225	(34,914,945)	4,047,280	3,913,088	1,821,361	0.71
2010	45,945,519	(29,813,687)	16,131,832	4,055,665	2,446,814	2.48
2011	50,529,479	(27,931,057)	22,598,422	4,190,557	3,006,017	3.14
2012	54,605,982	(29,478,283)	25,127,699	4,337,883	2,852,651	3.49

<b>Golf Course Enterprise Revenue Bonds</b>						
Fiscal Year	Applicable Revenues	Less:		Debt Service		Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest	
2003	\$ 2,925,457	\$ (2,328,521)	\$ 596,936	\$ 170,000	\$ 330,058	1.19
2004	2,825,291	(2,711,319)	113,972	175,000	322,153	0.23
2005	2,932,389	(2,461,158)	471,231	185,000	313,840	0.94
2006	2,993,881	(2,587,855)	406,026	195,000	304,868	0.81
2007	3,197,655	(2,625,270)	572,385	205,000	295,313	1.14
2008	3,137,704	(2,848,731)	288,973	215,000	285,165	0.58
*2009	2,730,028	(3,174,737)	(444,709)	225,000	274,415	(0.89)
2010	-	-	-	-	-	0.00
2011	-	-	-	-	-	0.00
2012	-	-	-	-	-	0.00

Notes: \* Refunded in 2010 as part of the 2010 COPs issue.

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

Sales and Use Tax and Parks Open Space Sales and Use Tax stated on a cash basis; all other revenues stated on accrual basis.

Source: City's Treasury Division

**Table 11**  
**City of Westminster**

**Pledged Revenue Coverage**  
**Last ten fiscal years**

<b>Sales and Use Tax Revenue Bonds</b>						
Fiscal Year	Sales and Use Tax Collections	Less:		Debt Service		Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest	
2003	\$ 48,562,246	\$ (342,094)	\$ 48,220,152	\$ 3,525,000	\$ 2,810,913	7.61
2004	49,306,412	(289,190)	49,017,222	3,055,000	2,648,318	8.59
2005	49,659,495	(279,048)	49,380,447	3,395,000	2,524,233	8.34
2006	51,643,775	(315,515)	51,328,260	3,470,000	2,386,885	8.76
2007	51,799,803	(393,333)	51,406,470	1,985,000	1,394,198	15.21
2008	51,438,718	(410,638)	51,028,080	3,450,000	1,896,409	9.54
2009	47,712,522	(434,255)	47,278,267	3,605,000	1,747,921	8.83
2010	53,964,035	(439,522)	53,524,513	3,220,000	2,347,240	9.61
2011	54,419,273	(434,196)	53,985,077	3,345,000	1,348,146	11.50
2012	56,057,366	(448,515)	55,608,851	3,435,000	1,211,039	11.97

<b>Parks Open Space Trails Sales and Use Tax Revenue Bonds</b>						
Fiscal Year	Sales and Use Tax Collections	Less:		Debt Service		Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest	
2003	\$ 4,224,170	\$ (28,508)	\$ 4,195,662	\$ 1,260,000	\$ 1,109,861	1.77
2004	4,259,760	(24,084)	4,235,676	1,315,000	1,049,626	1.79
2005	4,372,363	(23,239)	4,349,124	1,400,000	970,116	1.83
2006	4,699,435	(26,276)	4,673,159	1,485,000	885,496	1.97
2007	4,963,410	(32,757)	4,930,653	-	448,126	11.00
2008	5,068,261	(34,198)	5,034,063	1,140,000	1,513,780	1.90
2009	4,823,367	(36,165)	4,787,202	1,180,000	1,494,038	1.79
2010	4,998,817	(36,603)	4,962,214	1,435,000	658,614	2.37
2011	4,930,898	(36,160)	4,894,738	1,490,000	1,389,438	1.70
2012	5,039,265	(37,352)	5,001,913	1,545,000	1,329,837	1.74

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.  
Sales and Use Tax and Parks Open Space Sales and Use Tax stated on a cash basis: all other revenues stated on accrual basis.

Source: City's Treasury Division

**Table 11**  
**City of Westminster**

**Pledged Revenue Coverage**  
**Last ten fiscal years**

**1997 Westminster Economic Development Authority (WEDA) Revenue Bonds (Westminster Plaza Urban Reinvestment Project)**

Fiscal Year	Less:			Debt Service			Coverage
	Gross Pledged Revenues	Operating Expenses	Net Pledged Revenue	Principal	Interest and Fees	Total Debt Service	
2003	\$ 753,373	\$ (240,964)	\$ 512,409	\$ 30,000	\$ 157,700	\$ 187,700	2.73
*2004	636,455	(1,186,496)	(550,041)	120,000	156,451	276,451	(1.99)
**2005	4,259,439	(240)	4,259,199	165,000	224,849	389,849	10.93
2006	501,933	(3,115)	498,818	215,000	282,392	497,392	1.00
2007	516,158	(80,113)	436,045	270,000	313,378	583,378	0.75
2008	505,684	(364,424)	141,260	330,000	206,828	536,828	0.26
***2009	262,399	(3,254)	259,145	-	33,436	33,436	7.75
2010	-	-	-	-	-	-	N/A
2011	-	-	-	-	-	-	N/A
2012	-	-	-	-	-	-	N/A

\*Record interfund loan

\*\*Record write-off of portion of interfund loan and interest

\*\*\*Refunded in June 2009 as WEDA Tax Increment Revenue Refunding Bond (Westminster Plaza Urban Reinvestment Project) Series 2009

**WEDA Tax Increment Adjustable Rate Revenue Bonds Series 2003 (Mandalay Gardens Project)**

	Less:			Total Revenues			Debt Service		Coverage
	Gross Pledged Revenues	Operating Expenses	Net Pledged Revenue	Capitalized Interest	Available for Debt Service	Principal	Interest and Fees	Total Debt Service	
2003	\$ 10,963	\$ -	\$ 10,963	\$ 195,438	\$ 206,401	\$ -	\$ 195,438	\$ 195,438	1.06
2004	250,881	-	250,881	882,932	1,133,813	-	882,932	882,932	1.28
2005	1,513,135	(2,637)	1,510,498	1,569,189	3,079,687	-	1,569,188	1,569,188	1.96
*2006	356,308	-	356,308	582,016	938,324	70,000	335,245	405,245	2.32
2007	-	-	-	-	-	-	-	-	N/A
2008	-	-	-	-	-	-	-	-	N/A
2009	-	-	-	-	-	-	-	-	N/A
2010	-	-	-	-	-	-	-	-	N/A
2011	-	-	-	-	-	-	-	-	N/A
2012	-	-	-	-	-	-	-	-	N/A

\*Refunded in March 2006 with WEDA Tax Increment Adjustable Rate Revenue Refunding Bonds Series 2006

Source: City's Sales Tax Division



**Table 11**  
**City of Westminster**

**Pledged Revenue Coverage**  
**Last ten fiscal years**

<b>WEDA Tax Increment Adjustable Rate Revenue Bonds Series 2005 (North Huron Project)</b>									
	<u>Less:</u>				<u>Debt Service</u>				
	Gross Pledged Revenues	Operating Expenses	Net Pledged Revenue	Capitalized Interest	Total Revenues Available for Debt Service	Principal	Interest and Fees	Total Debt Service	Coverage
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	-	-	N/A
2005	150,255	-	150,255	1,399,574	1,549,829	-	1,399,574	1,399,574	1.11
2006	898,979	-	898,979	2,721,347	3,620,326	-	2,721,347	2,721,347	1.33
2007	3,469,600	(6,103)	3,463,497	1,439,736	4,903,233	-	2,868,641	2,868,641	1.71
2008	6,369,646	(116,079)	6,253,567	-	6,253,567	-	2,316,866	2,316,866	2.70
*2009	2,245,860	(42,450)	2,203,410	-	2,203,410	5,925,000	792,075	6,717,075	0.33
2010	-	-	-	-	-	-	-	-	N/A
2011	-	-	-	-	-	-	-	-	N/A
2012	-	-	-	-	-	-	-	-	N/A

\*Refunded in May 2009 with WEDA Tax Increment Loan Series 2009 (North Huron Project)

<b>WEDA Tax Increment Adjustable Rate Revenue Refunding Bonds Series 2006 (Mandalay Gardens Project)</b>									
	<u>Less:</u>				<u>Debt Service</u>				
	Gross Pledged Revenues	Operating Expenses	Net Pledged Revenue	Capitalized Interest	Total Revenues Available for Debt Service	Principal	Interest and Fees	Total Debt Service	Coverage
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	-	-	N/A
2005	-	-	-	-	-	-	-	-	N/A
2006	2,124,836	(8,130)	2,116,706	640,675	2,757,381	-	1,336,471	1,336,471	2.06
2007	3,154,147	(14,067)	3,140,080	-	3,140,080	250,000	1,609,735	1,859,735	1.69
2008	3,126,504	(23,084)	3,103,420	-	3,103,420	-	1,298,745	1,298,745	2.39
*2009	2,798,958	(27,004)	2,771,954	-	2,771,954	2,857,875	1,056,631	3,914,506	0.71
2010	-	-	-	-	-	-	-	-	N/A
2011	-	-	-	-	-	-	-	-	N/A
2012	-	-	-	-	-	-	-	-	N/A

\*Refunded in September 2009 with WEDA Tax Increment Adjustable Rate Revenue Refunding Bonds Series 2009

**Table 11**  
**City of Westminster**

**Pledged Revenue Coverage**  
**Last ten fiscal years**

<b>WEDA Tax Increment Adjustable Rate Revenue Bonds Series 2007 (South Sheridan Project)</b>									
	Less:			Total Revenues Available for Debt Service		Debt Service			
	Gross Pledged Revenues	Operating Expenses	Net Pledged Revenue	Capitalized Interest	Total Revenues Available for Debt Service	Principal	Interest and Fees	Total Debt Service	Coverage
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	-	-	N/A
2005	-	-	-	-	-	-	-	-	N/A
2006	-	-	-	-	-	-	-	-	N/A
2007	24,974	-	24,974	183,171	208,145	-	183,171	183,171	1.14
2008	722,502	(550,629)	171,873	282,866	454,739	-	282,866	282,866	1.61
*2009	563,172	(401,776)	161,396	156,055	317,451	416,000	128,584	544,584	0.58
2010	-	-	-	-	-	-	-	-	N/A
2011	-	-	-	-	-	-	-	-	N/A
2012	-	-	-	-	-	-	-	-	N/A

\*Refunded in June 2009 with WEDA Tax Increment Loan Series 2009 (South Sheridan Project).

<b>WEDA Tax Increment Revenue Refunding Bond (Westminster Plaza Urban Reinvestment Project) Series 2009</b>							
	Less:			Debt Service			
	Gross Pledged Revenues	Operating Expenses	Net Pledged Revenue	Principal	Interest and Fees	Total Debt Service	Coverage
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	N/A
2005	-	-	-	-	-	-	N/A
2006	-	-	-	-	-	-	N/A
2007	-	-	-	-	-	-	N/A
2008	-	-	-	-	-	-	N/A
*/**2009	269,431	(3,341)	266,090	265,000	121,697	386,697	0.69
**2010	379,965	(5,601)	374,364	555,000	192,470	747,470	0.50
**2011	408,035	(5,948)	402,087	575,000	171,380	746,380	0.54
2012	472,109	(6,081)	466,028	595,000	149,530	744,530	0.63

\*Bonds issued in June 2009 to refund the WEDA Series 1997 Revenue Bonds

\*\* Prior year revenues of \$97,929, \$373,106, \$339,410 and \$281,379 were added to current year pledged revenues to meet debt service

**Table 11**  
**City of Westminster**

**Pledged Revenue Coverage**  
**Last ten fiscal years**

<b>WEDA Tax Increment Adjustable Rate Revenue Refunding Bonds Series 2009 (Mandalay Gardens Project)</b>							
	Gross Pledged Revenues	Less:		Debt Service			Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest and Fees	Total Debt Service	
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	N/A
2005	-	-	-	-	-	-	N/A
2006	-	-	-	-	-	-	N/A
2007	-	-	-	-	-	-	N/A
2008	-	-	-	-	-	-	N/A
*2009	803,667	(6)	803,661	-	376,662	376,662	2.13
2010	2,697,327	(31,954)	2,665,373	1,125,000	614,960	1,739,960	1.53
2011	2,175,755	(31,752)	2,144,003	1,185,000	589,869	1,774,869	1.21
2012	1,830,823	(27,462)	1,803,361	-	392,699	392,699	4.59

\*Bonds were issued in September 2009 to refund the WEDA Series 2006 Revenue Refunding Bonds and were subsequently refunded in 2012.

<b>WEDA Tax Increment Loan Series 2009 (North Huron Project)</b>							
	Gross Pledged Revenues	Less:		Debt Service			Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest and Fees	Total Debt Service	
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	N/A
2005	-	-	-	-	-	-	N/A
2006	-	-	-	-	-	-	N/A
2007	-	-	-	-	-	-	N/A
2008	-	-	-	-	-	-	N/A
*2009	4,529,320	(40,366)	4,488,954	1,170,000	1,911,157	3,081,157	1.46
2010	5,993,927	(81,617)	5,912,310	2,125,000	2,760,466	4,885,466	1.21
2011	5,352,616	(82,240)	5,270,376	2,215,000	2,664,608	4,879,608	1.08
2012	5,326,071	(82,895)	5,243,176	-	1,627,997	1,627,997	3.22

\*Loan was entered into May 2009 to refund the WEDA Series 2005 Revenue Refunding Bonds and was subsequently refunded in 2012.

Source: City's Sales Tax Division

**Table 11**  
**City of Westminster**

**Pledged Revenue Coverage**  
**Last ten fiscal years**

<b>WEDA Tax Increment Loan Series 2009 (South Sheridan Project)</b>							
	Gross Pledged Revenues	Less:		Debt Service		Total Debt Service	Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest and Fees		
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	N/A
2005	-	-	-	-	-	-	N/A
2006	-	-	-	-	-	-	N/A
2007	-	-	-	-	-	-	N/A
2008	-	-	-	-	-	-	N/A
*2009	1,429,709	(637,131)	792,578	120,000	220,579	340,579	2.33
2010	2,368,657	(1,090,879)	1,277,778	260,000	399,282	659,282	1.94
2011	2,087,819	(1,204,614)	883,205	275,000	386,265	661,265	1.34
2012	1,153,846	(845,516)	308,330	-	252,923	252,923	1.22

\*Loan was entered into June 2009 to refund the WEDA Series 2007 Revenue Refunding Bonds and was subsequently refunded in 2012.

Source: City's Sales Tax Division

<b>WEDA Tax Increment Revenue Refunding Bonds Series 2012 (Mandalay Gardens Project)</b>							
	Gross Pledged Revenues	Less:		Debt Service		Total Debt Service	Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest and Fees		
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	N/A
2005	-	-	-	-	-	-	N/A
2006	-	-	-	-	-	-	N/A
2007	-	-	-	-	-	-	N/A
2008	-	-	-	-	-	-	N/A
2009	-	-	-	-	-	-	N/A
2010	-	-	-	-	-	-	N/A
2011	-	-	-	-	-	-	N/A
*/**2012	125,145	(1,022)	124,123	1,150,000	280,893	1,430,893	0.09

\*Bonds were issued in August 2012 to refund the WEDA Series 2009 Revenue Refunding Bonds.

\*\*Current year pledged revenues of \$1,306,769 were transferred from 2009 Bond account to meet current year debt service.

Source: City's Sales Tax Division

**Table 11**  
**City of Westminster**

**Pledged Revenue Coverage**  
**Last ten fiscal years**

<b>WEDA Tax Increment Loan Series 2012 (North Huron Project)</b>							
	Gross Pledged Revenues	Less:		Debt Service			Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest and Fees	Total Debt Service	
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	N/A
2005	-	-	-	-	-	-	N/A
2006	-	-	-	-	-	-	N/A
2007	-	-	-	-	-	-	N/A
2008	-	-	-	-	-	-	N/A
2009	-	-	-	-	-	-	N/A
2010	-	-	-	-	-	-	N/A
2011	-	-	-	-	-	-	N/A
*/**2012	26,397	(295)	26,102	-	535,043	535,043	0.05

\*Loan was entered into August 2012 to refinance the WEDA 2009 loan.

\*\*Current year pledged revenues of \$508,941 were transferred from 2009 Loan account to meet current year debt service.

<b>WEDA Tax Increment Loan Series 2012 (South Sheridan Project)</b>							
	Gross Pledged Revenues	Less:		Debt Service			Coverage
		Operating Expenses	Net Pledged Revenue	Principal	Interest and Fees	Total Debt Service	
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
2004	-	-	-	-	-	-	N/A
2005	-	-	-	-	-	-	N/A
2006	-	-	-	-	-	-	N/A
2007	-	-	-	-	-	-	N/A
2008	-	-	-	-	-	-	N/A
2009	-	-	-	-	-	-	N/A
2010	-	-	-	-	-	-	N/A
2011	-	-	-	-	-	-	N/A
*/**2012	263,400	(286,612)	(23,212)	290,000	45,622	335,622	(0.07)

\*Loan was entered into September 2012 to refinance the WEDA 2009 loan.

\*\* Prior year revenues of \$358,834 were added to current year pledged revenues to meet debt service.

Source: City's Sales Tax Division

**Table 12**  
**City of Westminster**

**Demographic and Economic Statistics**  
**Last ten fiscal years**

Fiscal Year	Population <sup>1</sup>	Total Personal Income <sup>2</sup>	Per Capita Personal Income (Weighted Avg.) <sup>3</sup>	Unemployment Rate <sup>4</sup>
2003	101,278	\$ 3,421,865,455	\$ 33,787	4.7%
2004	106,312	3,772,383,228	35,484	4.4%
2005	108,351	3,988,361,227	36,810	4.7%
2006	109,671	4,205,211,476	38,344	4.0%
2007	109,724	4,328,502,076	39,449	3.9%
2008	111,257	4,327,786,043	38,899	5.6%
2009	109,353	4,238,522,280	38,760	7.7%
2010	106,114	4,574,427,144	43,109	9.0%
2011	109,652	4,475,336,728	40,814	8.9%
2012	107,967	4,477,067,589	41,467	8.0%

Source:

<sup>1</sup> Population - City of Westminster Planning Dept. (prior years data revised when updated data available)

<sup>2</sup> Total Personal Income - Product of Per Capita Personal Income by Population

<sup>3</sup> Per Capita Personal Income - US Bureau of Economic Analysis 2003 -2007 weighted average for Adams and Jefferson Counties 2009 - 2012 estimated using CPI-U growth rate (1.6%) for all urban consumers.

<sup>4</sup> Unemployment Rate obtained from the Colorado Department of Labor and calculated as a weighted average based on reates for Adams and Jefferson Counties

**Table 13**  
**City of Westminster**

**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	Fiscal Year 2012			Fiscal Year 2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total Employment
Avaya	900	1	2.47%	1965	1	5.58%
St. Anthony's North Hospital	800	2	2.20%	700	2	1.99%
Ball Corporation	533	3	1.46%	600	3	1.70%
LPS Asset Management Solutions	500	4	1.37%			
McKesson Information Solutions	500	5	1.37%			
Tri-State Generation	490	6	1.35%	347	6	0.99%
Alliance Data Systems	479	7	1.32%			
Trimble Navigation	362	8	0.99%			
Kaiser Permanente	340	9	0.93%	340	7	0.97%
Reed Group	325	10	0.89%			
Celestica Services, Inc.				404	4	1.15%
GE Access				350	5	0.99%
Wal-Mart, 9499 Sheridan Blvd.				275	8	0.78%
Westin Westminster Hotel				248	9	0.70%
Voyant Technologies				200	10	0.57%

Source: City Economic Development Division

**Table 14**  
**City of Westminster**

**Full-time Equivalent City Employees by Function/Program**  
**Last ten fiscal years**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>General Government</b>										
City Attorney's Office	13.700	13.700	13.950	13.950	13.950	13.950	12.650	12.650	12.800	12.300
City Manager's Office	15.500	14.800	16.900	16.900	11.900	11.900	12.900	12.500	12.900	12.900
Finance	26.750	26.750	29.000	29.000	28.000	28.000	27.000	27.000	28.000	26.000
General Services	71.766	71.766	78.326	76.326	75.826	75.826	75.826	75.326	77.326	73.826
<b>Public Safety</b>										
Fire Department	135.300	135.300	143.500	142.500	142.500	141.500	140.000	140.000	139.500	104.500
Police Department	262.600	262.600	274.800	275.300	277.300	276.300	273.300	269.300	269.200	229.200
<b>Public Works</b>										
Street Maintenance	24.000	24.000	26.000	26.000	26.000	26.000	25.750	24.750	25.750	25.750
Infrastructure	0.000	0.000	0.000	0.000	0.000	0.000	4.000	4.000	4.000	4.000
<b>Community Development</b>										
Administration	6.100	6.100	7.600	7.600	7.600	7.600	7.100	7.100	7.100	7.100
Economic Development	0.000	0.000	0.000	0.000	4.000	4.000	3.500	2.500	2.500	2.500
Planning Division	14.200	14.200	14.200	14.700	14.700	14.700	15.200	15.200	14.200	14.200
Building Division	16.000	16.000	16.500	18.500	18.500	18.500	18.500	18.500	18.500	17.500
Engineering Division	13.000	13.000	14.500	14.500	14.500	16.000	16.500	16.500	17.000	17.000
Open Space	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500	2.500
Westminster Housing Authority	0.000	0.000	0.000	0.000	1.000	1.000	1.000	1.000	1.000	1.000
<b>Culture and Recreation</b>										
Administration	15.200	15.200	16.200	10.200	10.200	10.200	10.200	11.000	11.000	10.000
Parks Services	35.800	35.800	42.400	49.400	49.400	49.400	49.400	49.400	52.000	50.000
Library Services	40.275	40.275	42.200	42.200	42.200	42.200	42.200	40.725	42.200	42.200
Recreation Programs	15.000	15.000	16.500	16.500	15.300	13.800	12.600	11.800	11.800	12.300
Recreation Facilities	50.300	50.300	64.048	65.298	65.298	65.800	65.998	62.998	69.498	71.998
<b>Utilities</b>										
Administration	41.800	42.300	44.300	46.800	45.700	45.200	40.450	36.850	36.250	33.750
Water Resources & Treatment	53.750	52.750	53.750	52.750	51.750	51.750	49.250	50.250	45.600	45.600
Field Operations	38.500	38.500	44.500	42.000	42.000	42.000	47.000	47.000	48.000	48.000
<b>Golf Courses</b>										
Legacy Ridge	10.000	9.000	10.500	10.500	10.500	10.500	10.500	10.500	11.000	11.000
The Heritage	9.000	10.000	10.500	10.500	10.500	10.500	10.500	10.500	11.000	11.000
<b>Total</b>	911.041	909.841	982.674	983.924	981.124	979.126	973.824	959.849	970.624	886.124

Source: City Annual Pay Plan



**Table 15**  
**City of Westminster**

**Operating Indicators by Function/Program**  
**Last ten fiscal years**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Public Safety</b>										
Total Fire/EMS Incidents	9,267	8,834	8,288	7,980	8,058	8,147	8,277	7,883	7,312	7,514
EMS Transports by fire department	5,166	4,804	4,710	4,493	4,622	4,687	4,661	4,486	3,921	3,926
Police emergency responses	874	964	1,142	1,361	1,858	2,827	3,082	2,878	2,791	3,084
Traffic Citations (municipal)	9,190	11,528	11,739	10,536	9,771	11,897	15,666	16,684	14,843	12,538
<b>Public Works</b>										
Curb miles swept	4,426	3,112	4,001	8,004	7,361	6,166	7,306	7,634	7,379	7,379
Lane miles rehabilitated	101	103	104	98	133	77	160	112	103	98
<b>Community Development</b>										
Official Development Plans processed	120	92	137	123	176	242	191	186	150	153
Building Permits issued	5,456	5,079	6,007	5,978	4,244	3,986	3,992	3,908	4,239	4,535
<b>Culture and Recreation</b>										
Library circulation	1,102,660	1,183,780	1,403,597	1,533,879	1,475,611	1,435,330	1,464,817	1,472,460	1,399,389	1,249,686
Facility participants	943,876	918,842	918,842	675,855	924,843	811,064	805,880	698,826	671,037	733,565
Program registrants	91,397	97,447	97,447	91,640	88,483	90,652	80,972	78,160	66,237	76,779
<b>Utilities</b>										
Water gallons treated (in millions)	6,867	6,244	6,298	5,825	6,241	5,795	6,628	6,533	5,917	6,180
Water customers	32,040	31,938	31,815	31,659	31,730	31,519	31,245	31,127	31,484	31,272
Wastewater gallons treated (in millions)	2,603	3,681	2,746	2,470	2,345	2,552	2,359	2,417	2,251	2,252
Wastewater customers	30,626	30,526	30,042	30,299	30,296	30,145	29,992	29,806	30,113	29,929
<b>Golf Courses</b>										
Paid golf rounds played	61,439	58,382	54,792	51,825	58,300	58,678	55,220	50,210	49,498	49,997
Golf course acres maintained	414	414	414	414	414	414	414	414	414	414

Source: City's Performance Measures Team

Note: Police Emergency Response number decreases beginning in 2008 due to new data extracting and cleaning process.

**Table 16**  
**City of Westminster**

**Capital Asset Statistics by Function/Program**  
**Last ten fiscal years**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Public Safety</b>										
Fire stations	6	6	6	6	6	6	6	6	6	6
Patrol Units	71	71	70	62	59	56	53	52	52	45
<b>Public Works</b>										
Total Lane Miles	1,099	1,099	1,106	1,061	1,057	1,054	1,053	1,025	1,021	1,013
<b>Community Development</b>										
Traffic Signals	111	111	110	109	105	103	102	92	90	87
<b>Culture and Recreation</b>										
Libraries	2	2	2	2	2	2	2	2	2	2
Open Space sites	200	196	194	188	157	153	132	126	125	119
Neighborhood, community & citywide parks	53	53	53	52	52	51	50	50	48	45
<b>Utilities</b>										
Water mains	508	509	509	508	504	509	492	481	478	492
Treatment plants (water & wastewater)	4	4	4	4	4	4	4	4	4	4
<b>Golf Courses</b>										
Golf Courses	2	2	2	2	2	2	2	2	2	2

Source: City's Performance Measures Team

# COMPLIANCE SECTION

COMPLIANCE SECTION

**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters Based  
on an Audit of the Financial Statements Performed in Accordance  
with *Government Auditing Standards***

Honorable Mayor and Members of City Council  
City of Westminster, Colorado  
Westminster, Colorado

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Westminster, Colorado (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 22, 2013.

### **Internal Control Over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the City's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above. However, material weaknesses may exist that have not been identified.

Honorable Mayor and Members of City Council  
City of Westminster, Colorado

## Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The purpose of this communication is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BKD, LLP*

Denver, Colorado  
May 22, 2013

**Independent Auditor's Report on Compliance With  
Requirements That Could Have a Direct and Material  
Effect on Each Major Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133**

Honorable Mayor and Members of City Council  
City of Westminster, Colorado  
Westminster, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the City of Westminster, Colorado (the City) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance with those requirements

Honorable Mayor and Members of City Council  
City of Westminster, Colorado

### ***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

### **Report on Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*BKD, LLP*

Denver, Colorado  
May 22, 2013

**City of Westminster, Colorado**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2012**

**Section I - Summary of Auditor's Results**

*Financial Statements*

1. Type of auditor's report issued:  
 Unmodified       Qualified       Adverse       Disclaimer
2. Internal control over financial reporting:  
 Significant deficiency(ies) identified?       Yes       None Reported  
 Material weakness(es) identified?       Yes       No
3. Noncompliance material to financial statements noted?       Yes       No

*Federal Awards*

4. Internal control over major programs:  
 Significant deficiency(ies) identified?       Yes       None Reported  
 Material weakness(es) identified?       Yes       No
5. Types of auditor's report issued on compliance for major programs:  
 Unmodified       Qualified       Adverse       Disclaimer
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?       Yes       No
7. Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants (CDBG Entitlement Grant Cluster)
14.248	Community Development Block Grants_Section 108 Loan Guarantees

8. Dollar threshold used to distinguish between type A and type B programs:      \$300,000
9. Auditee qualified as low-risk auditee?       Yes       No



**City of Westminster, Colorado**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2012**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>	<b>Questioned Costs</b>
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No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>	<b>Questioned Costs</b>
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No matters are reportable.

**City of Westminster, Colorado**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended December 31, 2012**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
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No matters are reportable.

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**CITY OF WESTMINSTER, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2012**

Cluster/Grant Program	Federal CFDA Number	Total Federal Program Expenditures
<u>Department of Housing and Urban Development</u>		
Community Development Block Grants/Entitlement Grants (CDBG Entitlement Grant Cluster)	14.218	\$ 221,845
Community Development Block Grants_Section 108 Loan Guarantees	14.248	801,408
Passed through the Colorado Housing and Finance Authority		
Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation(Section 8 Project-Based Cluster)	14.856	376,209
Subtotal		<u>1,399,462</u>
<u>Department of Energy</u>		
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	<u>129,813</u>
<u>Department of Justice</u>		
Missing Children's Assistance	16.543	9,070
Bulletproof Vest Partnership Program	16.607	1,527
Edward Byrne Memorial Justice Assistance Grant Program (JAG Program Cluster)	16.738	26,390
Subtotal		<u>36,987</u>
<u>Department of Homeland Security</u>		
Passed through Colorado Department of Local Affairs		
National Urban Search and Rescue (US&R) Response System	97.025	16,186
Emergency Management Performance Grants	97.042	45,900
Subtotal		<u>62,086</u>
<u>Department of Transportation</u>		
Passed through the Colorado Department of Transportation		
Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	73,120
Highway Safety Cluster		
State and Community Highway Safety	20.600	5,512
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	22,725
Total Highway Safety Cluster		<u>28,237</u>
Subtotal		<u>101,357</u>
 TOTAL FEDERAL ASSISTANCE		 <u>\$ 1,729,705</u>

**CITY OF WESTMINSTER, COLORADO**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2012**

**NOTE 1:      BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

**NOTE 2:      SUBRECIPIENTS**

In relation to the federal expenditures presented in this schedule, \$64,519 in federal awards was passed through to subrecipients during 2012.



<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE:
	Colorado
	YEAR ENDING (mm/yy): December 2012

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	28,271
b. Other local imposts:		b. Traffic Fines & Penalties	1,861,488
1. Sales Taxes	1,835,654	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	311,255	g. Other Misc. Receipts	
6. Total (1. through 5.)	2,146,909	h. Other	832,618
c. Total (a. + b.)	2,146,909	i. Total (a. through h.)	2,722,377
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	3,223,795	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	56,918
c. Motor Vehicle Registrations	355,860	d. Federal Transit Admin	
d. Other (Specify) - CDOT	43,560	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	399,420	g. Total (a. through f.)	56,918
4. Total (1. + 2. + 3.f)	3,623,215	3. Total (1. + 2.g)	
			(Carry forward to page 1)

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs	91,228	163,995	255,223
c. Construction:			
(1). New Facilities	0	45,782	45,782
(2). Capacity Improvements	137,088	743,225	880,313
(3). System Preservation	0	0	0
(4). System Enhancement & Operation	0	127,795	127,795
(5). Total Construction (1) + (2) + (3) + (4)	137,088	916,802	1,053,890
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	228,316	1,080,797	1,309,113
			(Carry forward to page 1)

**Notes and Comments:**

*S*PIRIT of full disclosure...  
*R*esults that count

SERVICE PRIDE INTEGRITY RESPONSIBILITY INNOVATION TEAMWORK



**WESTMINSTER**

City of Westminster  
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Westminster, CO 80031  
303-658-2400

[www.cityofwestminster.us](http://www.cityofwestminster.us)





WESTMINSTER

## Staff Report

City Council Study Session Meeting  
June 17, 2013



**SUBJECT:** Modifications to Title 14, Chapters 1 – 2 related to the Pension Plans including the In-Service Distribution Provision and Title 1, Chapter 24 – Personal Management Program

**PREPARED BY:** Tammy Hitchens, Finance Director  
Debbie Mitchell, General Services Director

### Recommended Board Action

Provide direction for staff to proposed modification to Title 14 and Title 1 regarding definitions and the In-Service Distribution provisions offering more flexibility for employees.

### Summary Statement

Under the Pension Protection Act of 2006, the Pension Plan documents were amended in 2007 to allow in-service distributions to employees who attain age 62 and go through a change of employment such that their annual compensation reduces by at least 25%. This 2007 amendment allowed employees to access their pension while extending their employment by reducing hours and/or job responsibilities. Current interpretations of the age limits of in-service distributions allow for distributions for sworn Police personnel at age 55 and all other employees at age 60. Staff proposes Council consider adding an in-service distribution provision to allow active employees at age 59 ½ and 60, for the Police and General pension plans respectively, to withdraw 15% of their pension account balance at the time of election with the understanding that employment would not exceed a period of five years beyond the distribution election.

Staff recommends modifying the Pension Ordinances, Personnel Policies and Rules, and Personnel Management Ordinance to acknowledge recent State legislative action recognizing Civil Unions and the parties' benefits, protections and responsibilities under the law.

**Expenditure Required:** \$0

**Source of Funds:** N/A

## **Policy Issue**

Should a feature be added under the In-Service Distribution provision that would allow active employees, at age 59 ½ and 60 for participants under the Police Pension Plan and General Employee Pension Plan respectively, to withdraw 15% of their pension account balance at the time of election with the understanding that employment would not exceed a period of five years?

## **Alternative**

Do not add a new feature to the current In-Service Distribution provision of age 62 and reduction of annual compensation of at least 25%.

## **Background Information**

During 2006, the U.S. Congress passed the Pension Protection Act of 2006 (PPA). The PPA included several provisions that were beneficial to defined contribution plans like the City of Westminster Police and General Employee Pension Plans.

The PPA finalized the portion of the proposed retirement regulations that provided pension plans the opportunity to allow in-service distributions when an active employee meets certain conditions. The Pension Plans' documents were amended in 2007 to allow in-service distributions to employees who have attained age 62. The amendment also included a new section making in-service withdrawals available to all employees under certain reasonable and non-discriminatory conditions. These conditions were defined as a reduction in compensation of at least 25%. The availability of in-service withdrawals with these conditions provided a tool for the City to keep experienced knowledgeable employees in the workforce on a reduced-hours basis while allowing employees to subsidize their income. Some employees have expressed a desire to eliminate the requirement of a 25% compensation reduction. However, City Staff does not recommend removing the compensation reduction of 25%; doing so, may impose additional risks to the City and the employees. Allowing employees, who are still receiving full pay, to utilize these funds for a use other than as a pension would not be fulfilling the City's responsibility to its employees.

City Staff surveyed other City's retirement plans to determine whether there is a broad acceptance in the marketplace of allowing employees to withdraw pension plan assets while still employed and to determine what types of stipulations were in place for those retirement plans that implemented the in-service distribution provision. The survey results were mixed. Generally, most employers discourage employees from removing their assets from retirement plans. See attached Exhibit A. The stipulations put in place for those retirement plans with the in-service distribution provision were varied in age and other requirements.

Instead of changing the current stipulations of age 62 and 25% reduction in salary under the in-service distribution provision, City Staff suggests adding a Deferred Retirement Option Plan (DROP) feature under the in-service distribution provision. In qualified plans, the age 55 rule allows employees who stop working, during the year in which they turn age 55 or older, to take a distribution without having to endure the 10% IRS premature distribution penalty tax. However, the 10% penalty tax would apply for in-service distributions taken between age 55 and 59 ½. In-service distributions are not exempt from the 10% penalty tax until age 59 ½. Under Code Section 72(t), employees are only exempt from the 10% penalty tax when distributions are made after separation of employment and after attainment of age 55.

Based on this information, City Staff suggests that under the DROP feature, the required age be 59 ½ for employees in the Police Pension Plan and 60 for the employees in the General Employee Pension

Plan. Under IRS regulations, a pension plan may permit payment of benefits upon an employee's attainment of normal retirement age, even if the employee has not yet had a severance of employment with the City. Because the normal retirement age is 60 for the General Employee Pension Plan, the required age for the in-service distribution DROP feature can not be lower than 60. The normal retirement age for the Police Pension Plan is age 55 and therefore, age 59 ½ would be allowed.

Considering the purpose of the City's pension plan and that City employees do not participate in Social Security, City Staff suggests the DROP feature of the in-service distribution to allow employees to withdraw an amount up to 15% of their pension account balance at the time of election, this would provide an opportunity for employees to do some financial planning prior to retirement. However, there is nothing that would prohibit employees from taking the money and just spending it. For some employees the City's pension plan may be an employee's sole source of retirement income. In addition, if an employee depleted their entire pension account balance and therefore, the employee elected to work longer, there could be long-term implications for the City's workforce. Plus, if significant withdrawals are made from the pension plan, it may increase operating costs for the entire pension plan as a whole.

As part of the DROP feature under the in-service distribution provision, instead of terminating employment and receiving benefits, the employee could continue employment for a specified period of time not to exceed five years. The DROP feature would provide employees who have an interest in taking greater control of their retirement planning and offer more flexibility and also protect the City. Employees have expressed a desire to utilize their pension assets in order to put themselves in a better position for retirement. An example that was given was to utilize the pension assets to pay off a higher interest mortgage and/or credit cards and then utilize the money that would normally be used for those payments to add to their deferred compensation account.

A change to the In-Service Distribution is substantive in nature and would require approval by a vote of the members of the Police Pension Plan. Approval by 65% of those members of the Police Pension Plan who vote is required in order to implement the modification.

In addition to the changes to the Pension Ordinances related to In-service Distributions, Staff recommends modifying the Pension Ordinances, Personnel Policies and Rules, and Personnel Management Ordinance to acknowledge recent State legislative action recognizing Civil Unions and the parties' benefits, protections and responsibilities under the law. These changes expand the definitions to include parties in a civil union and protection from discrimination related to sexual orientation. In addition to the changes noted above, the Personnel Policies and Rules will be administratively modified by the City Manager expanding the definition of relative.

The City's Pension Plans are an attractive employee benefit that directly impacts the ability to meet the City's Strategic Goal of a Financially Sustainable City Government Providing Exceptional Services. The review of the In-Service Distribution provision provides an opportunity to maintain quality retirement plans and enhance employee opportunities.

Respectfully submitted,

J. Brent McFall  
Executive Director

Attachment – In-Service Distribution Survey Results

Exhibit A:

Pension Plans - In-Service Distribution Survey Results

City	Participants	Plan Type	Employee Contribution Rate	Employer Contribution Rate	Participate in Social Security	Normal Retirement Age	In-Service Distributions	In-Service Stipulations
Arvada	General Employees	Defined Contribution	8.00%	10.00%	No	No age requirement but rather 20 years of service	Yes	Age 59 1/2 with at least 5 years (i.e., fully vested) may withdraw up to 15% of account NA
	Police	Defined Contribution	10.00%	10.00%	No	No age requirement but rather 20 years of service	No	
Aurora	General Employees	Defined Benefit	5.75%	5.75%	Yes	General; 65 if hired before 1/2012, 67 if hired after	Yes	Age 50, any reason
	Police	Defined Contribution	10.50%	10.50%	No	55	No	NA
Boulder	General Employees	Defined Benefit	8.00%	13.70%	No	Age 65	No	NA
	Police - Old Hire		2.00%	2.00%	No	Age 50 and 20 years of service	No	NA
	Police- New Hire	Defined Contribution	6.20%	13.80%	No	50	Yes	Age 50 and meet with TPA Financial Advisor
Broomfield	General Employees	Defined Contribution	6.00%	6.00%	Yes	Age 55 and 5 years of service	Yes	Age 50 and 5 years of service
	Police	Defined Contribution	10.00%	10.00%	No	Age 55 and 5 years of service	Yes	Age 50 and 5 years of service
Denver	General Employees	Defined Benefit	6.25%	10.25%	Yes	65 - Normal, Early - 55(Must meet the rule of 75)	No	NA
	Police	Defined Benefit	8.00%	8.00%	No	65 - Normal, Early - 55(Must meet the rule of 75)	No	NA
Fort Collins	General Employees	Defined Contribution	3.00%	6.50%	Yes	55	Yes	For rollover funds only
	Police	Defined Contribution	8.00%	8.00%	No	55	Yes	For rollover funds only
Lakewood	General Employees	Defined Contribution	8.00%	10.00%	No	Age 55 with 20 years or any age with 25 years of service	No	NA
	Police	Defined Contribution	8.00%	10.00%	No	Age 55 with 20 years or any age with 25 years of service	No	NA
Longmont	General Employees	Defined Contribution	5.00%	5.00%	No	Age 50 with 5 years of service	No	NA
		Defined Benefit	5.10%	6.10%	No	Age 50 with 5 years of service	No	NA
	Police	Defined Contribution	10.00%	10.00%	No	Age 50 with 5 years of service	No	NA
Thornton	General	Defined Contribution	5.00%	5.85%	Yes	59 1/2 or 55 with 20 years of service	No	NA - RMD 70 1/2
	Police	Defined Contribution	9.00%	9.00%	No	59 1/2 or 55 with 20 years of service	No	NA - RMD 70 1/2
Westminster	General Employees	Defined Contribution	10.00%	10.25%	No	60	Yes	Age 62 and 25% reduction in salary
	Police	Defined Contribution	10.00%	10.25%	No	55	Yes	Age 62 and 25% reduction in salary