



CITY OF
WESTMINSTER,
MARYLAND

2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the FISCAL YEAR ENDED JUNE 30, 2016

CITY OF WESTMINSTER, MARYLAND

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



Prepared by the Department of Finance

City of Westminster, Maryland

CITY OF WESTMINSTER, MARYLAND

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Introductory Section





October 26, 2016

To the Mayor and Common Council
To the Citizens of the City of Westminster,

State law requires that all general-purpose local governments publish a complete set of audited financial statements within six months of the close of each fiscal year. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Westminster, Maryland for the fiscal year ended June 30, 2016.

This report consists of management's representations concerning the finances of City of Westminster. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not outweigh their benefits, City of Westminster's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

City of Westminster's financial statements have been audited by CohnReznick LLP, a firm of licensed certified public accountants. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that City of Westminster's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

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

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

Westminster was founded in 1764 by William Winchester of England. Winchester originally named his planned community "Winchester's Town." The community changed its name to Westminster in 1768 because the mail was too often mistakenly delivered in nearby Winchester, in Frederick County, Virginia.

In 1764, Winchester located Westminster on one of the three main western-bound routes in what we now know as Carroll County. Today these routes are known as Route 30, Route 140, and Route 26. These roadways were critical for the economic expansion of the fledgling colony of Maryland. Winchester formed Westminster at a point one day's travel - 10 miles - between Reisterstown and Taneytown. This led to Westminster quickly establishing hotels, eating establishments, and provisioning stores.

Westminster's first settlers were predominately Germans and Scotch-Irish who moved to the Westminster area from southern Pennsylvania. Much of the early industry was agriculture, tanning, banking, and a wide variety of merchants and craftsmen. Hotels and restaurants were also an important part of local commerce which catered to westward bound travelers well into the late 1800s.

According to "What Ever Happened to our Hotels," written by former Historical Society curator Lillian Shipley in September 1971, as late as "around the turn of the (20th) century Westminster had 7 churches, 7 hotels, and 18 saloons." "The hotels (were the) Eastern or East End, the Main Court, the Central, the Westminster (Charles Carroll Hotel,) the Albion, the Montour House, and the Anchor."

Originally, Westminster sat on the boundary line between Frederick and Baltimore Counties. In 1837, Carroll County was created from portions of Frederick and Baltimore Counties.

Until a formal organized municipal government was adopted in 1818, the Union Meeting House, and its board of trustees, was utilized as a "governing body" for the early settlers. Westminster was originally incorporated in 1818 which provided for the community to be governed by a burgess and 6 commissioners elected annually. The 1818 incorporation also consolidated three adjoining towns into one town called Westminster: Westminster, New London, and Winter's Addition to Westminster. From the initial incorporation passed by the Maryland General Assembly in Chapter 128, Acts of 1818, through a subsequent incorporation in 1830, until 1856, Westminster had a Burgess and Commissioner form of government. The first "Mayor" of the City of Westminster was Francis Shriver, who served from 1856 to 1858.

Of note is that Westminster was not recognized a "city" until the 1838 charter - incorporation was amended by Chapter 335 of the Acts of the Maryland General Assembly of 1856, which re-characterized the municipality as a "city" and changed the titles of the elected officials to Mayor and Common Council of Westminster.

The year after Carroll County was formed in 1837; Westminster was re-incorporated and made the county seat because of the aggressive advocacy of its citizens and because of Westminster's central location. Carroll County is the birthplace of Methodism in American and is near the home of Francis Scott Key, the author of our national anthem. The first countywide rural free delivery of mail started in Westminster in the late 1890s.

Today, Westminster is an exciting community of approximately 18,843 citizens. It has grown from its humble beginnings of 0.745 square miles to its current size of 6.64 square miles. It is located strategically in the rolling countryside foothills of the Blue Ridge Mountains, 30 miles northwest of Baltimore, Maryland and 60 miles north of Washington, D.C. Westminster is the county seat of Carroll County and is located in the middle of the county.

Westminster is governed by a Mayor and a Common Council - consisting of five citizen city council members. The Mayor and City Council Members serve staggered elected terms of 4 years each. The day-to-day operations of the municipality are administered by a “city administrator” form of government. The city administrator is assisted by key department heads along with a full-time staff of 160 employees.

Westminster and Carroll County have a high quality of life with ample access to recreation, places of religious worship, meaningful employment, high quality schools, low crime and a hardworking, family oriented population.

(Excerpts provided by Kevin Dayhoff, former Mayor of Westminster 2001 - 2005)

Local Economy

Westminster has a diverse economy. Three of its largest employers are public sectors: Carroll County Government, Carroll County Public Schools and the City itself. The private sector is well represented with a strong manufacturing base located at the industrially zoned parcels near the County’s only airport also located in Westminster. Knorr Brake has relocated to Westminster as has FR Conversions. Advanced Thermal Batteries has also purchased a lot in the industrial center.

The City’s retail spaces are also diverse with a thriving down-town, large box retail on the main thoroughfares, and a mall space. The City encourages visits to the downtown area by supporting the Carroll Arts Center, the Carroll Historical Center, the Carroll County Library, the Farmer’s Market and the Tree Commission. In addition, the City hosts downtown events nearly every weekend to include Fallfest, Midnight Madness, Christmas Parade, Oyster Stroll, Month of Sundays Concert Series, Second Saturdays, Art in the Park, Corbit’s Charge Ball, Easter Egg Hunt, Celtic Canter, Miracle on Main Street and numerous 5k runs.

Westminster is also home of McDaniel College, formally known as Western Maryland College, and a nationally ranked liberal arts college which was chartered in 1868.

Westminster’s median household income in 2013 was \$52,306 and its median house value was \$233,045. The estimated per capita income in 2013 was \$27,402.

Maryland Department of Environment recently increased the City’ water allocation which spurred annexation and new building permits. The City will benefit from Special Benefit Assessments and growth in the assessable tax base. The City’s tax revenue makes up approximately 70% of the General Fund Revenues.

Long-term Financial Planning

Real Property Tax Rate:

The Real Property Tax Rate is set by the Mayor and Common Council annually during the adoption of the budget. For fiscal year 2016 the Mayor and Council adopted a Real Property Tax Rate of \$.56 per \$100 of assessed value, unchanged from the prior year. This rate is split into two rates, one for operations and one for capital improvements. All tax revenues collected for capital improvements are restricted for use in the capital improvement budget in the General Fund.

Personal Property Tax Rate:

The Personal Property Tax Rate is also set annually by the Mayor and Common Council during adoption of the budget. For fiscal year 2015 the Mayor and Council adopted a Personal Property Tax Rate of \$1.10 per \$100 of assessed value, unchanged from the prior year.

Utility Personal Property Tax Rate:

The Utility Personal Property Tax Rate is also set annually by the Mayor and Common Council during adoption of the budget. For fiscal year 2015 the Mayor and Common Council adopted a Tax Rate of \$1.40 per \$100 of assessed value, up from \$1.10 last year.

Operating Budget:

The City maintains a balanced four-year Operating Plan and a six-year Capital Improvement Plan (CIP) for expenditures built on projected revenues. The development of four and six-year plans requires the City to evaluate the impact of current decisions on the long-term financial position of the City.

Capital Projects:

The City's six-year Capital Improvement Plan is focused on maintaining existing infrastructure, building a fiber network, and development of the Wakefield Valley parcel to improve and expand economic development. The six-year program includes \$21 million to build the broadband fiber network and \$52 million to upgrade the wastewater facility to enhanced nutrient removal. Additional projects include replacement of aging technology equipment, replacement of various water mains, replacement of various vehicles and equipment, road and streetlight improvements, and development of the Wakefield Valley parcel.

Debt Administration:

The City plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, available financing instruments, trends in bond market structures, and trends in interest rates. The City finances its capital needs on a regular basis dictated by its capital spending pattern. A financial advisor firm and bond counsel assist in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors.

Users of this document as well as others interested in the programs and services offered by the City are encouraged to read the City's Adopted Fiscal Year 2015-2016 Budget. The document details the City's long-term goals and financial policies, describes the various activities' accomplishments and initiatives, and outlines the City's capital improvement program. The budget can be obtained from the City of Westminster's web site at www.westminstermd.gov.

Financial Policies and Practices

General

1. The City of Westminster's Departments will carry out the Common Council's goals, objectives, and policies through a service delivery system financed through the Operating and Capital Budgets.
2. The City will take positive steps to improve the productivity of its programs and employees, and will seek ways to eliminate duplicative functions within the City government and between the City of Westminster and other public agencies in the community. Specifically, intensive reviews of the efficiency and effectiveness of certain City services will be periodically undertaken.

3. Whenever feasible, City activities will be considered enterprises if so doing will increase efficiency of service delivery or recover the cost of providing the service from the benefiting entity by user fees.
4. Adequate reserves will be maintained for all known liabilities.
5. Efforts will be coordinated with neighboring governmental agencies to achieve common policy objectives, share the cost of providing governmental services on an equitable basis, and support favorable legislation at the State and Federal level.
6. The City will seek out, apply for, and effectively administer federal, state and foundation grants-in-aid that address the City's current priorities and policy objectives.
7. The City will initiate, encourage and participate in economic development efforts to create job opportunities and strengthen the local economy.
8. City Finance Department personnel will carry out all policies responsibly, ethically, and professionally for the betterment of the City of Westminster.

Budget

1. The budget will be developed by the City Department Heads, correlated by the Finance Director, recommended by the City Administrator, and presented to the Common Council by the Mayor for adoption.
2. The budget will be prepared using Government Finance Officer Association (GFOA) budget document development guidelines as a planning document, and will present key economic issues for public discussion.
3. As required by State law, the Common Council shall adopt a balanced budget by an Ordinance appropriating funds prior to the beginning of the fiscal year.
4. All Governmental Fund budgets presented to the City Council for adoption will be balanced in that projected expenditures shall be equal to projected revenues and applied fund balance.
5. The relationship between the Operating and Capital Budgets will be explicitly recognized and incorporated into the budget process. Funding for these budgets shall be sufficient to provide municipal operating services and maintenance or enhancement of fixed assets needed to support public demand for City services.
6. Common Council approval is required to transfer balances from one department to any other department.
7. Three-year projections will be included in the budget presentation and will be updated annually.
8. The financial policies will be included as part of the budget document.

Revenue Policies

1. Budgeted revenue estimates will be based on reasonably conservative and realistic expectations.

2. Non-recurring revenues and financing sources will not be used to finance continuing operations per City Code requirements.
3. Long-term financial commitments for continuing outlays will be avoided unless sustained revenue growth is assured.
4. The City will follow an aggressive policy of collecting revenues.
5. The City will establish all user charges fees at a level related to the full costs of providing the service. The City will review fees/charges periodically.
6. The City will consider market rates and charges levied by other area municipalities of similar size for like services in establishing rates, fees and charges. The fee structure will be reviewed during the budget process and will be included in the budget document.
7. Enterprise operations will be self-supporting.
8. With the development of the Water/Sewer Rate Structure model in 2009, the City provided for a “dividend” that may be declared by the Common Council based on successful results within the Enterprise Funds. Should the Common Council elect to do so, at the end of the fiscal year when final results are available, by resolution they may declare a dividend that will be transferred to the General Fund in support of costs incurred by the fund in support of the Enterprise activities.
9. For the FY 2010 - 2011 budget year the Common Council granted an increase in the real estate property tax rate for the intent of funding capital projects. Any and all revenue received above the FY 2009 - 2010 tax rate is hereby directed into a Capital Projects account to be used only in support of the Common Council appropriated Capital projects.
10. The City of Westminster (City) bills for services provided. These may include, but are not limited to fees associated with levies authorized by legislation, fines issued for violations of Code, and charges for utilities consumed. Each receivable is booked when billed, and is associated with a customer account that represents an obligation to the City. It is assumed that charges incurred will be paid according to the terms and conditions of the obligation, however, not all receivables are honored in full and may not be cost effective for the City to pursue in collection. As a result a receivable may need to be written-off and Bad Debt Expense recorded. A receivable should be written-off to loss when cost-effective means to collect monies due have been performed and further effort would be more costly than the proceeds received. Cost-effective means include but are not limited to using City resources to provide notice to the obligor as provided for by City policy and Code, and filing liens as the Laws of the State of Maryland provide. Each action taken is documented in accordance with internal control procedures, and is utilized to support the write-off decision.

Expenditure Accounts

1. The City shall operate on a current funding basis. Expenditures shall be budgeted and controlled so as not to exceed current revenues plus the planned use of fund balance accumulated through prior years.

2. The City shall take immediate corrective actions if at any time during the fiscal year expenditure and revenue re-estimates are such that an operating deficit is projected at year-end. Corrective actions may include a hiring freeze, expenditure reductions, fee increases, or use of contingencies. Expenditure deferrals into the following fiscal year, short-term loans, or use of one-time revenue sources shall be avoided.

3. The City Administrator shall undertake periodic staff and third-party reviews of City programs for both efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternatives to service delivery. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

4. The City shall make every effort to maximize any discounts offered by creditors/vendors, and partnering with other governmental agencies for resource purchasing shall be encouraged.

5. If budgeted funds are not available, the Director of Finance shall be contacted to assist in locating a source of funds prior to the purchase occurring.

6. The Director of the department should be able to make transfers up to \$10,000. Any transfers over \$10,000 go to the Common Council for approval even if it is within a department. All transfers from Department to Department go to the Common Council for approval.

Capital Improvement Policies

1. The City will develop a multi-year plan for capital improvements, update it annually (projects including cost, description, funding source, and CIP) and make all capital improvements in accordance with the plan, and City Code requirements.

2. The City will maintain its physical assets at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs. The budget will provide for adequate maintenance and orderly replacement of capital assets from current revenues where possible.

3. Capital projects will be included in an approved City plan for basic services or infrastructure, be part of an adopted maintenance/replacement schedule, minimize operating costs, selected according to the established Capital Improvement Plan; or will promote economic development, create jobs or benefit a target area of the City.

4. The capital budget process works in conjunction with the regular operating budget process. CIP projects are flagged as funded or unfunded depending on whether or not the forecasted operating budget can support or fund the project. All funded CIP projects are included in the operating budget for the current budget year.

5. Carryover or multi-year projects will be included in the CIP.

Capital Asset Management Policy

1. Capital (fixed) Assets are tangible items that are acquired by procurement, transfer, capital lease, donation, or other method that transfers ownership and have the following characteristics: a. Have an estimated useful life of 5 or more years; b. Are not intended for sale in the ordinary course of operations; and c. Are acquired or constructed with the intention of being used, or being available for use, by the entity to conduct business.

2. Capital assets will not be degraded, given away, or allowed to deteriorate except by action of the Council.
3. The capitalization threshold used in determining if a given asset qualifies for capitalization is \$10,000.
4. Adequate insurance shall be maintained on all capital assets consistent with the results of the annual physical count/inspection.

Accounting, Auditing and Financial Reporting Policies

1. The City Treasurer prepares and presents regular reports to the City Administrator and the Mayor and Common Council that analyze, evaluate, and forecast the City's financial performance, position, and economic conditions.
2. The Finance Committee requires an independent audit be performed annually. This audit is available to the City residents on the website.
3. The City will issue annual financial reports in accordance with generally accepted accounting principles (GAAP) as outlined in the Governmental Accounting, Auditing and Financial Reporting (GAAFR) publication.

Purchasing Policy

1. The City shall ensure that all purchasing actions are fair and impartial with no impropriety or appearance of impropriety. All qualified buyers and sellers will have equal access to City business and no individual or firm shall be arbitrarily excluded.
2. To the maximum extent possible, purchasing actions will be conducted in a competitive environment.
3. Purchases and contracts will be made by the City Treasurer. Responsibility for certain purchasing actions may be delegated to other senior City officials by the City Treasurer.
4. All budgeted purchase requisitions are subject to the following approvals:
 - Purchases up to \$10,000 are approved by the Mayor, City Administrator, or Department Head.
 - Purchases above \$10,000 are approved by the Common Council
 - Purchases of budgeted Capital items and vehicles may be authorized by the City Administrator to take advantage of state, county or other local purchasing options. The Common Council will be notified of such purchases.
5. Purchases up to \$100 may be made through petty cash.
6. The City will maintain yearly open purchase orders to cover purchases from vendors who supply the City with a high volume of the same or similar goods or services during the year.

Investment Policy

1. Public funds will be invested in a manner consistent with the greatest safety and protection for the City's investments. This investing of funds will, while protecting the safety of the City's investments, produce the highest investment return for meeting the cash flow requirements of the City and conform to all Maryland State statutes, City ordinances and policies governing the investment of public funds.
2. The standard of prudence to be applied by the City Treasurer in managing the City's overall portfolio shall be the "Prudent Person Rule" which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."
3. The City Treasurer, acting in accordance with the Investment Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
4. All investments will be governed by the following objectives:
 - Safety of principal is the primary objective of the City's investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To achieve this objective, some diversification may be required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
 - The City's investment portfolio shall be designed with the goal of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.
5. The Common Council will annually review the overall Investment Policy during budget deliberations as it relates to the City's financial objectives and make any necessary modifications to the Policy.
6. Officials and employees involved in the investment process shall refrain from personal business activity which could conflict with proper execution of the investment program, or which could impair their ability to make unbiased investment decisions.
7. The Treasurer will maintain a list of financial institutions and security dealers authorized to provide banking and investment services to the Town.

Debt Management Policy

1. The debt management policies will ensure that future debt service payments can be made without jeopardizing the provision of essential services.
2. There will be an acceptable degree of flexibility to meet unanticipated expenditures.
3. Outstanding debt obligations will not threaten long-term financial stability.

4. The amount of outstanding debt will not place undue burden on community residents and businesses.
5. The City does not limit debt by dollar amount or percentage.
6. Debt issuance is subject to the City of Westminster's Charter requirements and the legal limits set by the State of Maryland.

Major Initiatives

The city has continued its initiative to provide high speed gigabit, symmetrical broadband service to every building in the city. Two pilot projects are complete -one at the senior living community Carroll Lutheran Village with 400 residential units and another at the business park with 110 businesses. The remainder of the city will be wired over the next five years, providing the transportation highway for future economic development. The initial fiber pilot project was to be funded with Special General Benefit Assessment Funds. The city-wide fiber project will be funded with fees from broadband customers front ended by public bonds. Capital Improvement Program Funds may be necessary to supplement these revenue sources for several years until the fiber network is fully self-sufficient.

The second major activity to be implemented is the Stormwater Management Program. Under Federal court order, the Environmental Protection Agency was ordered to implement a Chesapeake Bay clean up. The State of Maryland established a stormwater management fee program to fund projects to direct nitrogen away from streams that feed into the Chesapeake Bay. This program will be implemented through an NPDES (National Pollutant Discharge Elimination System) permit for Carroll County. The City of Westminster, along with the other seven municipalities, will be co-permittees in this permit. The City of Westminster will be required to pay 20% of the cost of stormwater projects; Carroll County will pay the remaining 80%. This will become a new mandatory requirement in the Capital Improvement Program. The reporting and documentation permit requirements for the inspections of the outfalls are so substantial and the fines for non-compliance are so onerous that an additional staff member may be required in the Public Works Streets Department in future years.

The City also continued its initiative to provide GIS applications. This system enables staff to access the data and provide maps for any level of information, as well as provide interactivity for the public. The use of GIS has grown exponentially over the past few years - staff can now use the database to track complaints, police calls, code enforcement complaints, location of water and sewer pipes and fixtures, and "as built" development plans. The public will be able to access zoning designations, maps, locations and descriptions of restaurants and retail establishments, and events and activities, all in up-to-date real-time information, from any application including computers, iPads, cell phones and tablets. This is a huge step forward for the city promotional efforts. This effort will coordinate with the updated City webpage.

The other major category is the cost of employee salaries and fringe benefits. Our employees are our most valuable resource. Employees received a 3% cost of living increase in FY2016. In addition to keeping salaries competitive with comparable municipalities, this increase helps to offset the four years employees suffered without any increase in salaries. Employee benefits have continued to be an ever-increasing section of our budget, and FY2016 is no different. The City of Westminster joined the Local Government Insurance Trust Healthcare Plan in FY2012. This plan stabilized our healthcare costs over the past two years. A Healthcare Committee composed of representatives from each department monitors healthcare costs and issues to keep costs as low

as possible. To counteract the increase in healthcare costs, the City has opted to introduce a new wellness component to our wellness program which will reward employees for following good health habits by reducing the healthcare premium by achieving healthcare goals. Hopefully this program will result in reduced claims experience to reduce our healthcare premiums. Healthy employees result in reduced claims expenditures.

Water Fund

Projects in the water fund include new water source development, development of Gesell Well, repairs to Hyde Quarry, and vehicle/equipment replacement. Water rates remained the same for this fiscal year as per the recommendation of the Rate Study conducted by Municipal and Financial Services Group.

Sewer Fund

Municipal and Financial Services Group did, however, find that the sewer system fund would require a rate increase of 11% this fiscal year to sustain the Enhanced Nutrient Renewal (ENR) upgrade to the wastewater treatment. This upgrade is mandated by more stringent regulations issued by MDE and 60% of the \$54 million cost will be covered by a grant from MDE and reimbursement from Carroll County. The City will fund the remaining \$12M with a low-interest loan from MDE. The increase in the rates will support the debt service for this loan.

Other ongoing projects in the Sewer Fund include the sewer system rehab, vehicle/equipment replacement, and upgrades to pump stations

Housing Fund

No major changes in this fund are anticipated. The Federal budget for Housing and Urban Development programs has been declining; therefore, the program will continue to support 300 Section 8 vouchers, but with decreasing administrative funding. The City is subsidizing a portion of the administrative costs of the grant.

Awards and Acknowledgements

The City is submitting its financial report to Government Finance Officers Association of the United States and Canada (GFOA) this year. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our comprehensive annual financial report meets the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2016 adopted budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The Distinguished Budget Presentation Award is valid for a period of one year only. City of Westminster has received the Distinguished Budget Presentation Award for the past five consecutive years (2013-2016).

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff in the Department of Finance and the cooperation of the entire organization. In closing, I would like to thank the Mayor and Council for their continuing support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "T. Palmer", is positioned below the closing text.

Tammy Palmer
Director of Finance and Administrative Services

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City of Westminster, Maryland

56 W. Main Street
Westminster, Maryland 21157
Telephone (410) 848-9000
Fax (410) 848-5345
www.westminstermd.gov

Mayor

Mr. Kevin R. Utz

Common Council

Dr. Robert Wack, Council President
Ms. Suzanne Albert, Council President Pro-Tem
Dr. Mona Becker, Councilwoman
Mr. Tony Chiavacci, Councilman
Mr. Gregory Pecoraro, Councilman

Management Team

Title

Interim City Administrator
Chief of Police
Director of Finance and Administrative Services
Director of Planning and Development
Director of Public Works
Director of Recreation and Parks

Name

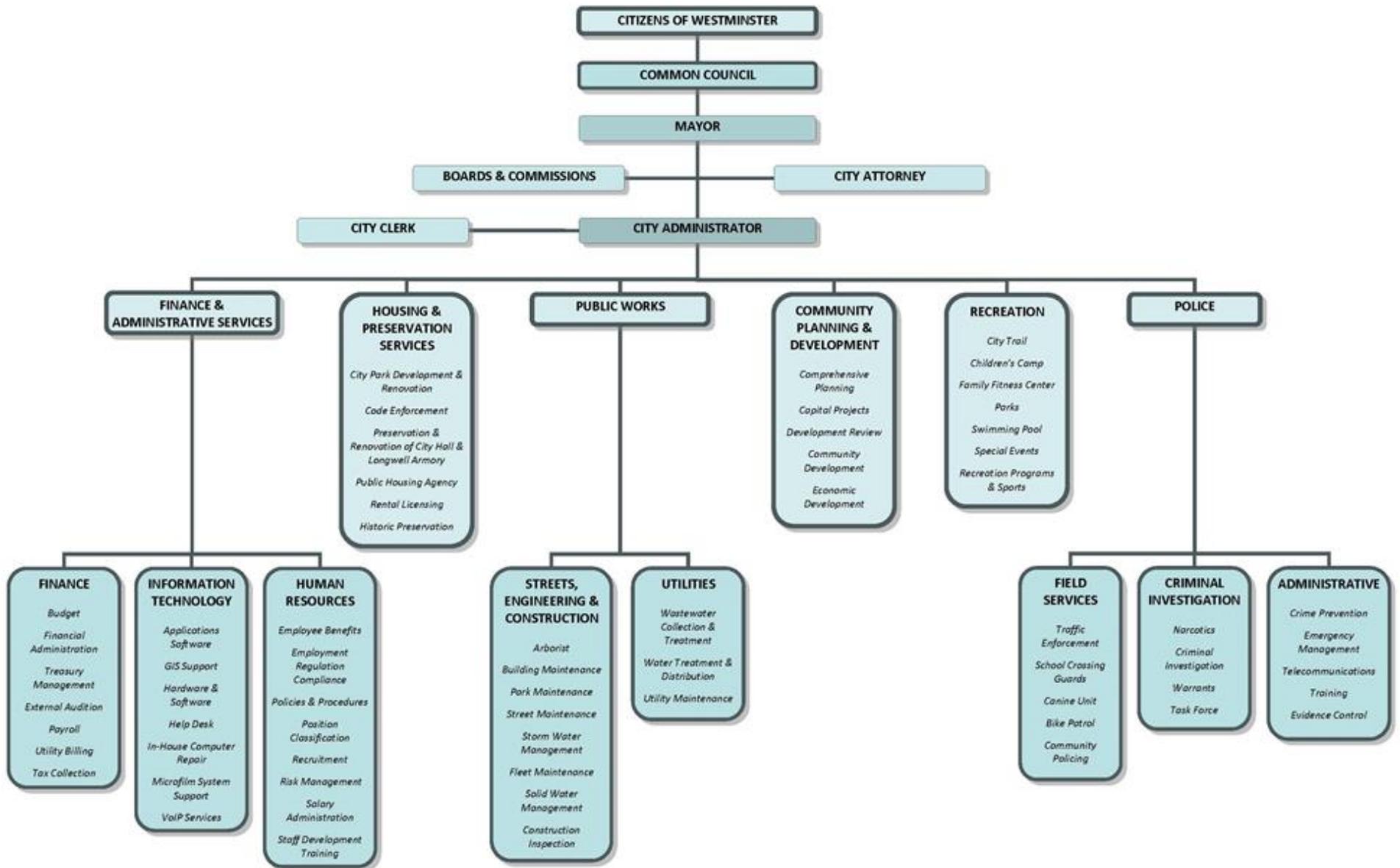
David Deutsch
Jeff Spaulding
Tammy Palmer
William Mackey
Jeff Glass
Abby Gruber

Independent Auditor

CohnReznick, LLP
Baltimore, Maryland

Bond Counsel

Funk & Bolton, P.A.
Baltimore, Maryland



Financial Section



Independent Auditor's Report

To the Mayor and Common Council
City of Westminster, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Westminster, Maryland as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Westminster, Maryland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 entity'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 entity'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.

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, and each major fund of the City of Westminster, Maryland, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Correction of an Error

As discussed in Note 24 to the basic financial statements, during the year ended June 30, 2016 the City determined that certain infrastructure assets were deeded to the City in a prior year and were not recorded. These assets as well as beginning fund balance and net position have been restated to reflect the transaction. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 20 - 33 and pages 95 - 98; the schedules of funding progress and employer contributions - other postemployment benefits plan on page 99; and the schedules of the City's proportionate share of the net pension liability and pension plan contributions on pages 100 and 101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westminster, Maryland's basic financial statements. The introductory section and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2016, on our consideration of the City of Westminster, Maryland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Westminster, Maryland's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Baltimore, Maryland
October 26, 2016

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

As management of the City of Westminster, Maryland, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the City of Westminster for the fiscal year ended June 30, 2016. The objective of this discussion and analysis of the City's financial statements is to provide an overview of its financial activities for the past fiscal year.

Financial Highlights:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$114,413,950 (net position). Of this amount \$48,983,708 was for governmental activities and \$65,430,242 was for business-type activities. The amount of net position that was unrestricted at year-end was \$4,521,694 for governmental activities and \$13,635,654 for business-type activities.
- Total net position increased by \$8,722,702 over FY2015. Governmental activities increased by \$4,147,805 while business-type activities increased by \$4,574,897. The increase in Governmental activities included an inter-fund loan receivable and increases in cash from the excess of revenues over expenditures. Business activities were stimulated by increased revenues and lower than expected expenses as the City prepares for a major MDE-mandated construction project affecting the Wastewater Treatment Plant.
- At the end of the current fiscal year, the unassigned fund balance of \$10,890,680 was contained only in the General Fund.
- The property tax rate remained \$0.56 per \$100 of assessable real property value. The tax rate for tangible business and personal property remained at \$1.10 per \$100 of tangible property value. The tax rate for utility tangible property remained \$1.40 per \$100 of assessed value.
- The City issued Taxable General Obligation Bonds, Series 2015 A & B in the aggregate amount of \$21,000,000 for the purpose of financing or reimbursing cost of the Broadband Fiber Infrastructure Project.
- The City moved its operating accounts to SunTrust Bank.
- The City received a donation of real property that includes 187 acres, 2 buildings and groundwater supply resources. The property, known as Wakefield Valley Park, was formally a public golf course. The City has allocated some public funding for the maintenance of the property. A task force was assembled to assess potential uses and seek a viable development plan for the property. The appraised value of the land is \$1,425,000, buildings are \$1,675,000 and groundwater supply resources are \$1,400,000.
- The Director of Housing and Preservation was on active military assignment in FY2016. This resulted in a savings in salary expense.

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

- City employees received a 3% increase in salary.
- Two staffing positions were added in FY2016, Deputy Director of Public Works (full-time) and GIS Technician (part-time).
- Capital Improvements in the General Fund included vehicles, equipment, Wakefield Valley Park development, City Hall renovations, parking garage improvements, road paving, sidewalk retrofit, Belle Grove Square improvement, Jaycee Park improvements and stormwater improvements, all of which totals to \$6,407,000.
- Sewer rates increased 11%.
- Capital Improvements in proprietary funds include the engineering for the ENR Project at the Wastewater Plant, Sewer Plant rehab, vehicles and equipment, pump station upgrades, Gesell Well development, radon removal, new water source development, Hydes Quarry repairs, various water main upgrades, and the Fiber Project, all of which totaled \$4,878,795.
- The City experienced a snow blizzard on January 23, 2016. Expenses related to the blizzard were in excess of \$220,147. The city received a FEMA/MEMA grant in the amount of \$96,217.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains other required supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the City's assets and deferred outflow of resources and liabilities with the difference between them reported as *net position*. Over time, changes in net position may serve as a useful indicator of whether the financial position and condition of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused annual leave).

CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Both of the government-wide financial statements referenced above distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety (police), public works (streets and sanitation), recreation and parks and community development (including the Public Housing Agency). The business-type activities of the City include the sewer and water services.

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state or local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into two different categories: governmental funds and proprietary funds.

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

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

The City maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for:

- 1) The General Fund, and
- 2) The Public Housing Agency Fund (PHA)

The City appropriates annual budgets for its governmental funds. A budgetary comparison statement for both funds are provided in the required supplementary information.

Proprietary Funds: The City maintains only one type of proprietary fund: *Enterprise funds*. Enterprise funds are used to report the same functions presented in *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its sewer and water services as well as a newly created fiber services.

CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water and Fiber Funds, which are considered to be major funds of the City.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information: In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City. A budgetary comparison schedule has been provided for the General Fund and the Public Housing Agency Fund.

Statistical Section: The statistical section provides supplemental financial and statistical information intended to provide a broader understanding of the City's financial and economic environment. Much of the data presented is multi-year and some of it is derived from records external to the City's accounting records; therefore, the statistical section is unaudited.

Financial Analysis of the City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition and position. In the case of the City, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$114,413,950 at the close of the most recent fiscal year. The City's net position is divided into three categories: net investment in capital assets, restricted net position and unrestricted net position. The largest portion is the City's net investment in capital assets (e.g. buildings, improvements, streets, bridges, equipment, vehicles, sewer and water systems, and furniture and fixtures, less any related debt used to acquire those assets that is still outstanding, and accumulated depreciation). These net capital assets represent 77% of the total net position reported. The City uses these capital assets to provide services to citizens; consequently, these capital assets are not available for future spending. Although the City's investment in its capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from operating revenue since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$8,028,090 represents 7% of total net position. Restricted net position is resources that are subject to external restrictions or enabling legislation on how they may be used. Unrestricted net position of \$18,157,348 represents 16% of total net position and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current year, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

**City of Westminster, Maryland
Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Government-Wide Totals</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets:						
Current & Other Assets	\$ 16,865,835	\$ 14,500,091	\$ 24,011,840	\$ 21,934,304	\$ 40,877,675	\$ 36,434,395
Non-Current Assets	18,650	24,300	18,976	22,276	37,626	46,576
Capital Assets, Net	46,786,131	43,167,694	56,089,383	52,816,875	102,875,514	95,984,569
Total Assets	63,670,616	57,692,085	80,120,199	74,773,455	143,790,815	132,465,540
Deferred Outflows of Resources:						
	<u>2,166,866</u>	<u>864,407</u>	<u>622,515</u>	<u>257,803</u>	<u>2,789,381</u>	<u>1,122,210</u>
Total Assets and Deferred Outflows of Resources	\$ 65,837,482	\$ 58,556,492	\$ 80,742,714	\$ 75,031,258	\$ 146,580,196	\$ 133,587,750
Liabilities:						
Current Liabilities	\$ 3,016,678	\$ 2,173,852	\$ 2,215,590	\$ 1,780,005	\$ 5,232,268	\$ 3,953,857
Non-Current Liabilities	13,181,785	12,014,206	12,904,740	12,379,616	26,086,525	24,393,822
Total Liabilities	16,198,463	14,188,058	15,120,330	14,159,621	31,318,793	28,347,679
Deferred Inflow of Resources:						
	<u>655,311</u>	<u>670,462</u>	<u>192,142</u>	<u>193,381</u>	<u>847,453</u>	<u>863,843</u>
Net Position:						
Net Investment in Capital Assets	42,526,125	38,532,024	45,702,387	42,443,649	88,228,512	80,975,673
Restricted	1,935,889	1,892,810	6,092,201	7,118,961	8,028,090	9,011,771
Unrestricted	4,521,694	3,273,138	13,635,654	11,115,646	18,157,348	14,388,784
Total Net Position	\$ 48,983,708	\$ 43,697,972	\$ 65,430,242	\$ 60,678,256	\$ 114,413,950	\$ 104,376,228

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

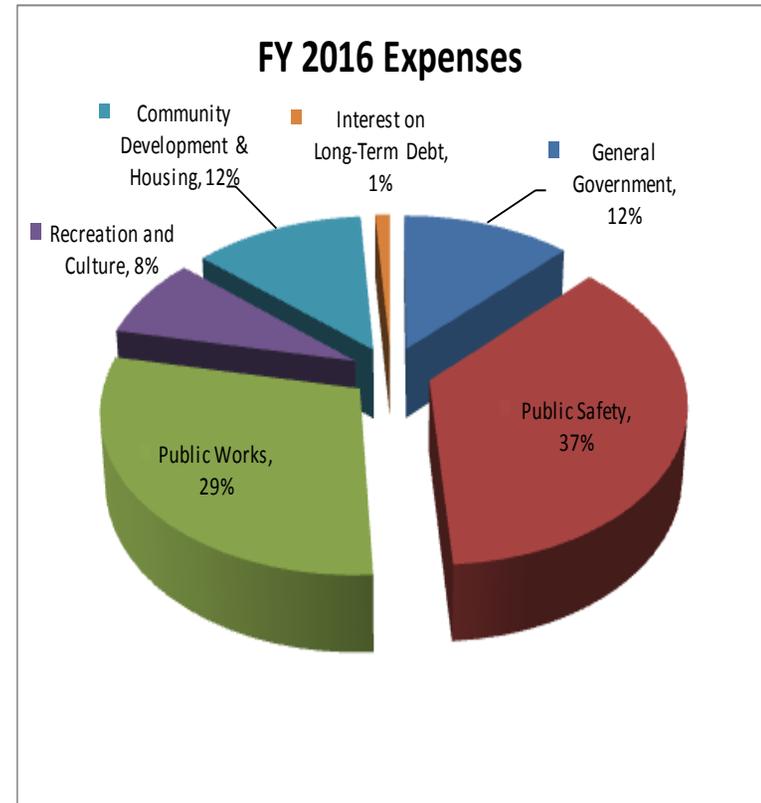
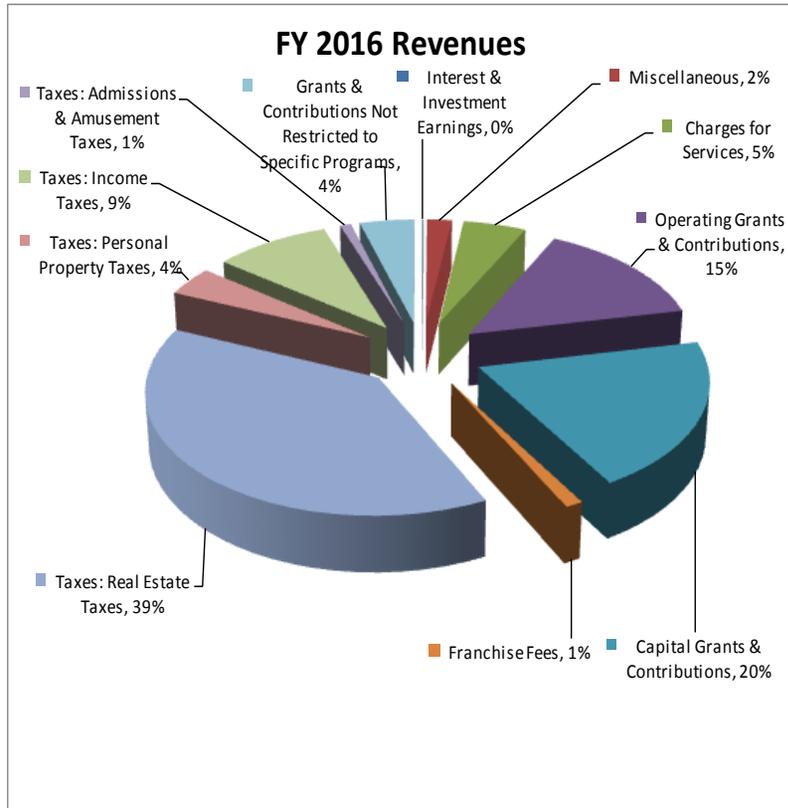
**City of Westminster, Maryland
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
<u>Program Revenues:</u>						
Charges for Services	\$ 1,144,123	\$ 1,178,463	\$ 11,502,435	\$ 10,830,889	\$ 12,646,558	\$ 12,009,352
Operating Grants & Contributions	3,312,279	2,954,890	-	-	3,312,279	2,954,890
Capital Grants & Contributions	4,551,637	1,835,017	419,379	1,615,385	4,971,016	3,450,402
<u>General Revenues:</u>						
Taxes:						
Real Estate Taxes	8,830,708	8,999,043	-	-	8,830,708	8,999,043
Personal Property Taxes	904,381	775,478	-	-	904,381	775,478
Income Taxes	2,104,369	2,341,971	-	-	2,104,369	2,341,971
Admissions & Amusement Taxes	199,345	218,568	-	-	199,345	218,568
Grants & Contributions Not						
Restricted to Specific Programs	990,360	1,008,574	-	-	990,360	1,008,574
Franchise Fees	255,188	239,945	-	-	255,188	239,945
Interest & Investment Earnings	26,550	15,876	53,066	31,694	79,616	47,570
Miscellaneous	449,220	187,336	228,452	14,059	677,672	201,395
Transfer (Out) In	(2,055,923)	-	2,055,923	-	-	-
Total Revenues	20,712,237	19,755,161	14,259,255	12,492,027	34,971,492	32,247,188
Expenses:						
<u>Governmental Activities:</u>						
General Government	2,044,804	2,279,392	-	-	2,044,804	2,279,392
Public Safety	6,077,097	5,917,816	-	-	6,077,097	5,917,816
Public Works	4,833,127	4,990,363	-	-	4,833,127	4,990,363
Recreation & Parks	1,363,735	1,229,001	-	-	1,363,735	1,229,001
Community Development & Housing	2,067,003	2,179,252	-	-	2,067,003	2,179,252
Interest on Long-Term Debt	178,666	190,055	-	-	178,666	190,055
<u>Business-Type Activities:</u>						
Sewer Services	-	-	4,839,774	4,944,571	4,839,774	4,944,571
Water Services	-	-	4,496,897	4,424,143	4,496,897	4,424,143
Fiber Services	-	-	347,687	-	347,687	-
	16,564,432	16,785,879	9,684,358	9,368,714	26,248,790	26,154,593
Change in Net Position	4,147,805	2,969,282	4,574,897	3,123,313	8,722,702	6,092,595
Net Position - Beginning, as previously reported	43,697,972	40,728,690	60,678,256	57,554,943	104,376,228	98,283,633
Correction of Error	1,137,931	-	177,089	-	1,315,020	-
Net Position - Beginning, as restated	44,835,903	40,728,690	60,855,345	57,554,943	105,691,248	98,283,633
Net Position - Ending	\$ 48,983,708	\$ 43,697,972	\$ 65,430,242	\$ 60,678,256	\$ 114,413,950	\$ 104,376,228

Governmental Activities saw an increase in Capital Grants & Contributions in FY2016 driven primarily by the donation of Wakefield Valley Park. The City also created a separate Proprietary Fund - Fiber Fund - to accumulate costs associated with this operation. Accumulated Fund Balance associated with this project was transferred from Governmental Activities to Business-Type Activities. For Business-Type Activities, Capital Grants & Contributions declined as a result of reduced Bay Restoration Grant funding due to the Wastewater Treatment Plant project not reaching construction phase. This revenue category will substantially increase once this phase of the project is reached.

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

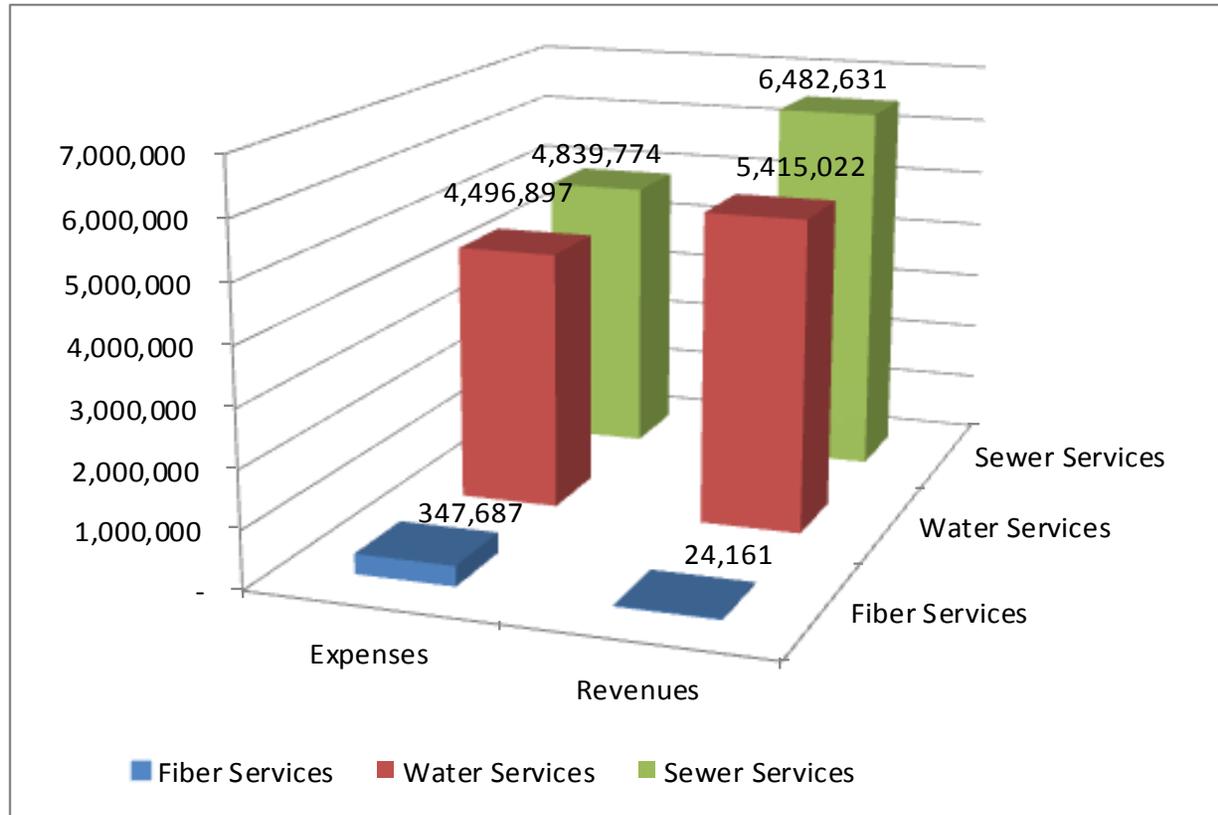
- Governmental Activities:** A graphic representation of the City's Governmental Activities Revenues and Expenses is shown below. Each component is accompanied by the percentage of the total it represents.



**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

- **Business-type activities:** A graphic representation of the City's Business-Type Activity Revenues and Expenses is shown below.

FY 2016 Enterprise Funds



**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Financial Analysis of the Government's Funds:

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

Governmental Funds: The focus of the analysis of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a measure of a government's net resources available for appropriation as revenue in the subsequent fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,776,045. Approximately 1% of the fund balance, \$131,275, is restricted for the Public Housing Agency. An additional 14% has been restricted as follows:

- \$1,804,614 restricted for Capital Improvement Projects
- \$92,405 restricted for an Employee FSA plan and Forfeited Proceeds awarded to the City by Judicial process

The total General Fund balance increased \$1,752,893 during FY2016, driven primarily by reduced expenditures. Public Housing Agency Fund balance decreased \$31,259 due to moderate funding reductions from U.S. Department of Housing and Urban Development (HUD).

Proprietary Funds: The City's proprietary funds analysis provides the same type of information found in the government-wide financial statements, but in more detail.

The Sewer, Water and Fiber Funds are the three enterprise operations for the City and net cash from their operating activities totaled \$4,059,902. This results from a rate increase in preparation for future debt service obligations associated with a mandatory Capital Improvement project. The total amount of unrestricted net position for the Sewer, Water and Fiber Funds were \$6,871,229, \$6,608,939 and \$155,486, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights:

The budgetary statement of the General Fund show actual revenues of \$16,530,950 compared to budgeted amount of \$17,919,856, an overall shortfall of \$1,388,906. The major differences between the final budgeted amounts and the actual revenues are as follows:

- A shortfall in Intergovernmental Revenues, primarily driven by delayed project costs/expenditures, hence reducing the need for seeking Grant reimbursement.
- Delay in project construction, hence reducing the need to transfer from fund balance which was re-appropriated during the budget process.

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Actual General Fund expenditures were less than budget by \$3,166,490 primarily driven by Capital Improvement Projects not started during the fiscal year as initially planned. These capital outlay items were re-appropriated during the FY2017 Budget process.

Capital Asset and Debt Administration:

Capital Assets: The City of Westminster, Maryland has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments that requires the retroactive reporting of major general infrastructure assets. The information for the assets other than infrastructure assets was based on historical costs. The costs for the major infrastructure assets were developed by the Planning Department based on a combination of historical costs, where available, and were otherwise developed based on the present value of those infrastructure assets, discounted to the year of acquisition. All of the infrastructure assets that were paid with City's funds have been included in these financial statements. For its business-type activities, the City has always reported all capital assets as required for proprietary funds.

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$102,875,514 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, streets, bridges, equipment, vehicles, sewer and water systems, furniture and fixtures and construction in progress.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land & Land Rights	\$ 1,744,172	\$ 319,172	\$ 190,915	\$ 190,915	\$ 1,935,087	\$ 510,087
Construction in Progress	475,199	2,025,637	8,091,628	5,387,695	8,566,827	7,413,332
Buildings	14,764,293	12,581,586	117,375	114,708	14,881,668	12,696,294
Equipment	3,704,563	3,637,066	3,997,773	3,836,377	7,702,336	7,473,443
Furniture & Fixtures	128,041	128,041	6,414	6,414	134,455	134,455
Improvements Other than Buildings	9,640,047	9,514,218	-	-	9,640,047	9,514,218
Infrastructure	49,352,791	47,051,334	48,851,013	46,776,203	98,203,804	93,827,537
Utility Plant & Equipment	-	-	27,938,330	27,915,415	27,938,330	27,915,415
Vehicles	2,949,197	2,859,040	963,178	863,956	3,912,375	3,722,996
Water Use Rights	1,400,000	-	-	-	1,400,000	-
Less: Accumulated Depreciation	(37,372,172)	(34,948,400)	(34,067,243)	(32,274,808)	(71,439,415)	(67,223,208)
Total Capital Assets	\$ 46,786,131	\$ 43,167,694	\$ 56,089,383	\$ 52,816,875	\$ 102,875,514	\$ 95,984,569

Governmental Land & Land Rights, Buildings and Water Use Rights increased significantly due to the donation of Wakefield Valley Park. The increase in Governmental Infrastructure was driven by developer contributions (\$1,517,241) and road refurbishments (\$784,216). Business-Type Infrastructure increased as a result of the completion of the Fiber Pilot Phase. Business-Type Construction in Progress increased due to engineering and design related to the City-Wide Fiber Project, Well #12 and the Wastewater Treatment Facilities project. More detailed information related to the City's capital assets can be found in Note 5 on page 63 of this report.

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Commitments:

As of June 30, 2016, the City has outstanding contractual commitments on various projects totaling \$2,114,013. The Wastewater Treatment Plant Enhanced Nutrient & Biosolids Removal project comprises \$1,146,478 of this committed amount. Once this project enters the construction phase, the City will utilize a combination of State grants and issuance of debt to fund project costs. The remaining outstanding commitments will be funded using a combination of Fund Balance reserves and fiscal year 2017 revenues. Although not committed contractually as of June 30, 2016, the City-Wide Fiber Infrastructure project will enter construction for Phase 1 & 2 and engineering and design will continue for Phase 3 & 4. Costs associated with this project approximate \$9,000,000 and will be funded through draws from bonding already in place

Long-Term Debt:

At the end of FY2016, the City had total bond and loan principal outstanding of \$14,536,658, which is debt backed by the full faith and credit of the City. Of that amount, \$4,212,000 is General Fund infrastructure bonds, \$9,415,806 is Water Fund Drinking Water bonds and \$908,852 is Fiber Fund Infrastructure construction bond. In addition, there are capital lease obligations for other equipment in the amount of \$127,204.

There are four other types of long-term obligations of the City that do not have mandatory payment terms. The first is a non-interest obligation to the Carroll County Commissioners of Maryland related to agreements to provide water service totaling \$226,486. The second is for compensated absences in the amount of \$657,580. Compensated absences are the total amount of leave liability that the City would owe employees upon their termination. The third are accrued Other Post-Employment Benefits (OPEB) totaling \$2,054,000. This is a liability identified per the requirements of GASB 45 for retiree benefits. The fourth is Net Pension Liability totaling \$9,745,109. This is a liability identified per the requirement of GASB 68 related to the City's share of the total liability of the Maryland State Retirement System, in which the City participates. When considering these additions, total long-term debt at June 30, 2016, was \$27,406,152 and at June 30, 2015, was \$25,667,819. More detailed information related to the City's long-term debt can be found in Notes 8 and 9 on page 66 and 67, respectively, in this report.

Annual Debt Service:

During FY 2016 principal, interest and administrative fee payments of \$1,648,359 were made on all bonds and leases. During FY 2017, \$1,637,870 is expected to be paid for debt service obligations of principal, interest and administrative fees.

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Subsequent Events and Economic Factors

GENERAL FUND

The City of Westminster took possession of the former Wakefield Valley Golf Course property in February 2016. Having 180 acres of open, green space in the heart of the City, as well as a three-story clubhouse, assorted outbuildings, and a historic property dating back to 1797, provides a tremendous opportunity for the City. To maximize the value of his property and to consider all options for its use, an 18-member Task Force of residents, community leaders, business executives, educators, and County staff have been selected to solicit Letters of Interest from local and regional development networks seeding business plans for possible uses. This Task Force will review the proposals and make recommendations for the Mayor and Common Council to consider. This process is underway. Uses are being evaluated and recommendations have been made to Mayor and Council. The Mayor and Council have yet to act on those recommendations. The City has dedicated a web page at <http://www.westminstermd.gov/418/Wakefield-Valley-Task-Force> for those who wish to see up-to-date information about this important project.

The City is exploring a partnership with a tech company to supply a Wi-Fi network throughout the downtown area. Anchoring this effort will be a series of interactive kiosks providing information on events and activities, businesses, restaurants, etc. to visitors, as well as providing a location to pay water bills, taxes, etc. for the residents.

All of these major projects and events are possible only because the City of Westminster has a very talented and dedicated staff of employees. The Mayor and Common Council work very hard to reward these employees for the outstanding job they do and in FY2017 will award these employees a 3% merit increase. Participation in the Leadership Carroll program sponsored by the Carroll County Chamber of Commerce and enrollment in the Academy of Excellence in Local Government training sponsored by the Maryland Municipal League continues to form the basis for the City's succession plan.

An employee survey designed to measure employees' satisfaction with their working environment and job satisfaction was conducted and results should be available in June.

The City Administrator of ten years resigned on July 31, 2016. The City is currently conducting a nationwide search for a replacement.

FIBER FUND

The City has completed the Westminster Fiber Network Pilot Project. The pilot project consists of two distinctly different areas: Carroll Lutheran Village (CLV) contains approximately 217 individual residences, an assisted-living center, a geriatric healthcare center, an administrative building, several multi-dwelling unit apartment buildings, and several other multipurpose buildings - almost entirely a complete community within itself. The Business Park area consists of 51 buildings and approximately 100 businesses.

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

The engineering and design of the network for the remainder of the City is underway and the RFP for the construction phase one has been awarded. Construction started in July 2016.

STORMWATER MANAGEMENT FUND

The City of Westminster continues its agreement with Carroll County and the other seven municipalities to manage stormwater mitigation activities. Carroll County has made an offer on the Langdon property to build a stormwater management pond to mitigate 80 acres of impervious surface. Once complete, this pond will be transferred to the City. In another joint project with Carroll County and the State of Maryland Department of Natural Resources, the City has planted trees adjacent to several trails in the City.

Another component of the Stormwater management agreement is the use of the Town/County Agreement to transfer funds from the municipalities to the County. The County will serve as the administrative entity for the stormwater projects. An additional staff person has been added to the County staff for inspection activities.

WATER FUND

The City's Water Allocation Policy establishing a reserve and guidelines for commercial, industrial, and residential usage was initiated in 2015 and the allocations for calendar years 2015 and 2016 have been assigned. The exploration of Hyde's Quarry to ascertain whether or not this could be a viable water source in the future is complete and under review by MDE and a decision on the permitted capacity has not yet been made. The Gesell Well is ready to come online this year and will add additional capacity. A long-term pumping test is being conducted to ascertain whether the permitted capacity can be increased.

The City is revising the water capacity management plan to reflect current usage of the wells and surface intakes based on actual long-term use. This should yield additional appropriation available within the system.

SEWER FUND

The final design and engineering required for the ENR upgrade is 90% complete and the RFP will be issued for construction to begin on this multiyear project. Current estimates of the cost of this upgrade are in the \$50 million range. This will be the largest construction project in the City's history. The upgrade will include a septage facility which has been paid for by Carroll County and the most recent green features will be incorporated into this design. The project is subject to Carroll County zoning setbacks and the project will infringe on the setback requirements. The City applied for and was awarded a variance for the setback requirements. However, a group of neighbors has appealed the variance. The matter is currently under judicial review in Circuit Court.

**CITY OF WESTMINSTER, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

Request for Information:

This financial report is designed to provide a general overview of the City of Westminster, Maryland's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Tammy Palmer, Director of Finance, City of Westminster, 56 W. Main Street, Westminster, Maryland, 21157.

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Basic Financial Statements



City of Westminster, Maryland
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 3,300	\$ -	\$ 3,300
Equity in Pooled Cash & Cash Equivalents			
Unrestricted	10,590,258	13,788,567	24,378,825
Restricted	5,525,101	6,092,201	11,617,302
Taxes Receivable	325,445	-	325,445
Accounts Receivable, Net of Allowance for Uncollectibles of \$208,936 and \$0, respectively			
Unrestricted	355,031	1,373,893	1,728,924
Restricted	-	83,928	83,928
Unbilled Services	-	1,406,096	1,406,096
Grants Receivable	106,584	-	106,584
Loan Receivable	1,650	-	1,650
Prepaid Items and Deposits	259,201	174,876	434,077
Internal Balances	(788,994)	788,994	-
Due from Other Governments	413,624	163,074	576,698
Inventory	74,635	140,211	214,846
TOTAL CURRENT ASSETS	16,865,835	24,011,840	40,877,675
NON-CURRENT ASSETS			
Accounts Receivable	-	18,976	18,976
Loan Receivable	18,650	-	18,650
	18,650	18,976	37,626
Capital Assets			
Land & Land Rights	1,744,172	190,915	1,935,087
Construction in Progress	475,199	8,091,628	8,566,827
Buildings	14,764,293	117,375	14,881,668
Equipment	3,704,563	3,997,773	7,702,336
Furniture & Fixtures	128,041	6,414	134,455
Improvements Other than Buildings	9,640,047	-	9,640,047
Infrastructure	49,352,791	48,851,013	98,203,804
Utility Plant & Equipment	-	27,938,330	27,938,330
Vehicles	2,949,197	963,178	3,912,375
Water Use Rights	1,400,000	-	1,400,000
	84,158,303	90,156,626	174,314,929
Accumulated Depreciation	37,372,172	34,067,243	71,439,415
Net Capital Assets	46,786,131	56,089,383	102,875,514
TOTAL NON-CURRENT ASSETS	46,804,781	56,108,359	102,913,140
TOTAL ASSETS	63,670,616	80,120,199	143,790,815
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - pension related	2,150,006	622,515	2,772,521
Charge on Refunding	16,860	-	16,860
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,166,866	622,515	2,789,381
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 65,837,482	\$ 80,742,714	\$ 146,580,196

See Notes to Basic Financial Statements

City of Westminster, Maryland
Statement of Net Position (Continued)
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	\$ 661,249	\$ 884,195	\$ 1,545,444
Accrued Liabilities	416,416	152,221	568,637
Compensated Absences	42,911	16,204	59,115
Unearned Revenue	370,675	12,131	382,806
Loan Payable	100,000	-	100,000
Capital Lease Obligations	34,777	36,930	71,707
General Obligation Bonds Payable	327,700	861,105	1,188,805
Payable from Restricted Assets			
Deposits & Escrows	1,062,950	-	1,062,950
Due to Other Governments	-	252,804	252,804
TOTAL CURRENT LIABILITIES	3,016,678	2,215,590	5,232,268
NON-CURRENT LIABILITIES			
Compensated Absences	434,299	223,281	657,580
Accrued Other Postemployment Benefits	1,333,000	721,000	2,054,000
Net Pension Liability	7,500,097	2,245,012	9,745,109
Due to Other Governments	-	226,486	226,486
Capital Lease Obligations	30,089	25,408	55,497
General Obligation Bonds Payable	3,884,300	9,463,553	13,347,853
TOTAL NON-CURRENT LIABILITIES	13,181,785	12,904,740	26,086,525
TOTAL LIABILITIES	16,198,463	15,120,330	31,318,793
DEFERRED INFLOWS OF RESOURCES			
Pension - Deferred Inflows	655,311	192,142	847,453
NET POSITION			
Net Investment in Capital Assets	42,526,125	45,702,387	88,228,512
Restricted for:			
Future Infrastructure Growth	-	6,092,201	6,092,201
Capital Improvement Projects	1,804,614	-	1,804,614
PHA Vouchers	131,275	-	131,275
Unrestricted	4,521,694	13,635,654	18,157,348
TOTAL NET POSITION	48,983,708	65,430,242	114,413,950
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 65,837,482	\$ 80,742,714	\$ 146,580,196

City of Westminster, Maryland
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 2,044,804	\$ 217,309	\$ -	\$ -	\$ (1,827,495)	\$ -	\$ (1,827,495)
Public Safety	6,077,097	224,441	468,486	-	(5,384,170)	-	(5,384,170)
Public Works	4,833,127	300,666	643,462	4,551,637	662,638	-	662,638
Recreation and Culture	1,363,735	401,707	242,290	-	(719,738)	-	(719,738)
Community Development & Housing	2,067,003	-	1,958,041	-	(108,962)	-	(108,962)
Interest on Long-Term Debt	178,666	-	-	-	(178,666)	-	(178,666)
Total Governmental Activities	16,564,432	1,144,123	3,312,279	4,551,637	(7,556,393)	-	(7,556,393)
Business-Type Activities							
Sewer Service	4,839,774	6,214,017	-	268,614	-	1,642,857	1,642,857
Water Service	4,496,897	5,264,257	-	150,765	-	918,125	918,125
Fiber Service	347,687	24,161	-	-	-	(323,526)	(323,526)
Total Business-Type Activities	9,684,358	11,502,435	-	419,379	-	2,237,456	2,237,456
TOTAL GOVERNMENT	\$ 26,248,790	\$ 12,646,558	\$ 3,312,279	\$ 4,971,016	(7,556,393)	2,237,456	(5,318,937)
GENERAL REVENUES							
Taxes							
Real Estate Taxes					8,830,708	-	8,830,708
Personal Property Taxes					904,381	-	904,381
Income Taxes					2,104,369	-	2,104,369
Admission & Amusement Taxes					199,345	-	199,345
Grants & Contributions Not Restricted to Specific Programs					990,360	-	990,360
Franchise Fees					255,188	-	255,188
Interest & Investment Earnings					26,550	53,066	79,616
Miscellaneous					449,220	228,452	677,672
Transfers					(2,055,923)	2,055,923	-
TOTAL GENERAL REVENUES					11,704,198	2,337,441	14,041,639
CHANGES IN NET POSITION					4,147,805	4,574,897	8,722,702
Net Position - Beginning, as restated (See Note 24)					44,835,903	60,855,345	105,691,248
NET POSITION - ENDING					\$ 48,983,708	\$ 65,430,242	\$ 114,413,950

See Notes to Basic Financial Statements

City of Westminster, Maryland
Balance Sheet of Governmental Funds
June 30, 2016

	General Fund	Public Housing Agency Fund	Total Government Funds
ASSETS			
Cash & Cash Equivalents	\$ 3,300	\$ -	\$ 3,300
Equity in Pooled Cash & Cash Equivalents			
Unrestricted	10,590,258	-	10,590,258
Restricted	5,355,401	169,700	5,525,101
Taxes Receivable	325,445	-	325,445
Accounts Receivable, Net of Allowance for Uncollectibles of \$48,730 and \$160,206, respectively	326,759	28,272	355,031
Grants Receivable	106,584	-	106,584
Loan Receivable	20,300	-	20,300
Prepaid Items and Deposits	254,481	4,720	259,201
Due from Other Governments	413,624	-	413,624
Inventory	74,635	-	74,635
TOTAL ASSETS	\$ 17,470,787	\$ 202,692	\$ 17,673,479
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 660,794	\$ 455	\$ 661,249
Accrued Liabilities	356,888	2,238	359,126
Compensated Absences	42,911	-	42,911
Unearned Revenue	370,675	-	370,675
Loan Payable	100,000	-	100,000
Interfund Payables	788,976	18	788,994
Payable from Restricted Assets			
Unearned Revenue	29,694	-	29,694
Deposits & Escrows	1,027,236	35,714	1,062,950
TOTAL LIABILITIES	3,377,174	38,425	3,415,599
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Receivables	22,727	-	22,727
Fines & Penalties Receivables	36,733	-	36,733
Intergovernmental Receivables	394,103	-	394,103
Housing Assistance Reimbursement Receivable	-	28,272	28,272
TOTAL DEFERRED INFLOWS OF RESOURCES	453,563	28,272	481,835
FUND BALANCES			
Non-Spendable	347,766	4,720	352,486
Restricted	1,897,019	131,275	2,028,294
Committed	24,122	-	24,122
Assigned	480,463	-	480,463
Unassigned	10,890,680	-	10,890,680
TOTAL FUND BALANCES	13,640,050	135,995	13,776,045
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 17,470,787	\$ 202,692	\$ 17,673,479

City of Westminster, Maryland
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 13,776,045

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

Property tax revenue is recognized in the period for which levied rather than when "available." A portion of the property tax revenue is not available and is reported as a deferred inflow of resources in the governmental funds. 22,727

A portion of revenue for citations, intergovernmental and housing voucher repayments is not available for current period expenditures and, therefore, is reported as a deferred inflow of resources in the governmental funds. 459,108

Net charge on bond refundings is reported as an expenditure in the governmental funds but is reflected as a deferred outflow of resources in the statement of net position. 16,860

Contributions to the pension plan in the current fiscal year are deferred outflows of resources and pension-related liabilities related to earnings on pension plan investments are deferred inflow of resources in the statement of net position. 1,494,695

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 46,786,131

Long-term compensated absences, pension benefits and other post-employment benefits are not payable in the current period and are reported as wages and insurance expenditures in the period during which the absence and service occurs in the fund financial statements. (9,267,396)

Long-term liabilities, including bonds payable, capital lease obligations, and interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. (4,304,462)

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 48,983,708

City of Westminster, Maryland
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2016

	General Fund	Public Housing Agency Fund	Total Government Funds
REVENUES			
Taxes	\$ 12,250,655	\$ -	\$ 12,250,655
Licenses & Permits	525,888	-	525,888
Intergovernmental	2,400,885	1,874,730	4,275,615
Charges for Services	641,696	-	641,696
Fines & Forfeitures	222,351	-	222,351
Interest & Investment Earnings	26,550	-	26,550
Rental Income	7,140	-	7,140
Miscellaneous	455,785	25,260	481,045
TOTAL REVENUES	16,530,950	1,899,990	18,430,940
EXPENDITURES			
General Government	1,671,521	-	1,671,521
Public Safety	5,939,563	-	5,939,563
Public Works	3,304,020	-	3,304,020
Recreation & Parks	1,010,652	-	1,010,652
Community Development & Housing	44,065	2,006,249	2,050,314
Debt Service			
Principal	358,804	-	358,804
Interest	180,835	-	180,835
Capital Outlays	1,858,601	-	1,858,601
TOTAL EXPENDITURES	14,368,061	2,006,249	16,374,310
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,162,889	(106,259)	2,056,630
OTHER FINANCING SOURCES			
Proceeds from Sale of Capital Assets	43,074	-	43,074
Transfer in	34,180	75,000	109,180
Transfer out	(487,250)	-	(487,250)
TOTAL OTHER FINANCING (USES) SOURCES	(409,996)	75,000	(334,996)
NET CHANGE IN FUND BALANCES	1,752,893	(31,259)	1,721,634
Fund Balances- Beginning of Year	11,887,157	167,254	12,054,411
FUND BALANCES - END OF YEAR	\$ 13,640,050	\$ 135,995	\$ 13,776,045

City of Westminster, Maryland
Statement of Net Position - Proprietary Funds
June 30, 2016

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
ASSETS				
CURRENT ASSETS				
Equity in Pooled Cash & Cash Equivalents				
Unrestricted	\$ 6,792,760	\$ 6,780,952	\$ 214,855	\$ 13,788,567
Restricted	4,582,260	1,509,941	-	6,092,201
Accounts Receivable				
Unrestricted	709,150	642,868	21,875	1,373,893
Restricted	83,928	-	-	83,928
Unbilled Services	752,987	653,109	-	1,406,096
Prepaid Items and Deposits	87,448	87,428	-	174,876
Interfund Receivables	385,684	403,310	-	788,994
Due from Other Governments	163,074	-	-	163,074
Inventory	83,721	56,490	-	140,211
TOTAL CURRENT ASSETS	13,641,012	10,134,098	236,730	24,011,840
NON-CURRENT ASSETS				
Accounts Receivable	9,488	9,488	-	18,976
Land & Land Rights	54,202	136,713	-	190,915
Construction in Progress	3,200,229	3,998,149	893,250	8,091,628
Buildings	41,496	75,879	-	117,375
Equipment	3,143,346	854,427	-	3,997,773
Furniture & Fixtures	1,607	4,807	-	6,414
Infrastructure	18,065,486	28,991,763	1,793,764	48,851,013
Utility Plant & Equipment	16,402,822	11,535,508	-	27,938,330
Vehicles	415,131	548,047	-	963,178
	41,324,319	46,145,293	2,687,014	90,156,626
Accumulated Depreciation	21,199,037	12,688,830	179,376	34,067,243
Total Property & Equipment	20,125,282	33,456,463	2,507,638	56,089,383
TOTAL NON-CURRENT ASSETS	20,134,770	33,465,951	2,507,638	56,108,359
TOTAL ASSETS	33,775,782	43,600,049	2,744,368	80,120,199
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - pension related	330,814	291,701	-	622,515
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 34,106,596	\$ 43,891,750	\$ 2,744,368	\$ 80,742,714

City of Westminster, Maryland
Statement of Net Position - Proprietary Funds (Continued)
June 30, 2016

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	\$ 208,836	\$ 595,474	\$ 79,885	\$ 884,195
Accrued Liabilities	47,221	103,641	1,359	152,221
Compensated Absences - S/T	8,469	7,735	-	16,204
Unearned Revenue	-	12,131	-	12,131
Capital Lease Obligations	18,465	18,465	-	36,930
General Obligation Bonds Payable	-	861,105	-	861,105
Payable from Restricted Assets Due to Other Governments	251,644	1,160	-	252,804
TOTAL CURRENT LIABILITIES	534,635	1,599,711	81,244	2,215,590
NON-CURRENT LIABILITIES				
Compensated Absences - L/T	110,873	112,408	-	223,281
Accrued Other Postemployment Benefits	365,000	356,000	-	721,000
Net Pension Obligation	1,205,740	1,039,272	-	2,245,012
Due to Other Governments	226,486	-	-	226,486
Capital Lease Obligations	12,704	12,704	-	25,408
General Obligation Bonds Payable	-	8,554,701	908,852	9,463,553
TOTAL NON-CURRENT LIABILITIES	1,920,803	10,075,085	908,852	12,904,740
TOTAL LIABILITIES	2,455,438	11,674,796	990,096	15,120,330
DEFERRED INFLOWS OF RESOURCES				
Pension - Deferred Inflows	103,556	88,586	-	192,142
NET POSITION				
Net Investment in Capital Assets	20,094,113	24,009,488	1,598,786	45,702,387
Restricted for:				
Future Infrastructure Growth	4,582,260	1,509,941	-	6,092,201
Unrestricted	6,871,229	6,608,939	155,486	13,635,654
TOTAL NET POSITION	31,547,602	32,128,368	1,754,272	65,430,242
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 34,106,596	\$ 43,891,750	\$ 2,744,368	\$ 80,742,714

City of Westminster, Maryland
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds
For the Year Ended June 30, 2016

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
OPERATING REVENUES				
Charges for Services	\$ 6,214,017	\$ 5,264,257	\$ 24,161	\$ 11,502,435
Miscellaneous	23,215	883	21,875	45,973
TOTAL OPERATING REVENUES	6,237,232	5,265,140	46,036	11,548,408
OPERATING EXPENSES				
Administrative & General	1,275,490	1,274,040	-	2,549,530
Sewer Treatment	1,907,528	-	-	1,907,528
Transmission & Distribution	880,171	708,037	-	1,588,208
Water Treatment & Pumping	-	1,488,613	-	1,488,613
Fiber	-	-	162,004	162,004
Depreciation	774,065	829,936	179,376	1,783,377
TOTAL EXPENDITURES	4,837,254	4,300,626	341,380	9,479,260
OPERATING INCOME (LOSS)	1,399,978	964,514	(295,344)	2,069,148
NON-OPERATING REVENUES (EXPENSES)				
Interest & Investment Earnings	26,533	26,533	-	53,066
Gain on Sale of Capital Assets	429	-	-	429
Rental Income	-	182,479	-	182,479
Interest Expense	(2,949)	(196,271)	(6,307)	(205,527)
TOTAL NON-OPERATING REVENUES (EXPENSES)	24,013	12,741	(6,307)	30,447
INCOME BEFORE CAPITAL CONTRIBUTIONS & TRANSFERS	1,423,991	977,255	(301,651)	2,099,595
Capital Contributions	268,614	150,765	1,677,853	2,097,232
Transfer in/(out)	-	-	378,070	378,070
CHANGES IN NET POSITION	1,692,605	1,128,020	1,754,272	4,574,897
Net Position - Beginning of Year, as restated (See Note 24)	29,854,997	31,000,348	-	60,855,345
NET POSITION - END OF YEAR	\$ 31,547,602	\$ 32,128,368	\$ 1,754,272	\$ 65,430,242

City of Westminster, Maryland
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2016

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Cash Received from Customers	\$ 6,026,018	\$ 5,204,452	\$ 24,161	\$ 11,254,631
Miscellaneous	23,215	883	-	24,098
	<u>6,049,233</u>	<u>5,205,335</u>	<u>24,161</u>	<u>11,278,729</u>
Outflows:				
Cash Paid to Suppliers	2,859,834	1,833,763	146,175	4,839,772
Cash Paid to Employees	1,185,570	1,193,485	-	2,379,055
	<u>4,045,404</u>	<u>3,027,248</u>	<u>146,175</u>	<u>7,218,827</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>2,003,829</u>	<u>2,178,087</u>	<u>(122,014)</u>	<u>4,059,902</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Inflows:				
Rental Income	-	182,479	-	182,479
Transfers In/Out	-	-	378,070	378,070
	<u>-</u>	<u>182,479</u>	<u>378,070</u>	<u>560,549</u>
Outflows:				
Cash Paid to Other Funds	65,345	66,581	-	131,926
NET CASH (USED IN) PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>(65,345)</u>	<u>115,898</u>	<u>378,070</u>	<u>428,623</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Inflows:				
Capital Contributions & Grants	226,105	150,765	-	376,870
Bond Proceeds	-	-	908,852	908,852
	<u>226,105</u>	<u>150,765</u>	<u>908,852</u>	<u>1,285,722</u>
Outflows:				
Interest Paid	3,586	202,165	4,948	210,699
Principal Paid	30,639	871,785	-	902,424
Purchase of Capital Assets	638,409	1,510,435	945,105	3,093,949
	<u>672,634</u>	<u>2,584,385</u>	<u>950,053</u>	<u>4,207,072</u>
NET CASH USED IN CAPITAL & RELATED FINANCING ACTIVITIES	<u>(446,529)</u>	<u>(2,433,620)</u>	<u>(41,201)</u>	<u>(2,921,350)</u>

City of Westminster, Maryland
Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended June 30, 2016

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Interest on Investments	26,533	26,533	-	53,066
NET CASH PROVIDED BY INVESTING ACTIVITIES	26,533	26,533	-	53,066
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	1,518,488	(113,102)	214,855	1,620,241
CASH & CASH EQUIVALENTS - BEGINNING OF YEAR	9,856,532	8,403,995	-	18,260,527
CASH & CASH EQUIVALENTS - END OF YEAR	\$ 11,375,020	\$ 8,290,893	\$ 214,855	\$ 19,880,768
RECONCILIATION OF CASH & CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
CURRENT ASSETS				
Equity in Pooled Cash & Cash Equivalents				
Unrestricted	\$ 6,792,760	\$ 6,780,952	\$ 214,855	\$ 13,788,567
Restricted	4,582,260	1,509,941	-	6,092,201
CASH & CASH EQUIVALENTS - END OF YEAR	\$ 11,375,020	\$ 8,290,893	\$ 214,855	\$ 19,880,768
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Developer financed additions to Infrastructure	\$ 42,938	\$ -	\$ -	\$ 42,938
Capital assets transferred between governmental activities and the fiber fund	\$ -	\$ -	\$ 1,677,853	\$ 1,677,853
Accounts payable included in purchase of capital assets	\$ -	\$ -	\$ 64,056	\$ 64,056

City of Westminster, Maryland
Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended June 30, 2016

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net operating income (loss)	\$ 1,399,978	\$ 964,514	\$ (295,344)	\$ 2,069,148
Adjustments to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation	774,065	829,936	179,376	1,783,377
Changes in Assets and Liabilities				
Accounts Receivable	(187,999)	(59,805)	(21,875)	(269,679)
Prepaid Items & Deposits	(34,169)	(30,952)	-	(65,121)
Inventory	36,669	(8,073)	-	28,596
Accounts Payable	(67,547)	392,464	15,829	340,746
Accrued Expenses	84,558	73,949	-	158,507
Due to Other Governments	(15,716)	609	-	(15,107)
Compensated Absences	13,990	15,445	-	29,435
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 2,003,829	\$ 2,178,087	\$ (122,014)	\$ 4,059,902

See Notes to Basic Financial Statements

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies

Reporting Entity

The City of Westminster, Maryland (the City), was incorporated as a city by Chapter 418 of the Acts of 1838. That charter was amended by Chapter 335 of the Acts of 1856, which characterized the municipality as a city known as the Mayor and Common Council of Westminster.

The City operates under a Mayor-Council supervised form of government and provides the following services as authorized by its charter: general administrative, planning and zoning, public safety, highways and streets, parking, sanitation, recreation and culture, community development and housing, and water and sewer services.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization, or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. Based upon the application of these criteria, there are no separate component units of the City.

Basic Financial Statements - Government-Wide Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general government (general administrative, planning and zoning), public safety, public works (highways and streets, parking, and sanitation), recreation and culture, and community development and housing services are classified as governmental activities. The City's water and sewer services are classified as business-type activities.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

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, and (b) are using the economic resources measurement focus and accrual basis of accounting, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Generally, the effect of interfund activity has been removed from these statements. The City's net position is reported in three parts - net investment in capital assets, restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost per functional category (public safety, public works, etc.), which are otherwise being supported by general government revenues (property and income taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function or business-type activity. Program revenues include revenues from fines, licenses and permit fees, and charges for services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grant column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (property and income taxes, intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

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

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

The City utilizes various 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.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between governmental fund assets and liabilities is reported as fund balance. The following is a description of the City's major governmental funds:

General Fund - The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those legally or administratively required to be accounted for in another fund.

Special Revenue Fund - The Public Housing Agency Fund is used to account for the proceeds of federal funds regulated by the Department of Housing and Urban Development, and for the expenditures that are legally restricted for low-income housing program purposes.

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues for the City's proprietary funds are charges for water, sewer, and fiber optic leasing services. Operating expenses for the City's proprietary funds include source of supply, water and sewer treatment and pumping costs, water and sewer transmission and distribution costs, fiber optic cable maintenance, administrative and general, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

The City's proprietary funds are all classified as enterprise funds. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The following is a description of the City's major enterprise funds:

Water Fund - The Water Fund is used to account for the revenues generated from the charges for distribution of water to residential and commercial users of the City.

Sewer Fund - The Sewer Fund is used to account for the revenues generated from the charges for sewer services provided to residential and commercial users of the City.

Fiber Fund - The Fiber Fund is used to account for the revenues generated from the charges for the use of a high-speed fiber optic network provided to residential and commercial users in the City.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual - Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met.

Modified Accrual - The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (i.e., both measurable and available). "Available" means collectible within the current period or within 60 days after year-end. The City considers all revenues to be available if they are collected within sixty days after the end of the current fiscal year. Expenditures are generally recognized under when the related liability is incurred, as under accrual accounting. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

In applying the “susceptible to accrual” concept to intergovernmental revenues, the provider should recognize liabilities and expenses and the recipient should recognize receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should, under most circumstances, be reported as advances by the provider and as deferred inflows by the recipient.

Cash and Cash Equivalents

The City considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The carrying amount approximates estimated fair value because of the short maturity of those instruments.

Receivables

All receivables are reported at the original amount less an estimate for uncollectible amounts. It is management’s policy to use the aggregate of all accounts that are delinquent one year or more on police tickets and 85 percent of the aggregate housing assistance repayments as the basis and determination of the allowance for doubtful accounts. For proprietary funds, management determines the provision for doubtful accounts by regularly evaluating individual customer receivables and considering a customer’s financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The City maintains one restricted receivable associated with Bay Restoration Fees billed and eventually collected, on behalf of the State.

Unbilled Services

Unbilled customer service receivables for water consumption and related sewer charges are based upon the actual quantity of water used during the subsequent billing periods and the previous year’s respective billing periods, depending on the availability of related reading when unbilled services are estimated.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are reported as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

Deferred Outflows of Resources

Deferred Outflows are the consumption of net position by the City that is applicable to a future reporting period. As of June 30, 2016, the City’s deferred outflows consist of pension related assets and a net charge on a bond refunding.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

Inventory

Inventories of materials are maintained in the General, Water, and Sewer Funds. Materials are carried in an inventory account at cost using the first-in, first-out method and are subsequently charged to expenditures when consumed.

Capital Assets

Capital assets used in governmental fund type operations are accounted for in the government-wide financial statements, rather than in governmental funds.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated acquisition value on the date donated. Capital assets with a value of \$10,000 or more are capitalized by the City. The City regularly evaluates its capital assets in order to determine the appropriate useful lives. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements other than Buildings	7 - 40
Equipment and Vehicles	5 - 10
Furniture and Fixtures	5
Infrastructure	7 - 100
Utility Plant	10 - 40
Water Use Rights	40

Government-Wide Financial Statements - In the government-wide financial statements, fixed assets are accounted for as capital assets.

Depreciation of all exhaustible fixed assets is recorded as a direct expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

Additions are recorded at cost or, if contributed property, at their estimated acquisition value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Fund Financial Statements - In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

Interfund Activity

The City allocates to several funds a percentage of the salaries and wages and related costs of personnel who perform general and administrative services for such funds but are paid through the General Fund.

Sales of goods and services between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds, and after non-operating revenues/expenses in proprietary funds.

On fund financial statements, interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Permanent employees are granted vacation leave based on the number of continuous service years. A maximum of forty days of annual leave may be carried over to subsequent years. Upon termination, the employees will be paid for the number of days they have accrued.

The salary-related payments representing the employer's share of Social Security and Medicare taxes have been accrued. The vested annual leave is expensed as incurred in the appropriate funds. The City estimates the current portion of compensated absences based on known or anticipated retirements for the forthcoming calendar year. The remainder of the obligation for compensated absences is reported as a long-term liability in the government-wide financial statements and the proprietary fund financial statements.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. One item which qualifies for reporting in this category, which arises only under the modified accrual basis of accounting, is unavailable revenue. Accordingly, it is only reported in the governmental funds balance sheet. The City reports unavailable revenues from property taxes, income taxes, fines and penalties, grants, and reimbursements of housing assistance from tenants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows also include pension-related liabilities.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

Unearned Revenue

Both governmental and proprietary funds report revenue received in advance of the City providing services as unearned. As of June 30, 2016, governmental and proprietary funds reported unearned revenues of \$370,675 and \$12,131, respectively.

Bond Discounts and Premiums

Bond discounts and premiums are deferred and amortized over the term of the bonds using the bond-outstanding method which approximates the effective interest method.

Net Position

In the government-wide financial statements and proprietary fund financial statements, net position equals assets plus deferred outflows of resources less liabilities and deferred inflows of resources and is classified in the following three categories:

Net Investment in Capital Assets - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the City, which is not restricted for any project or other purpose. However, these funds may be designated for specific projects or purposes in the fund financial statements.

The City first applies restricted resources when an expense is incurred, for purposes for which both restricted and unrestricted net position is available.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

Fund Balance

In the governmental fund financial statements the City classifies governmental fund balances as follows:

Nonspendable - This category includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual agreements.

Restricted - This category includes fund balance amounts that are considered restricted for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - This category includes fund balance amounts for which constraints have been imposed by the government itself using the highest level of decision-making authority. The Mayor and Common Council majority must approve by consensus vote in order to establish a fund balance commitment or assignment and only needs to approve the elimination of a fund balance commitment.

Assigned - This category includes fund balance amounts intended to be used for specific purposes that are considered neither restricted nor committed. Fund balance may be assigned by the Mayor and Common Council.

Unassigned - This category includes the residual positive fund balance of the General Fund which has not been classified within the other above mentioned categories. The City first considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. When unrestricted amounts are considered to have been spent, the City considers committed amounts first, then assigned, and finally unassigned when an expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used.

Budgets and Budgetary Accounting

The City prepares an annual operating budget for the General Fund and the Enterprise Funds on a basis consistent with accounting principles generally accepted in the United States of America, except for the inclusion of previous years' unexpended budgetary appropriations as revenue. Appropriations for salaries and operating expenses lapse at the fiscal year-end, but appropriations for equipment and capital projects can be carried forward into the subsequent fiscal year as an appropriated surplus. Budget revisions receive approval of the Mayor and Common Council if the result is an appropriation from the operating reserve or a change in the funding for a capital expenditure. There was one budget revision approved by the Mayor and Common Council and several budget reclassifications approved by management during the year ended June 30, 2016.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 1. Overview and Summary of Significant Accounting Policies (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Recent Governmental Accounting Standards Board Pronouncements

GASB Statement No. 72, Fair Value Measurement and Application, effective for the City beginning with its fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants, effective for the City beginning with its fiscal year ending June 30, 2016. This Statement establishes criteria for an external investment pool to qualify for making the election to measure its investments at amortized cost for financial reporting purposes, as well as establishes criteria to address how the external investment pool transacts with participants; the requirements for portfolio maturity, quality, diversification, and liquidity; and the calculation and requirements of a shadow price. The provisions on portfolio quality, custodial credit risk, and shadow pricing will be effective for the City beginning with its fiscal year ending June 30, 2017.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 2. Fair Value Measurements

The City has adopted GASB Statement No. 72 - Fair Value Measurement and Application. This statement establishes a hierarchy of inputs to valuation techniques used to measure fair value:

- Level 1 - quoted market prices in active markets
- Level 2 - inputs other than quoted market prices that are observable either directly or indirectly
- Level 3 - unobservable inputs

During the year ended June 30, 2016, certain capital assets consisting of buildings, land, and water rights were donated to the City by a third party. An appraisal was performed to value these assets utilizing the cost approach, whereby the City valued the assets at the value that it would pay if it were to purchase those assets out in the marketplace, which are classified within Level 2 of the fair value hierarchy. No other assets or liabilities are measured at fair value as of June 30, 2016. The following table presents, by level within the fair value hierarchy, the City's investment in capital assets at fair value as of June 30, 2016.

Assets measured at fair value	Fair value as of June 30, 2016	Level 1	Level 2	Level 3
Buildings	\$ 1,675,000	\$ -	\$ 1,675,000	\$ -
Land & Land Rights	1,425,000	-	1,425,000	-
Water Use Rights	1,400,000	-	1,400,000	-
Capital Assets	<u>\$ 4,500,000</u>	<u>\$ -</u>	<u>\$ 4,500,000</u>	<u>\$ -</u>

Note 3. Deposits and Investments

The City follows Government Accounting Standards Board Statement 79, "Certain External Investment Pools and Pool Participants," which requires disclosure of specific criteria regarding external investment pools. The City maintains a cash and investment pool that is available for use by all funds. The City is governed by the deposit and investment limitations of Maryland law. The City is a participant in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state an investment vehicle for short-term investment of funds. The MLGIP is rated "AAAm" by Standard and Poor's (their highest rating). The State Legislature created MLGIP with the passage of Article 95 22G, of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, has been managed by a single financial institution. A MLGIP Advisory Committee of current participants reviews, on a quarterly basis, the activities of the fund and provides suggestions to enhance the pool. The fair value of the pool is the same as the value of the pool shares. As of June 30, 2016, all pool holdings are in cash and cash equivalents with a weighted average maturity of 37 days. The pool is managed in a "Rule 2(a)-7 like" manner and is reported at amortized cost

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 3. Deposits and Investments (Continued)

pursuant to Rule 2(a)-7 under the Investment Company Act of 1940 and also issues a publicly available financial report that includes financial statements and required supplemental information for the MLGIP. This report can be obtained in writing: Maryland Local Government Investment Pool; c/o PNC Institutional Investments Group; One East Pratt Street; Baltimore, Maryland, 21202; by calling 1-800-492-5160, or the website, www.mlgip.com. As of June 30, 2016, the City had total investments in MLGIP of \$9,450,608 which have been reflected as cash and cash equivalents.

Restricted cash and cash equivalents at June 30, 2016 consists of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Future Infrastructure Growth	\$ -	\$ 6,092,201
Capital Improvement Projects	2,421,702	-
Future Healthcare Costs	2,275,272	-
Community Development	475,953	-
Housing Voucher Program	169,700	-
Judicial Mandates	100,940	-
Developer Deposits	23,034	-
Benefit Assessments	29,868	-
City Program Commitments	28,632	-
Total Restricted Cash and Cash Equivalents	<u>\$ 5,525,101</u>	<u>\$ 6,092,201</u>

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$26,446,790 at June 30, 2016, of which \$794,755 was covered by federal depository insurance. The remaining amount of \$25,652,035 was fully collateralized by securities pledged and held by a financial institution's trust department or agent, not in the City's name, as of June 30, 2016.

Interest Rate Risk

The City's formal investment policy manages its exposure to fair value losses arising from increasing interest rates by limiting investments in securities to those maturing within three years from the date of purchase. However, the City may collateralize its repurchase agreements using longer-dated investments not to exceed 30 years to maturity. Reserve funds may be invested in securities exceeding 30 days if the maturity of such investment coincides as nearly as practicable with the expected use of funds. Maturities of investments held at June 30, 2016 are disclosed under deposits and investments.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 3. Deposits and Investments (Continued)

Credit Risk

The City's formal investment policy does not limit its investment choices beyond the limitations of state law, which are as follows:

1. An obligation for which the United States has pledged its faith and credit for the payment of principal and interest.
2. An obligation that a federal agency or federal instrumentality has issued in accordance with an act of Congress.
3. A repurchase agreement collateralized in an amount not less than 102% of the principal amount by an obligation of the United States, its agencies or instrumentalities, provided the collateral is held by a custodian other than the seller designated by the buyer.
4. Bankers' acceptances guaranteed by a financial institution with a short-term debt rating in the highest letter and numerical rating by at least one nationally recognized statistical rating organization as designated by either the United States Securities and Exchange Commission (SEC) or the Treasurer.
5. Commercial Paper that has received the highest letter and numerical rating by at least one nationally recognized statistical rating organization as designated by either the United States SEC provided that such Commercial Paper may not exceed five percent of the total investments made by the Treasurer under this subsection.
6. With respect to amounts treated by the Internal Revenue Service as bond sale proceeds only, bonds, notes, or other obligations of investment grade in the highest quality letter and numerical rating by at least one nationally recognized statistical rating organization as designated by either the United States SEC issued by, or on behalf of, this or any other state or any agency, department, county, municipal or public corporation, special district, authority, or political subdivision thereof, or any fund or trust that invests only in securities of the type described in this paragraph.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 3. Deposits and Investments (Continued)

7. Money market mutual funds that:
 - a. contain only securities of the organizations listed in items 1, 2, and 3 of this subsection;
 - b. are registered with the SEC under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as amended; and
 - c. are operated in accordance with Rule 2A-7 of the Investment Company Act of 1940, 17 C.F.R. § 270.2A-7, as amended.
8. Any investment portfolio created under the MLGIP defined under Article 95 22G of the code that is administered by the office of the State Treasurer.
9. Interest-bearing time deposits (including certificates of deposit) and/or savings accounts in any bank(s) or savings and loan association(s) in the State of Maryland, which are collateralized, as provided in the State Finance and Procurement Article.

Concentration of Credit Risk

Based on the formal investment policy, the City invests no more than 70% of its total investment portfolio in any single security type or in any single financial institution, excluding the MLGIP. At June 30, 2016, the City had no concentration of credit risk.

Note 4. Loan Receivable and Related Forgiveness

In February 1998, the City loaned \$50,000 to Human Services Program of Carroll County, Inc., a local not-for-profit organization, to assist with the organization's project to rehabilitate a shelter building. The agreement provided that no payments of principal or interest shall be due under the note and the principal shall be forgiven at the rate of \$1,650 per year while the property is utilized as a shelter for low and moderate income families and individuals. If not paid off by the organization due to modification of use, the entire indebtedness will be forgiven by February 25, 2028. As of June 30, 2016, \$20,300 remains outstanding on the loan, \$1,650 of which has been classified as a current asset.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5. Capital Assets

A summary of governmental activities follows:

	Balance July 1, 2015	Increases	Decreases	Transferred to Active Status	Balance June 30, 2016
Capital Assets					
Non-Depreciable Assets					
Land and Land Rights	\$ 319,172	\$ 1,425,000	\$ -	\$ -	\$ 1,744,172
Construction in Progress	2,025,637	341,345	1,677,853	(213,930)	475,199
Total Non-Depreciable Assets	2,344,809	1,766,345	1,677,853	(213,930)	2,219,371
Depreciable Assets					
Buildings	12,581,586	1,988,957	-	193,750	14,764,293
Equipment	3,637,066	80,245	12,748	-	3,704,563
Furniture and Fixtures	128,041	-	-	-	128,041
Improvements Other than					
Buildings	9,514,218	105,649	-	20,180	9,640,047
Infrastructure	48,568,575	784,216	-	-	49,352,791
Vehicles	2,859,040	281,588	191,431	-	2,949,197
Water Use Rights	-	1,400,000	-	-	1,400,000
Total Depreciable Assets	77,288,526	4,640,655	204,179	213,930	81,938,932
Total Capital Assets	79,633,335	6,407,000	1,882,032	-	84,158,303
Accumulated Depreciation					
Buildings	4,814,150	360,764	-	-	5,174,914
Equipment	2,473,838	236,445	12,748	-	2,697,535
Furniture and Fixtures	128,041	-	-	-	128,041
Improvements Other than					
Buildings	4,468,240	334,749	-	-	4,802,989
Infrastructure	21,388,547	1,050,144	-	-	22,438,691
Vehicles	2,054,894	237,725	177,200	-	2,115,419
Water Use Rights	-	14,583	-	-	14,583
Total Accumulated Depreciation	35,327,710	2,234,410	189,948	-	37,372,172
Total Capital Assets, Net	\$ 44,305,625	\$ 4,172,590	\$ 1,692,084	\$ -	\$ 46,786,131

Management has evaluated the useful lives of all capital assets and has determined that no change is necessary at this time.

Governmental land and land rights, buildings, and water use rights included in the capital asset activity listed above include land, building, and water use rights donated to the City. This land, building, and water use rights are reported at their acquisition value, \$4,500,000, an estimate of a price that would be paid to acquire similar assets in an orderly market transaction at the acquisition date, using the cost method (see note 2) (Level 2 Inputs). This donation was recorded as capital grant and contribution revenue on the government-wide statement of activities.

Accumulated costs attributable to projects included in construction in progress at June 30, 2016 are as follows:

Governmental Activities	
Stormwater Mitigation	\$ 163,304
Wakefield Development	79,304
Wakefield Valley Trail Extension	231,203
Radio Console - Police Headquarters	1,388
Total Construction in Progress	\$ 475,199

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5. Capital Assets (Continued)

Depreciation expense, including depreciation expense on assets under capital lease, was charged to governmental activities functions as follows:

Governmental Activities	
General Government	\$ 157,924
Public Safety	163,041
Public Works	1,547,966
Recreation and Culture	346,733
Community Development	18,746
Total Depreciation Expense	\$ 2,234,410

A summary of business-type activities follows:

	Balance July 1, 2015	Increases	Decreases	Transferred to Active Status	Balance June 30, 2016
Capital Assets					
Non-Depreciable Assets					
Land and Land Rights	\$ 190,915	\$ -	\$ -	\$ -	\$ 190,915
Construction in Progress	5,387,695	2,706,600	-	(2,667)	8,091,628
Total Non-Depreciable Assets	5,578,610	2,706,600	-	(2,667)	8,282,543
Depreciable Assets					
Buildings	114,708	-	-	2,667	117,375
Equipment	3,836,377	164,986	3,590	-	3,997,773
Furniture and Fixtures	6,414	-	-	-	6,414
Infrastructure	46,965,941	1,885,072	-	-	48,851,013
Utility Plant	27,915,415	22,915	-	-	27,938,330
Vehicles	863,956	99,222	-	-	963,178
Total Depreciable Assets	79,702,811	2,172,195	3,590	2,667	81,874,083
Total Capital Assets	85,281,421	4,878,795	3,590	-	90,156,626
Accumulated Depreciation					
Buildings	8,040	5,803	-	-	13,843
Equipment	2,940,005	176,016	3,590	-	3,112,431
Furniture and Fixtures	6,414	-	-	-	6,414
Infrastructure	15,393,118	922,826	-	-	16,315,944
Utility Plant	13,401,487	612,224	-	-	14,013,711
Vehicles	538,392	66,508	-	-	604,900
Total Accumulated Depreciation	32,287,456	1,783,377	3,590	-	34,067,243
Total Capital Assets, Net	\$ 52,993,965	\$ 3,095,418	\$ -	\$ -	\$ 56,089,383

Management has evaluated the useful lives of all capital assets and has determined that no change is necessary at this time.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 5. Capital Assets (Continued)

Accumulated costs attributable to projects included in construction in progress at June 30, 2016 are as follows:

Water Fund	
Gesell Well/Little Pike Creek	\$ 2,206,366
Well #8 (Radon/Nitrate Storage)	1,277,539
Water Main - James Street	4,773
Water Main - Hollow Rock/City View	5,028
Hydes Quarry (New Water Source)	<u>504,443</u>
Total Water Fund	<u>3,998,149</u>
Sewer Fund	
Enhanced Nutrient Removal Project & Biosolids Upgrade - WWTP	<u>3,200,229</u>
Total Sewer Fund	<u>3,200,229</u>
Fiber Enterprise Fund	
Fiber - City-Wide	<u>893,250</u>
Total Fiber Enterprise Fund	<u>893,250</u>
Total Construction in Progress	<u><u>\$ 8,091,628</u></u>

Depreciation expense, including depreciation expense on assets under capital lease, was charged to business-type functions as follows:

Water Fund	\$ 829,936
Sewer Fund	774,065
Fiber Enterprise Fund	<u>179,376</u>
Total Depreciation Expenses	<u><u>\$ 1,783,377</u></u>

Note 6. Loan Payable

In February 2007, the City received \$100,000 in zero-interest financing from the Westminster Town Center Corporation to be used for the purchase and rehabilitation of certain properties to be sold as affordable housing to qualified buyers. The loan is payable upon the sale of the related properties. During 2015, the related properties were sold and the conditions for repayment were satisfied. As of June 30, 2016, the loan remains outstanding and will be paid upon the reestablishment of the Corporation.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 7. Due to Other Governments

In prior years, the City received \$478,000 from the Carroll County Commissioners of Maryland in relation to agreements to provide water service to the County Airport and County Industrial Park Complex in the amount of \$228,000 and for project costs for expanding permanent sewage infrastructure along Maryland Route 31 and the Adams Mill Road Vicinity (the “Avondale” area) in the amount of \$250,000. Both amounts bear no interest and no repayment guidelines, and have been classified as non-current obligations of the City. As of June 30, 2016, \$77,449 and \$149,037 are outstanding on the County Airport and County Avondale obligations, respectively.

Note 8. Capital Leases

The City has entered into several agreements to lease server configuration equipment, a Voice Over Internet Protocol (VOIP) phone system and fitness equipment. The obligations are secured by the related assets and carry stated interest rates from 6.17% to 10.36%.

At June 30, 2016, future minimum payments required under leases with terms greater than one year, and the present value of minimum capital lease payments, were as follows:

Years Ending June 30,	Governmental Activities	Business-Type Activities
2017	\$ 38,418	\$ 40,371
2018	31,720	26,976
Total Minimum Lease Payments	70,138	67,347
Less: Amount Representing Interest	5,272	5,009
Present Value of Net Future Minimum Capital Lease Payments Included in General Long-Term Debt	64,866	62,338
Less: Current Portion	34,777	36,930
Long-Term Portion	<u>\$ 30,089</u>	<u>\$ 25,408</u>

Assets under capital lease included in Property and Equipment at June 30, 2016 include the following:

	Governmental Activities	Business-Type Activities
Asset Cost under Capital Lease		
Equipment	\$ 215,043	\$ 303,354
Less: Accumulated Depreciation	47,821	93,530
Total Asset Cost under Capital Lease, Net	<u>\$ 167,222</u>	<u>\$ 209,824</u>

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2016:

Type of Debt	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	\$ 4,532,200	\$ -	\$ 320,200	\$ 4,212,000	\$ 327,700
Capital Lease Obligations	103,470	-	38,604	64,866	34,777
Other Long-Term Liabilities:					
Compensated Absences	426,926	328,647	278,363	477,210	42,911
Net OPEB Obligations	1,226,042	106,958	-	1,333,000	-
Net Pension Liability	6,103,056	1,397,041	-	7,500,097	-
Total Governmental Activities	\$ 12,391,694	\$ 1,832,646	\$ 637,167	\$ 13,587,173	\$ 405,388
Business-Type Activities					
General Obligation Bonds Payable	\$ 10,264,294	\$ 908,852	\$ 848,488	\$ 10,324,658	\$ 861,105
Capital Lease Obligations	108,932	-	46,594	62,338	36,930
Other Long-Term Liabilities:					
Compensated Absences	210,050	204,678	175,243	239,485	16,204
Net OPEB Obligations	669,959	51,041	-	721,000	-
Due to Other Governments	233,828	-	7,342	226,486	-
Net Pension Liability	1,789,062	455,950	-	2,245,012	-
Total Business-Type Activities	\$ 13,276,125	\$ 1,620,521	\$ 1,077,667	\$ 13,818,979	\$ 914,239

Other long-term liabilities in governmental and business-type activities are liquidated from general revenues in the respective General, Public Housing Agency, Water, and Sewer Funds, as applicable.

The full faith and credit and taxing powers of the City are pledged in payment of any deficiency in the funding of the principal and interest payments of all general obligation bonds.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9. Long-Term Debt (Continued)

General Obligation Bonds outstanding as of June 30, 2016 are composed of the following:

Governmental Activities General Obligation Bonds Payable	
\$4,820,000 Infrastructure Bonds - 2005 Series A due in annual principal payments of \$148,000 - \$300,000 plus interest paid semi-annually at rates of 4.00% - 4.40%. The bond matures on May 1, 2030.	\$ 3,263,600
\$1,541,400 Infrastructure Bonds - 2012 Series B due in annual principal payments of \$157,500 - \$165,500 plus interest paid semi-annually at rates of 0.61% - 2.53%. The bond matures on May 1, 2022.	<u>948,400</u>
Total Governmental Activities General Obligation Bonds Payable	<u>4,212,000</u>
Business-Type Activities General Obligation Bonds Payable	
<u>Water Fund</u>	
Drinking Water Bond, Series 2000, in the amount of \$1,269,858. Due in annual principal payments of \$66,965 - \$80,145 plus interest paid semi-annually at a rate of 2.6%. The bond matures on February 1, 2021.	380,925
Drinking Water Bond, Series 2007, in the amount of \$9,850,906. Due in annual principal payments of \$552,341 - \$546,872 plus interest paid semi-annually at a rate of 1.0%. Interest payments began on August 1, 2007 and principal payments began on February 1, 2010. The bond matures on February 1, 2027.	6,021,043
Drinking Water Bond, Series 2008, in the amount of \$4,415,138. Due in annual principal payments of \$204,614 - \$285,190 plus interest paid semi-annually at a rate of 2.4%. Interest payments began on August 1, 2009 and principal payments began on February 1, 2010. The bond matures on February 1, 2028.	3,013,838
<u>Fiber Fund</u>	
General Obligation Bond, Series 2015A, in the amount of \$14,000,000. Due in annual principal payments beginning November 2020 - plus monthly interest payments based on a rate of 1.46% + LIBOR. Interest payments began in November 2015. The bonds mature on October 1, 2045.	<u>908,852</u>
Total Business-Type Activities General Obligation Bonds Payable	<u>10,324,658</u>
Total General Obligation Bonds Payable	<u>\$ 14,536,658</u>

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 9. Long-Term Debt (Continued)

The principal and interest requirements to maturity of the general obligation bonds payable debt of all funds are as follows:

Years Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 327,700	\$ 156,115	\$ 861,105	\$ 159,897
2018	340,100	147,019	873,949	147,052
2019	346,500	137,250	887,025	133,976
2020	357,800	126,962	900,339	120,662
2021	369,900	115,884	932,903	101,184
2022-2026	1,340,000	408,255	4,499,146	336,479
2027-2031	1,130,000	126,940	796,670	84,319
2032-2036	-	-	182,427	46,587
2037-2041	-	-	200,793	28,222
2042-2045	-	-	190,301	8,178
	<u>\$ 4,212,000</u>	<u>\$ 1,218,425</u>	<u>\$ 10,324,658</u>	<u>\$ 1,166,556</u>

Interest costs incurred and charged to expense for the year ended June 30, 2016 for governmental activities and business-type activities were \$180,835 and \$205,527, respectively.

Note 10. Conduit Debt

From time to time, the City has issued Economic Development and Educational Facilities Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, there were various series of Economic Development Revenue Bonds and Educational Facilities Revenue Bonds outstanding, with an aggregate principal amount payable of \$216,840,563.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 11. Interfund Transactions

Interfund receivable and payable balances at June 30, 2016, consisted of the following:

<u>Due To</u>	<u>Due From</u>		<u>Total</u>
	<u>General Fund</u>	<u>Public Housing Agency Fund</u>	
General Fund	\$ (18)	\$ 18	\$ -
Sewer Fund	385,684	-	385,684
Water Fund	403,310	-	403,310
Total	<u>\$ 788,976</u>	<u>\$ 18</u>	<u>\$ 788,994</u>

The City established an earmarked MLGIP fund for estimated future OPEB obligations in the General Fund. Since no irrevocable trust has been established, a long-term liability for the Net OPEB Obligation (NOO) remains outstanding for both the Sewer and Water Funds, offset by interfund receivable from the General Fund, where these funds are maintained, which is not expected to be collected in the subsequent year.

All remaining interfund balances resulted from the time lag between the dates that:

- 1) interfund goods and services are provided or reimbursable expenditures occur,
- 2) transactions are recorded in the accounting system, and
- 3) payments between funds are made, and are expected to be repaid within the following year.

An interfund transfer of \$75,000 was made between the General Fund and the Public Housing Agency Fund for operating expenditures.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 12. Net Position and Fund Balances

The governmental fund balances at June 30, 2016, are summarized as follows:

	General Fund	Public Housing Agency Fund	Total
Non-Spendable:			
Prepaid Expenditures	\$ 254,481	\$ 4,720	\$ 259,201
Inventory	74,635	-	74,635
Loans Receivable	18,650	-	18,650
Subtotal	<u>347,766</u>	<u>4,720</u>	<u>352,486</u>
Restricted:			
Housing Voucher Program	-	131,275	131,275
Capital Improvements	1,804,614	-	1,804,614
Employee Flexible Spending Account	21,159	-	21,159
Police Non-Budgeted	71,246	-	71,246
Subtotal	<u>1,897,019</u>	<u>131,275</u>	<u>2,028,294</u>
Committed to:			
Police Discretionary Use	<u>24,122</u>	<u>-</u>	<u>24,122</u>
Assigned to:			
Community Development	475,953	-	475,953
Tree Commission	4,510	-	4,510
Subtotal	<u>480,463</u>	<u>-</u>	<u>480,463</u>
Unassigned	<u>10,890,680</u>	<u>-</u>	<u>10,890,680</u>
Total Fund Balance	<u>\$ 13,640,050</u>	<u>\$ 135,995</u>	<u>\$ 13,776,045</u>

The government-wide statement of net position for the year ended June 30, 2016 reports \$1,935,889 and \$6,092,201 of restricted net position for the City's governmental and business-type activities, respectively, of which \$1,935,889 and \$6,092,201, respectively, are restricted by enabling legislation.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 13. Property Taxes

From the effective date of the budget, the amount stated thereon as the amount to be raised by property tax shall constitute a determination of the amount of the tax levy in the corresponding tax year. Property taxes are due and payable on the first day of July on the year for which they are levied and become overdue and in arrears on the first day of the following October. The Mayor and Common Council also have the authority to levy a half-year tax on new construction due and payable on January 1st in the year such tax is levied. The tax rate for the year ended June 30, 2016 was \$0.56 per \$100 of assessed property value.

Personal property taxes are levied annually. Assessed values are established by the Maryland State Department of Assessments and Taxation based on estimates of fair market value. For tangible business and personal property, the rate per \$100 of assessed value was \$1.10 in fiscal year 2016. For tangible utility property, the rate per \$100 of assessed value was \$1.40 in fiscal year 2016.

Note 14. Rental Income Agreements

The City has entered into communication tower lease agreements with various unrelated parties through 2019. All lease agreements are renewable for four successive five-year periods at the lessee's discretion. Rental income for the year ended June 30, 2016, was \$182,479. Future minimum annual rental income for the Water Fund as of June 30, 2016 is as follows:

<u>Years Ending June 30,</u>	
2017	\$ 81,716
2018	<u>5,200</u>
Total Minimum Rental Income	<u><u>\$ 86,916</u></u>

Note 15. Operating Leases

The City entered into a five-year operating lease, dated April 2012, with an unrelated party for the leasing of office space through March 2015, with the option to renew for an additional three-year period. During 2015, the lease was renewed for an additional three-year period through March 2018. The lease agreement states that the City is responsible for fifty-six percent (56%) of real estate taxes levied against the premises, as well as fifty-six percent (56%) of annual operating expenses incurred by the landlord. Upon renewal the monthly lease amounts increased 1.54%, 1.52% and 1.49% annually beginning in April 2015.

The City also entered into an operating lease, dated February 2005, with an unrelated party for the leasing of a parking lot through February 2015. The rental agreement is renewable for two additional three-year periods at the City's discretion. During 2015, the lease was renewed for the first of two three-year periods through February 2018.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 15. Operating Leases (Continued)

In addition, the City has various operating leases with unrelated parties for copiers through August 2021.

The following is a schedule of future minimum rental payments required under the operating leases as of June 30, 2016:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2017	\$ 81,247	\$ 116,534
2018	67,040	87,347
2019	24,951	1,877
2020	24,474	926
2021	14,302	210
Total Minimum Lease Payments	<u>\$ 212,014</u>	<u>\$ 206,894</u>

Rent expense for governmental and business-type activities for the year ended June 30, 2016 was \$76,933 and \$113,470, respectively.

Note 16. Defined Contribution Plans

The City, in accordance with Common Council approval, has two defined contribution plans created in accordance with Internal Revenue Code Sections 457(b) and 401(a), respectively. The 457(b) plan is available to all regular full-time and part-time employees, and the 401(a) plan is available to those employees who are not members of the Law Enforcement Officers' Pension System (LEOPS) of Maryland with at least six months of employment service. The 457(b) and 401(a) plans have 102 and 82 active participants, respectively, as of June 30, 2016.

The 457(b) plan permits employees to defer a portion of their salary until future years, which the employees are fully vested in upon contribution. Employees can defer the lesser of \$18,000, adjusted annually for cost-of-living increases, and up to an additional \$6,000 catch-up for employees age 50 or over, or 100% of their includable salaries over the plan year. In addition, the City's 457(b) plan contains a Roth IRA option allowing after-tax contributions up to an annual maximum of \$5,500, with an additional \$1,000 catch-up for employees age 50 or over. No City contributions were made to the 457(b) plan for the year ended June 30, 2016.

The 401(a) plan permits the City to contribute two percent of eligible employees' salary to a maximum of \$50,000 per employee, adjusted annually for cost-of-living increases, to this plan based on attaining six months of service. Employees are fully vested in this plan upon contribution. The City contributed \$73,197 to the 401(a) plan for the year ended June 30, 2016.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 16. Defined Contribution Plans (Continued)

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries; thus the plan assets are not reflected in the financial statements of the City.

Note 17. Pension Plans

The City adopted GASB No. 68 - Accounting and Financial Reporting for Pensions (GASB 68) during the year ended June 30, 2015. The City participates in the Maryland State Retirement and Pension System (the System) and qualifies as a Participating Governmental Unity (PGU) in the plan. The State Retirement Agency (the Agency) is the plan administrator and fiduciary for the plan. GASB No. 68 requires that a PGU recognize its proportionate share of the System's net pension liability (i.e. unfunded pension liability) and pension expense. The City's proportionate share is based on total System contributions of approximately 0.0469% (0.0209% Employees' Combined System (ECS) and 0.0260% Law Enforcement Officers' Pension System (LEOPS), respectively) as of the measurement date of June 30, 2015.

The City has also adopted GASB No. 71-Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB No. 68. GASB No. 71 requires that contributions to the pension plans subsequent to the measurement date be recognized as deferred outflows of resources. The City's fiscal 2016 contributions in December 2015 of \$950,272 (\$387,173 for ECS and \$563,099 for LEOPS) are therefore recognized as pension-related deferred outflows of resources.

The City's employees who participate in ECS were required to contribute five or seven percent of their earnable compensation depending on the retirement option selected, as stipulated by the System. The City's employees who participate in LEOPS were required to contribute four, five or seven percent of their earnable compensation depending on the retirement option selected, as stipulated by the System. The City contributed \$988,373 to the System for fiscal year 2016 which was actuarially determined based on statutory provisions. The City has also recognized in Pension Expense its proportionate share of the City's deferred inflows of resources (an increase in Pension Expense) attributable to the net difference between projected and actual investment earnings on pension plan assets, and its proportion share of the System's deferred outflows of resources (a decrease in Pension Expense) attributable to changes in assumptions.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 17. Pension Plans (Continued)

Basis of presentation and basis of accounting

1. Employers participating in the System's cost-sharing multiple-employer defined benefit plans are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014 in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (pension allocation schedules) provide employers with the required information for financial reporting. The System's financial statements are prepared on the accrual basis of accounting and are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental accounting for fiduciary funds.
2. Actual employer contributions billed to participating government units for the year ended June 30, 2015 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. The contributions were adjusted by increasing contributions by approximately \$251 million to adjust for differences between actuarially determined contributions and actual contributions by the State of Maryland.
3. The components of the calculation of the net pension liability for the System as of June 30, 2015, calculated in accordance with GASB Statement No. 67, are shown in the following table:

Total Pension Liability	\$66,571,552,000
Plan Fiduciary Net Position	<u>45,789,840,000</u>
Net Pension Liability	<u><u>\$20,781,712,000</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u><u>68.78%</u></u>

Actuarial Assumptions

- Actuarial - Entry Age Normal
- Amortization Method: Level Percentage of Payroll, Closed
- Remaining Amortization Period: In the 2012 actuarial valuation: eight years remaining as of June 30, 2012 for prior UAAL existing on June 30, 2000 and 25 years from each subsequent valuation date for each year's additional UAAL for the State systems and ECS Muni. 27 years for LEOPS Muni, and 34 years for CORS Muni. In the 2013, actuarial

**CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

Note 17. Pension Plans (Continued)

valuation: 25 years for the State Systems, 26 years for LEOPS Muni, and 32 years for CORS Muni. For ECS Muni: seven years remaining for prior UAAL existing on June 30, 2000. 25 years from each subsequent valuation date for each year's additional UAAL.

- Asset Valuation Method: 5-year smoothed market; 20% collar
- Inflation: 2.95% general and 3.45% wage.
- Salary Increases: 3.45% to 10.7% including inflation.
- Discount Rate: 7.55%
- Investment Rate of Return: 7.55%
- Retirement Age: Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
- Mortality: RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

Note: There were no benefit changes during the year. Adjustments to the roll-forward liabilities were made to reflect the change in the Investment Return assumption from 7.65% to 7.55%.

Investments

The long-term expected rate of return on the pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage by adding expected inflation. Best estimates of geometrical real rates of return were adopted by the Pension System's Board after considering input from the investment consultant(s) and actuary(s). For each major asset class that is included in the Pension System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Real Rate of Return
Public Equity	35%	6.30%
Fixed Income	10%	0.60%
Credit Opportunity	10%	3.20%
Real Return	14%	1.80%
Absolute Return	10%	4.20%
Private Equity	10%	7.20%
Real Estate	10%	4.40%
Cash	1%	0.00%
Total	100%	

**CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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Note 17. Pension Plans (Continued)

The above was the Pension System’s Board of Trustees’ adopted asset allocation policy and best estimate of geometrical real rates of return for each major asset class as of June 30, 2015.

Discount Rate

A single discount rate of 7.55% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.55%. The projection of cash flows used to determine the single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary new position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the in the single discount rate, the following presents the System’s net pension liability and the City’s proportionate share of the System’s net liability (expressed in thousands), calculated using a single discount rate 7.55%, a single discount rate that is 1 percentage point lower (i.e., 6.55%) and a single discount rate that is 1 percentage point higher (i.e., 8.55%):

	1% Lower 6.55%	Current Rate 7.55%	1% Higher 8.55%
The System’s Net Pension Liability	\$ 29,371,763,000	\$ 20,781,712,000	\$ 13,658,848,000
The City’s Proportionate Share of Net Pension Liability	\$ 13,773,217	\$ 9,745,109	\$ 6,405,005

Pension Plan Description

Organization

The State Retirement Agency (the Agency) is administrator of the System. The system was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowance and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System’s administration

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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Note 17. Pension Plans (Continued)

and operation is vested in a 15-member Board of Trustees. The System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The "State Pool" consists of the State agencies, board of education, community colleges, and libraries. The "Municipal Pool" consists of the participating governmental units that elected to join the System. Neither pool shares in each other's actuarial liabilities, thus participating governmental units that elected to join the System (the Municipal Pool) share in the liabilities of the Municipal Pool only. The State of Maryland is the statutory guarantor for the payments of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The Agency is legally authorized to use all assets accumulated for the payment of benefits to pay such obligations to any plan members or beneficiaries as defined by the terms of plan. Consequently, the System is accounted for as a single plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans - An Amendments of GASB Statement No. 25." Additionally, the System is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State's reporting entity and disclosed in its financial statements as a pension trust fund. The System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System. The City's employees participate in the Employees' Retirement and Pension System and the Law Enforcement Officers' Pension System.

Non-Uniformed Employees

Covered Members

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to State employees, elected and appointed officials, and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established. As a result, State employees (other than correctional officers) and employees of participating governmental units hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all State correctional officers and members of the Maryland General Assembly continued to be enrolled as members of the Employees' Retirement System. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System. Currently, more than 150 governmental units participate in the Employees' Retirement System.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 17. Pension Plans (Continued)

Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive years' AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system, which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors. Beginning July 1, 2011, the member contribution rate was increased for members of the Employees' Pension System from 5% to 7%, and from 4% to 6%, respectively, in fiscal year 2013. In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that are based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation. A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2015 are as follows:

Service Retirement Allowances

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service. An individual who is a member of the Employees' Pension System on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of attaining age with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has 10 years of eligibility service. For most individuals who retired from the Employees' Pension System on or before June 30, 2006 the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number

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Note 17. Pension Plans (Continued)

of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Employees' Pension System. Exceptions to these benefit formulas apply to members of the Employees' Pension System who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the Social Security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the Social Security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

Vested Allowances

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or a legislator) and who terminates employment before attaining retirement age but after accumulating 5 years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or a legislator) and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member who terminates employment prior to attaining retirement age and before vesting receives a refund of all member contributions and interest.

Early Service Retirement

A member of the Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility services. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for an Employees' Retirement System member is 30%. An individual who is a member of Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Employees' Pension System is 42%. An individual who becomes a member of the Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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Note 17. Pension Plans (Continued)

years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Employees' Pension System is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. A member (other than a member of the Maryland General Assembly or a judge, both of which are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives 2/3 (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Adjusted Retirement Allowances (as applicable)

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. Such adjustments for retirees are based on the annual change in the CPI. For the Teachers' and Employees' Retirement Systems (TRS/ERS) the method by which the annual COLAs are computed depends upon elections made by members who were active on July 1, 1984 (or within 90 days of returning to service for members who were inactive on July 1, 1984) enabling the member to receive either an unlimited COLA, a COLA limited to 5% or a two-part combination COLA depending upon the COLA election made by the member. With certain exceptions, effective July 1, 1998, for Teachers', Employees', and Law Enforcement Officers' Pension System retirees, the adjustment is capped at a maximum 3% compounded and is applied to all benefits which have been in payment for one year. The annual increase to pension allowance for Employees' Pension System retirees who were employed by a participating governmental unit that does not provide enhance pension benefits are limited to 3% of the initial allowance. However, beginning July 1, 2011 for benefits attributable to service earned on or after July 1, 2011, in all of the systems excepts the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increases in the CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in the CPI if the market value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowance will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 17. Pension Plans (Continued)

Law Enforcement Officers

Covered Members

On July 2, 1990 the Law Enforcement Officers Pension System (LEOPS) was established to provide retirement allowances and other benefits to all uniformed law enforcement officers of the State of Maryland and law enforcement officers, firefighters and paramedics of participating governmental units. Effective January 1, 2005, the LEOPS Retirement Plan was closed to new members and the LEOPS Pension Plan was established. As a result, all employees hired after December 31, 2004, became members of the LEOPS Pension Plan.

Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who are members of the System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive years' AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors. Beginning July 1, 2011, the member contribution rate was increased for members of the Employees' Pension System from 5% to 7%, and from 4% to 6%, respectively, in fiscal year 2013. In addition, the benefit attributable to service on or after July 1, 2011 in many of the pension systems now will be subject to different cost-of-living adjustments (COLA) that is based on the increase in the Consumer Price Index (CPI) and capped at 2.5% or 1.0% based on whether the market value investment return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation. A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during fiscal year 2015 are as follows:

Service Retirement Allowances

A member of the Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 50 or accumulating 25 years of creditable services regardless of age. The annual retirement allowance equals 2.3% of the members for the first 30 years of creditable service plus an additional 1% of AFC for each additional year for an individual who is subject to the LEOPS retirement plan provisions. The annual retirement allowance equals 2.0% of AFC for the three highest

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Note 17. Pension Plans (Continued)

consecutive years as an employee, up to a maximum benefit of 60% of AFC for members subject to the LEOPS retirement plan provisions who became members on or before June 30, 2011. The annual retirement allowance equals 2.0% of AFC for the five highest consecutive years as an employee, up to a maximum benefit of 60% of AFC for members subject to the LEOPS retirement plan provisions who became members after July 1, 2011. Allowances for members who fail to make all required contributions are reduced by the actuarial equivalent of the total unpaid contributions plus interest to the date of retirement.

Vested Allowances

Any individual who is a member of the LEOPS on or before June 30, 2011 is eligible for vested pension allowances after separation from service and upon attaining age 50, provided they accumulated at least five years of eligibility service prior to separation. Any individual who joins the LEOPS on or after July 1, 2011 is eligible for vested pension allowances after separation from service upon attaining age 50, provided that they accumulated at least 10 years of eligibility service prior to separation. Vested allowances equal the normal service retirement or pension allowances computed on the basis of the member's accumulated creditable service and AFC at the date of separation.

Early Service Retirement

LEOPS members are not eligible for early service retirement allowances.

Disability and Death Benefits

LEOPS members covered under retirement plan provisions qualify for ordinary disability after completing five years of eligible service and receiving medical board certification as to their permanent incapacity to perform their necessary job functions receive a service allowance based on the greater of the normal service allowance or 25% of AFC. LEOPS members covered under pension plan provisions qualify for ordinary disability after completing five years of eligible service and receiving medical board certification as to their permanent incapacity to perform their necessary job functions receive full service pension allowances if the member is at least age 50 on the date of retirement. Otherwise, the allowances equal full service pension allowances as though the member had continued to work until age 50 without any change in the rate of earnable compensation.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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Note 17. Pension Plans (Continued)

LEOPS members qualify for accidental disability benefits if the medical board certifies that they became totally and permanently incapacitated for duty arising out of or in the actual performance of duty, and receive disability allowances equal to the sum of an annuity determined as the actuarial date of the members' accumulated contributions and 2/3 (66.67%) of AFC. Allowances may not exceed the members' AFC.

LEOPS members qualify for ordinary death benefits if the members have accumulated at least one but less than two years of eligibility prior to the date of death receive benefits equal to a member's annual earnable compensation at the time of death plus accumulated contributions. LEOPS members qualify for special death benefits if the members have accumulated at least two years of eligibility prior to the date of death or died in the line of duty receive benefits equal to 50% of the applicable ordinary disability allowance. In cases where the deceased members are not survived by a spouse, the decedents' children, if any, will continue to receive the special death benefit until the youngest child reaches age 18. The special death benefit for officers killed in the line of duty is 2/3 (66.7%) of AFC.

Adjusted Retirement Allowances (as applicable)

Retirement and pension allowances are increased annually to provide for changes in the cost of living according to prescribed formulae. For LEOPS members who are subject to retirement plan provisions, annual COLAs are determined under various methods applicable to ERS members as described under uniformed employees.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2016, the City reported a liability of \$9,745,109 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units as actuarially determined. At June 30, 2015, the City's proportion was approximately 0.0469 percent.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 17. Pension Plans (Continued)

For the year ended June 30, 2016, the City recognized pension expense of \$950,272. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Changes of assumptions	\$ 573,448	\$ -
Difference between actual and expected experience	-	199,570
Net difference between projected and actual earnings on pension plan investments	858,342	647,883
Change in proportionate share	390,459	-
Contributions subsequent to the measurement date	950,272	-
Total	\$ 2,772,521	\$ 847,453

The deferred outflows of resources of \$950,272 relating to contributions subsequent to the measurement date of June 30, 2015, will be recognized as a reduction of the City's net pension liability during the fiscal year ended June 30, 2017. The deferred outflows and inflows of resources due to changes in assumptions, differences between actual and expected experience, and differences in projected and actual investment earnings represent the City's proportionate share of the unamortized portions of the System's original amounts. The deferred inflows and outflows related to the non-investment activity are being amortized over the remaining service life of 5.87 years. The 2014 deferred outflows not related to investment activity are being amortized over the remaining service life of 5 years. The net difference in investment earnings for 2015 and 2014 are being amortized over a closed 5 year period. The unamortized amounts will be ratably recognized as pension expense over these services lives and closed 5 year period.

The following table shows the amortization of these deferred outflows and inflows:

Fiscal Year Ended June 30	Amortization of 2015 Balance				Amortization of 2014 Balance	
	Deferred Outflows - Net Difference in Investment	Deferred Outflows - Change in Assumptions	Deferred Outflows - Change in Proportion	Deferred Inflows - Actual vs. Expected Experience	Deferred Outflows - Change in Assumptions	Deferred Inflows - Net Difference in Investment Earnings
2017	\$ 214,586	\$ 100,169	\$ 80,176	\$ 40,980	\$ 28,541	\$ 215,961
2018	214,586	100,169	80,176	40,980	28,541	215,961
2019	214,586	100,169	80,176	40,980	28,541	215,961
2020	214,586	100,169	80,176	40,980	-	-
2021	-	87,147	69,754	35,652	-	-

Net Pension Liability

The components of the City's proportionate share of the Pension System's net pension liability as of the measurement date of June 30, 2015 were as follows:

Total Pension Liability	\$ 31,217,208
Plan Fiduciary Net Position	21,472,099
Net Pension Liability	<u>\$ 9,745,109</u>
City's Fiduciary Net Position as a Percentage of the Total City Pension Liability	<u>68.78%</u>

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 17. Pension Plans (Continued)

The Pension Plan Fiduciary

Plan Information as well as the Comprehensive Annual Financial Report of the Maryland State Retirement and Pension System for the years ended June 30, 2015 and 2014 are available from:

State Retirement & Pension System of Maryland
120 East Baltimore Street
Baltimore, MD 21202

www.sra.state.md.us

-General Interest

-Related Links

-Downloads

-Comprehensive Annual Financial Reports

Note 18. Other Postemployment Benefits Plan

The City offers a single-employer defined benefit healthcare plan for the employees of the City, administered through a third-party agent, which provides healthcare benefits for active employees and other postemployment benefits (OPEB) for eligible retirees, their spouses and dependents. The plan is administered under two City policies, the Retiree Insurance Policy and the Retirement Medical Insurance Policy (effective July 1, 2008).

Plan Description and Funding Policies

The defined healthcare plan provides medical, hospitalization and prescription drug benefits to eligible active plan members and retirees, their spouses and dependents, and is authorized by the City. The plan provisions, benefits available and required reimbursements are governed by the Retiree Insurance Policy and the Retirement Medical Insurance Policy. Upon reaching eligibility for Medicare, retirees are no longer permitted to participate in the City's plan, except for those eligible under the Retiree Insurance Policy.

Under the Retiree Insurance Policy, all employees meeting the retirement eligibility requirements of the State Retirement and Pension System of Maryland, based on age and years of service for Law Enforcement and General employees, and the City, based on age and years of service as well as retirement directly from the City and having continuous medical insurance coverage with the City after retirement, as of July 1, 2008 can participate in City-sponsored coverage. The City subsidizes the retirees' individual premium cost up to 80%, based on the number of points (age plus years of service) at the age of retirement, and qualifying disabled participants all qualify for the 80% subsidy regardless of number of points. There is no City subsidy on spouses or dependents. Upon reaching eligibility for Medicare, retirees are eligible for a Medicare supplemental plan.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
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Note 18. Other Postemployment Benefits Plan (Continued)

Under the Retirement Medical Insurance Policy, all employees meeting the retirement eligibility requirements of the State Retirement and Pension System of Maryland, based on age and years of service for Law Enforcement and General employees, and the City, based on age and years of service as well as retirement directly from the City and having continuous medical insurance coverage with the City after retirement, after July 1, 2008 can participate in City-sponsored coverage. The City subsidizes the retirees' individual premium cost up to 80%, based on the number of points (age plus years of service) at the age of retirement, and qualifying disabled participants all qualify for the 80% subsidy regardless of number of points. There is no City subsidy on spouses or dependents. Upon reaching eligibility for Medicare, retirees are no longer permitted to participate in the City's plan.

Membership of the plan consisted of 153 participants, 114 of which are active plan members and 25 are retirees and beneficiaries receiving benefits at June 30, 2016.

The plan is unfunded, with premium payments made by the City on a pay-as-you-go basis. The City has reserved the difference between the annual required contribution and the premiums paid. Although not a separate fiduciary fund, the City has made an effort to recognize this required obligation. As of June 30, 2016, the City has reserved \$2,275,272. All eligible retirees are required to reimburse the City for premiums paid for medical and hospitalization and prescription drug benefits elected as paid by the City. These reimbursements are withheld from the retirees' state retirement benefit on behalf of the City, and are forwarded to the City on a monthly basis. For the year ended June 30, 2016, the City paid premium costs of \$123,899 for retirees, their spouses and dependents, \$67,361 of which was reimbursed by plan members based on eligibility in accordance with the plan's applicable policy.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 18. Other Postemployment Benefits Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost is calculated based on the *annual required contribution (ARC) of the employer*, which is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarially accrued liabilities (UAAL) (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost, the estimated actuarial amount contributed to the plan, and changes in the City's net OPEB obligation for the three years ended June 30, 2016:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual Required Contribution	\$ 396,000	\$ 483,000	\$ 457,000
Interest on Net OPEB Obligation	76,000	65,000	54,000
Adjustment to Annual Required Contribution	<u>(128,000)</u>	<u>(107,000)</u>	<u>(87,000)</u>
Annual OPEB Cost	344,000	441,000	424,000
Contributions Made	<u>(186,000)</u>	<u>(178,000)</u>	<u>(153,000)</u>
Increase (Decrease) in Net OPEB Obligation	158,000	263,000	271,000
Net OPEB Obligation - Beginning of Year	<u>1,896,000</u>	<u>1,633,000</u>	<u>1,362,000</u>
Net OPEB Obligation - End of Year	<u>\$2,054,000</u>	<u>\$1,896,000</u>	<u>\$1,633,000</u>

Funded Status and Funding Progress

As of the July 1, 2015 valuation, the actuarially accrued liability for benefits was \$4,465,000, all of which was unfunded, the covered payroll (annual payroll of active employees covered by the plan) was \$8,371,185, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 53.34%.

Actuarial Assumptions and Methods

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

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 18. Other Postemployment Benefits Plan (Continued)

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

For the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used, based on assumptions that between 2% and 100% of general employees, based on points and gender, will retire upon attainment of the eligibility requirements for retirement, and that law enforcement employees reaching 25 years of service will retire between 12% and 35%, based on age, upon attainment of the eligibility requirements for retirement as of the valuation date. The valuation assumes that between 50% and 100% of eligible retirees, based on points, will elect coverage in the plan, and 20% of these eligible retirees are assumed to be married and will have a spouse covered by the plan at retirement.

The actuarial assumptions included a four percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the City's assets, and medical and prescription drug base and sensitivity decreasing from 4.5% and 4.5%, respectively, in 2015 to an ultimate level of 4.0% and 3.9%, respectively, in 2077 and thereafter. Additional medical trend assumptions were developed using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions with the following used as input variables: 2.4% rate of inflation, 1.5% rate of growth in real income/gross domestic product (GDP) per capita, 1.0% extra trend due to technology and other factors, 25% health share of GDP resistance point, and 2075 being the year for limiting cost growth to GDP growth. The UAAL is being amortized as a level dollar amount on a 30-year closed basis. The remaining amortization period at the July 1, 2015 valuation was 23 years.

Note 19. Commitments and Contingencies

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of June 30, 2016, significant amounts of grant expenditures have not been audited by the appropriate grantor government, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 19. Commitments and Contingencies (Continued)

The City is committed under the following contracts for construction and related projects:

Project	Contract Amount	Amount Outstanding at June 30, 2016
Wakefield Trail	\$ 226,678	\$ 104,795
Governmental Activities	<u>\$ 226,678</u>	<u>\$ 104,795</u>
Well #12 Construction	\$ 2,041,577	\$ 807,561
City-Wide Fiber Infrastructure	918,525	30,257
James Street Water Main	23,528	18,500
Hollow Rock Rd & Cityview Water Main	11,195	6,422
WWTP - ENR & Biosolids Removal	<u>3,946,260</u>	<u>1,146,478</u>
Business-Type Activities	<u>\$ 6,941,085</u>	<u>\$ 2,009,218</u>

Note 20. Risk Management

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

The City is a member in the Local Government Insurance Trust (LGIT), which is owned and directed by local governments (participants) that subscribe to its insurance coverages. LGIT is managed by a Board of Trustees and a contract administration company. The trustees are elected by a majority vote of the participants with each participant having one vote. The City does not exercise any control over LGIT's operations.

The maximum coverage under the liability pool of LGIT is \$1,000,000 per claim. The City also participates in an excess liability pool, which has maximum coverage of \$5,000,000. Settled claims resulting from these risks have not exceeded insurance coverage for each of the past three years.

	Maximum Coverage Per Claim	Premiums for Period Including June 30, 2016
Liability pool	\$ 1,000,000	\$ 48,772
Law enforcement liability pool	1,000,000	43,346
Public official liability pool	1,000,000	20,498
Excess liability pool	5,000,000	6,679
Automobile pool	1,000,000	<u>45,538</u>
		<u>\$ 164,833</u>

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 21. Environmental Concerns

The City operates a sewer facility and has several above-ground storage tanks for its oil and diesel fuel. All above-ground storage tanks are surrounded by containment tanks to lessen the severity of contamination in the event of a leak. If a leak or contamination occurred, the City could become liable for the cost to clean up the spill.

Note 22. Concentrations and Economic Dependencies

The City provides various services to its residents. The City is located in northern Carroll County, Maryland. Credit is granted to its residents for taxes, water, and sewer bills. The City may place a lien on any property associated with unpaid taxes and water and sewer services; therefore, an allowance for uncollectible amounts is not considered necessary.

The City receives shared revenue from the county and state. The amounts of these funds are not guaranteed and may be reduced as a result of the current economic environment.

Note 23. New Governmental Accounting Standards Board Pronouncements

The GASB issued several pronouncements prior to the year ended June 30, 2016 that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City:

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, will be effective for the City beginning with its fiscal year ending June 30, 2017. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for the purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

**Note 23. New Governmental Accounting Standards Board Pronouncements
(Continued)**

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be effective for the City beginning with its fiscal year ending June 30, 2017. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements of those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, will be effective for the City beginning with its fiscal year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for the City beginning with its fiscal year ending June 30, 2017. This statement requires the disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

GASB Statement No. 82, *Pension Issues*, will be effective for the City beginning with the fiscal year ending June 30, 2017. This Statement amends certain provisions of GASBS No. 67, 68, and 73 as they relate to the disclosure of pension obligations.

CITY OF WESTMINSTER, MARYLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

Note 24. Prior Period Adjustment

During the year ended June 30, 2016, it was determined that certain capital infrastructure assets were deeded to the City in a prior year and were not recorded as contribution revenue or capital assets. The following is a summary of the effects on the City's beginning Net Position as a result of the correction:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Sewer Fund</u>	<u>Water Fund</u>
Net Position as of June 30, 2015, as Previously Reported	\$ 43,697,972	\$ 60,678,256	\$ 29,813,723	\$ 30,864,533
Correction of an error	<u>1,137,931</u>	<u>177,089</u>	<u>41,274</u>	<u>135,815</u>
Net Position as of June 30, 2015, as Restated	<u>\$ 44,835,903</u>	<u>\$ 60,855,345</u>	<u>\$ 29,854,997</u>	<u>\$ 31,000,348</u>

Note 25. Subsequent Events

Events that occur after the statement of net position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the City through October 26, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Required Supplementary Information



City of Westminster, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget to Actual - General Fund (GAAP Basis)
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Taxes	\$ 12,151,325	\$ 12,151,325	\$ 12,250,655	\$ 99,330
Licenses & Permits	494,080	494,080	525,888	31,808
Intergovernmental	2,791,495	2,950,967	2,400,885	(550,082)
Charges for Services	774,895	794,895	641,696	(153,199)
Fines & Forfeitures	175,000	175,000	222,351	47,351
Interest & Investment Earnings	13,000	13,000	26,550	13,550
Rental Income	5,000	5,000	7,140	2,140
Reappropriation of Fund Balance	834,400	1,271,389	-	(1,271,389)
Miscellaneous	60,000	64,200	455,785	391,585
TOTAL REVENUES	17,299,195	17,919,856	16,530,950	(1,388,906)
EXPENDITURES				
General Government	2,416,420	2,559,281	1,671,521	887,760
Public Safety	6,298,063	6,372,463	5,939,563	432,900
Public Works	3,460,159	3,631,659	3,304,020	327,639
Recreation & Parks	1,139,737	1,182,637	1,010,652	171,985
Community Development & Housing	268,624	268,624	44,065	224,559
Debt Service	540,758	540,758	539,639	1,119
Capital Outlays	2,990,129	2,979,129	1,858,601	1,120,528
TOTAL EXPENDITURES	17,113,890	17,534,551	14,368,061	3,166,490
EXCESS OF REVENUES OVER EXPENDITURES	185,305	385,305	2,162,889	(4,555,396)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	20,000	20,000	43,074	23,074
Transfer In	-	-	34,180	34,180
Transfer Out	(205,305)	(405,305)	(487,250)	81,945
TOTAL OTHER FINANCING SOURCES	(185,305)	(385,305)	(409,996)	139,199
NET CHANGE IN FUND BALANCE	\$ -	\$ -	1,752,893	\$ (4,416,197)
Fund Balance - Beginning of Year			11,887,157	
FUND BALANCES - END OF YEAR			\$ 13,640,050	

City of Westminster, Maryland
Schedule of Expenditures - Budget to Actual - General Fund
(Legal Level of Control)
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
GENERAL GOVERNMENT				
Executive & Legislative	\$ 1,192,569	\$ 1,189,569	\$ 954,450	\$ (235,119)
Finance	245,771	235,771	187,594	(48,177)
Human Resources	109,879	112,559	100,677	(11,882)
Planning, Zoning & Development	656,622	661,122	368,985	(292,137)
Housing & Preservation Services	268,622	268,622	79,813	(188,809)
Facilities	1,143,614	1,445,195	661,102	(784,093)
Technology	529,973	568,073	310,607	(257,466)
TOTAL GENERAL GOVERNMENT	<u>4,147,050</u>	<u>4,480,911</u>	<u>2,663,228</u>	<u>(1,817,683)</u>
PUBLIC SAFETY				
Public Safety	6,437,111	6,505,511	6,079,323	(426,188)
TOTAL PUBLIC SAFETY	<u>6,437,111</u>	<u>6,505,511</u>	<u>6,079,323</u>	<u>(426,188)</u>
PUBLIC WORKS				
Public Works	5,525,865	5,697,365	4,552,560	(1,144,805)
TOTAL PUBLIC WORKS	<u>5,525,865</u>	<u>5,697,365</u>	<u>4,552,560</u>	<u>(1,144,805)</u>
RECREATION & PARKS				
Recreation & Parks	1,157,969	1,200,869	1,028,885	(171,984)
TOTAL RECREATION & PARKS	<u>1,157,969</u>	<u>1,200,869</u>	<u>1,028,885</u>	<u>(171,984)</u>
COMMUNITY DEVELOPMENT & HOUSING				
Community Support	51,200	55,200	44,065	(11,135)
TOTAL COMMUNITY DEVELOPMENT & HOUSING	<u>51,200</u>	<u>55,200</u>	<u>44,065</u>	<u>(11,135)</u>
TOTAL EXPENDITURES	<u>\$ 17,319,195</u>	<u>\$ 17,939,856</u>	<u>\$ 14,368,061</u>	<u>\$ (3,571,795)</u>

City of Westminster, Maryland
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget to Actual - Public Housing Agency Fund (GAAP Basis)
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
REVENUES				
Intergovernmental	\$ 1,978,016	\$ 1,985,191	\$ 1,874,730	\$ (110,461)
Reappropriation of Fund Balance	-	-	-	-
Miscellaneous	10,000	10,000	25,260	15,260
TOTAL REVENUES	<u>1,988,016</u>	<u>1,995,191</u>	<u>1,899,990</u>	<u>(95,201)</u>
EXPENDITURES				
Community Development & Housing	2,063,016	2,070,191	2,006,249	63,942
TOTAL EXPENDITURES	<u>2,063,016</u>	<u>2,070,191</u>	<u>2,006,249</u>	<u>63,942</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(75,000)</u>	<u>(75,000)</u>	<u>(106,259)</u>	<u>(159,143)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Long-Term Debt	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Transfer In	75,000	75,000	75,000	-
TOTAL OTHER FINANCING SOURCES	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(31,259)</u>	<u>\$ (159,143)</u>
Fund Balance - Beginning of Year			167,254	
FUND BALANCES - END OF YEAR			<u>\$ 135,995</u>	

City of Westminster, Maryland
Schedule of Expenditures - Budget to Actual - Public Housing Agency Fund
(Legal Level of Control)
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Salary & Benefits	\$ 212,879	\$ 212,879	\$ 196,972	\$ (15,907)
Administration	30,300	37,475	28,559	(8,916)
Housing Assistance Payments	1,777,287	1,777,287	1,739,276	(38,011)
Facilities	42,550	42,550	41,442	(1,108)
	<u>\$ 2,063,016</u>	<u>\$ 2,070,191</u>	<u>\$ 2,006,249</u>	<u>\$ (63,942)</u>

City of Westminster, Maryland
Other Postemployment Benefits (OPEB) Plan

SCHEDULE OF FUNDING IN PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarially Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b-a)/c]
07/01/2012	\$ -	\$ 4,736,000	\$ 4,736,000	0.00%	\$ 7,794,504	60.76%
07/01/2013	\$ -	\$ 4,922,000	\$ 4,922,000	0.00%	\$ 8,220,230	59.88%
07/01/2014	\$ -	\$ 5,105,000	\$ 5,105,000	0.00%	\$ 8,054,207	63.38%
07/01/2015	\$ -	\$ 4,465,000	\$ 4,465,000	0.00%	\$ 8,371,785	53.33%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Actual Contribution	Percent Contributed	Net OPEB Obligation
2013	\$ 432,000	\$ 137,000	31.7%	\$ 1,362,000
2014	\$ 457,000	\$ 153,000	33.5%	\$ 1,633,000
2015	\$ 441,000	\$ 178,000	40.4%	\$ 1,896,000
2016	\$ 344,000	\$ 186,000	54.1%	\$ 2,054,000

City of Westminster, Maryland
Schedule of Required Pension Related Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability (NPL)

	FY 2016	FY 2015
City's proportionate share (%) of collective net pension liability	0.0468928%	0.0444709%
City's proportionate share (\$) of collective net pension liability	9,745,109	7,892,118
City's covered-employee payroll (\$)	8,371,185	8,054,207
City's proportionate share of collective net pension liability as a percentage of its covered employee payroll	116.41%	97.99%
Pension plan's fiduciary net position as a percentage of the total pension liability	68.78%	71.87%

The above schedule is presented to illustrate the requirement for specified information for the past 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

City of Westminster, Maryland
Schedule of the City's Pension Plan Contributions
Last 10 Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Contractually required contribution	\$ 950,272	\$ 988,374	\$ 1,036,331	\$ 769,674	\$ 934,238	\$ 1,000,560	\$ 856,573	\$ 848,917	Not Available	Not Available
Contributions in relation to the contractually required contribution	<u>950,272</u>	<u>988,374</u>	<u>1,036,331</u>	<u>769,674</u>	<u>934,238</u>	<u>1,000,560</u>	<u>856,573</u>	<u>848,917</u>	<u>Not Available</u>	<u>Not Available</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 8,371,185	\$ 8,054,207	\$ 8,220,230	\$ 7,794,504	\$ 7,776,206	\$ 7,651,516	\$ 7,973,815	\$ 8,319,609	Not Available	Not Available
Contributions as a percentage of covered-employee payroll	11.35%	12.27%	12.61%	9.87%	12.01%	13.08%	10.74%	10.20%	0%	0%

Note: The above schedules are presented to illustrate the requirement for specific information for 10 years; however, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

Statistical Section



This part of the City of Westminster’s Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, not disclosures and required supplementary information say about the City’s overall financial health.

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These tables contain information to help the reader assess the City’s most significant local revenue sources and property tax 109-112

Debt Capacity

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Economic and Demographic Information

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Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the City provides and the activities it performs 118-121

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF WESTMINSTER, MARYLAND

Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 42,526,125	\$ 38,532,024	\$ 35,682,137	\$ 35,100,713	\$ 34,872,097	\$ 32,874,066	\$ 31,552,405	\$ 29,898,287	\$ 30,376,442	\$ 31,335,910
Restricted	1,935,889	1,892,810	3,180,829	3,622,231	3,294,850	2,557,926	766,919	629,040	-	-
Unrestricted	4,521,694	3,273,138	7,814,643	6,640,317	5,926,862	4,621,325	4,516,227	3,380,253	3,324,176	3,810,606
<i>Total Governmental Activities Net Position</i>	<u>48,983,708</u>	<u>43,697,972</u>	<u>46,677,609</u>	<u>45,363,261</u>	<u>44,093,809</u>	<u>40,053,317</u>	<u>36,835,551</u>	<u>33,907,580</u>	<u>33,700,618</u>	<u>35,146,516</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	45,702,387	42,443,649	39,299,413	38,453,577	38,090,979	38,010,808	38,205,420	39,277,817	40,405,560	37,981,781
Restricted	6,092,201	7,118,961	8,588,210	7,573,530	7,323,872	6,842,854	-	-	-	-
Unrestricted	13,635,654	11,115,646	11,383,168	10,953,354	9,597,503	7,485,149	10,394,967	6,647,514	7,607,749	9,607,928
<i>Total Business-Type Activities Net Position</i>	<u>65,430,242</u>	<u>60,678,256</u>	<u>59,270,791</u>	<u>56,980,461</u>	<u>55,012,354</u>	<u>52,338,811</u>	<u>48,600,387</u>	<u>45,925,331</u>	<u>48,013,309</u>	<u>47,589,709</u>
Primary Government										
Invested in Capital Assets, Net of Related Debt	88,228,512	80,975,673	74,981,550	73,554,290	72,963,076	70,884,874	69,757,825	69,176,104	70,782,002	69,317,691
Restricted	8,028,090	9,011,771	11,769,039	11,195,761	10,618,722	9,400,780	766,919	629,040	-	-
Unrestricted	18,157,348	14,388,784	19,197,811	17,593,671	15,524,365	12,106,474	14,911,194	10,027,767	10,931,925	13,418,534
<i>Total Primary Government Net Position</i>	<u>\$ 114,413,950</u>	<u>\$ 104,376,228</u>	<u>\$ 105,948,400</u>	<u>\$ 102,343,722</u>	<u>\$ 99,106,163</u>	<u>\$ 92,392,128</u>	<u>\$ 85,435,938</u>	<u>\$ 79,832,911</u>	<u>\$ 81,713,927</u>	<u>\$ 82,736,225</u>

CITY OF WESTMINSTER, MARYLAND

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses										
Governmental Activities:										
General Government	\$ 2,044,804	\$ 2,279,392	\$ 2,033,740	\$ 1,619,659	\$ 1,658,564	\$ 1,412,939	\$ 1,628,041	\$ 2,207,358	\$ 1,688,588	\$ 3,971,774
Public Safety	6,077,097	5,917,816	5,698,822	5,849,529	5,537,316	5,717,661	5,806,461	5,497,624	6,089,946	4,128,610
Public Works	4,833,127	4,990,363	4,668,285	4,395,239	4,176,521	4,260,313	4,731,240	4,247,543	4,488,712	3,573,243
Recreation & Culture	1,363,735	1,229,001	1,267,334	1,142,296	1,231,756	1,192,491	1,206,961	1,089,680	1,408,613	991,081
Community Development & Housing	2,067,003	2,179,252	2,218,483	2,364,831	2,510,928	2,748,473	3,216,499	2,828,441	2,382,528	2,510,508
Interest on Long-Term Debt	178,666	190,055	196,380	218,755	245,602	268,075	268,649	312,342	294,822	303,414
<i>Total Governmental Activities Expenses</i>	<u>16,564,432</u>	<u>16,785,879</u>	<u>16,083,044</u>	<u>15,590,309</u>	<u>15,360,687</u>	<u>15,599,952</u>	<u>16,857,851</u>	<u>16,182,988</u>	<u>16,353,209</u>	<u>15,478,630</u>
Business-Type Activities:										
Sewer Services	4,839,774	4,944,571	4,877,723	4,762,370	4,990,870	4,805,897	4,793,225	4,739,579	4,002,488	3,949,463
Water Services	4,496,897	4,424,143	4,549,011	4,417,165	4,164,706	4,305,774	4,975,767	3,830,049	3,194,498	3,567,683
Fiber Services	-	-	-	-	-	-	-	-	-	-
<i>Total Business-Type Activities Expenses</i>	<u>9,684,358</u>	<u>9,368,714</u>	<u>9,426,734</u>	<u>9,179,535</u>	<u>9,155,576</u>	<u>9,111,671</u>	<u>9,768,992</u>	<u>8,569,628</u>	<u>7,196,986</u>	<u>7,517,146</u>
<i>Total Primary Government Expenses</i>	<u>\$ 26,248,790</u>	<u>\$ 26,154,593</u>	<u>\$ 25,509,778</u>	<u>\$ 24,769,844</u>	<u>\$ 24,516,263</u>	<u>\$ 24,711,623</u>	<u>\$ 26,626,843</u>	<u>\$ 24,752,616</u>	<u>\$ 23,550,195</u>	<u>\$ 22,995,776</u>
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	\$ 217,309	\$ 562,842	\$ 437,144	\$ 420,820	\$ 340,590	\$ 301,450	\$ 287,715	\$ 355,850	\$ 393,117	\$ 358,611
Public Safety	224,441	212,383	178,832	164,063	242,242	233,785	182,841	51,879	64,158	68,398
Public Works	300,666	217,638	327,696	357,457	335,731	398,448	470,361	314,565	336,192	317,758
Recreation & Culture	401,707	425,545	346,037	459,368	467,659	485,040	454,128	425,494	420,925	445,643
Community Development & Housing	-	-	(53,648)	19,234	57,063	9,774	-	-	-	52,315
Operating Grants and Contributions	3,312,279	2,954,890	2,834,323	2,380,294	2,807,492	2,974,969	3,684,630	4,282,757	4,500,667	4,279,169
Capital Grants and Contributions	4,551,637	1,835,017	543,150	89,434	943,412	720,513	2,779,754	750,581	275,199	378,625
<i>Total Governmental Activities Program Revenues</i>	<u>9,008,039</u>	<u>6,208,315</u>	<u>4,613,534</u>	<u>3,890,670</u>	<u>5,194,189</u>	<u>5,123,979</u>	<u>7,859,429</u>	<u>6,181,126</u>	<u>5,990,258</u>	<u>5,900,519</u>
Business-Type Activities:										
Charges for Services:										
Sewer Services	6,214,017	5,556,135	5,291,975	5,159,685	5,228,490	5,732,485	5,124,759	2,835,273	3,359,434	3,180,789
Water Services	5,264,257	5,274,754	5,527,258	5,460,772	5,527,872	6,208,394	5,296,247	2,552,786	2,830,593	2,675,929
Fiber Services	24,161	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	12,076	12,286	12,286	9,900	-	-	-
Capital Grants and Contributions	419,379	1,615,385	872,369	468,331	983,559	864,719	2,383,176	822,260	705,554	569,563
<i>Total Business-Type Activities Program Revenues</i>	<u>11,921,814</u>	<u>12,446,274</u>	<u>11,691,602</u>	<u>11,100,864</u>	<u>11,752,207</u>	<u>12,817,884</u>	<u>12,814,082</u>	<u>6,210,319</u>	<u>6,895,581</u>	<u>6,426,281</u>
<i>Total Primary Government Program Revenues</i>	<u>\$ 20,929,853</u>	<u>\$ 18,654,589</u>	<u>\$ 16,305,136</u>	<u>\$ 14,991,534</u>	<u>\$ 16,946,396</u>	<u>\$ 17,941,863</u>	<u>\$ 20,673,511</u>	<u>\$ 12,391,445</u>	<u>\$ 12,885,839</u>	<u>\$ 12,326,800</u>

CITY OF WESTMINSTER, MARYLAND

Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net (Expense)/Revenue										
Governmental Activities	\$ (7,556,393)	\$ (10,577,564)	\$ (11,469,510)	\$ (11,699,639)	\$ (10,166,498)	\$ (10,475,973)	\$ (8,998,422)	\$ (10,001,862)	\$ (10,362,951)	\$ (9,578,111)
Business-Type Activities	2,237,456	3,077,560	2,264,868	1,921,329	2,596,631	3,706,213	3,045,090	(2,359,309)	(301,405)	(1,090,865)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>\$ (5,318,937)</u>	<u>\$ (7,500,004)</u>	<u>\$ (9,204,642)</u>	<u>\$ (9,778,310)</u>	<u>\$ (7,569,867)</u>	<u>\$ (6,769,760)</u>	<u>\$ (5,953,332)</u>	<u>\$ (12,361,171)</u>	<u>\$ (10,664,356)</u>	<u>\$ (10,668,976)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real Estate Taxes	\$ 8,830,708	\$ 8,999,043	\$ 9,068,948	\$ 8,950,262	\$ 10,514,072	\$ 10,122,431	\$ 7,394,792	\$ 7,288,909	\$ 7,119,358	\$ 6,275,302
Personal Property Taxes	904,381	775,478	686,858	809,810	740,724	747,784	795,572	760,949	222,172	448,703
Income Taxes	2,104,369	2,341,971	1,839,712	1,825,099	1,637,528	1,512,397	1,607,727	1,709,733	1,799,717	1,631,652
Admission & Amusement Taxes	199,345	218,568	251,232	210,009	242,019	239,106	256,508	256,963	288,383	280,786
Grants & Contributions not Restricted to Specific Programs	990,360	1,008,574	1,002,817	894,540	892,529	905,603	850,901	-	-	-
Franchise Fees	255,188	-	-	-	-	-	-	-	-	-
Interest & Investment Earnings	26,550	15,876	11,478	19,900	34,368	45,548	68,725	46,137	178,368	312,394
Miscellaneous	449,220	187,336	30,563	259,471	145,750	120,233	198,296	161,435	119,907	31,634
Transfers	(2,055,923)	-	-	-	-	637	14,262	(15,302)	-	-
<i>Total Government Activities:</i>	<u>11,704,198</u>	<u>13,546,846</u>	<u>12,891,608</u>	<u>12,969,091</u>	<u>14,206,990</u>	<u>13,693,739</u>	<u>11,186,783</u>	<u>10,208,824</u>	<u>9,727,905</u>	<u>8,980,471</u>
Business-Type Activities										
Grants & Contributions not Restricted to Specific Programs	-	-	-	-	-	-	-	-	-	-
Interest & Investment Earnings	53,066	31,694	14,547	17,379	16,730	20,101	17,948	111,826	311,153	450,757
Miscellaneous	228,452	14,059	17,565	29,399	60,182	12,747	14,188	144,203	283,407	210,350
Transfers	2,055,923	-	-	-	-	(637)	(14,262)	15,302	-	-
<i>Total Business-Type Activities</i>	<u>2,337,441</u>	<u>45,753</u>	<u>32,112</u>	<u>46,778</u>	<u>76,912</u>	<u>32,211</u>	<u>17,874</u>	<u>271,331</u>	<u>594,560</u>	<u>661,107</u>
<i>Total Primary Government</i>	<u>\$ 14,041,639</u>	<u>\$ 13,592,599</u>	<u>\$ 12,923,720</u>	<u>\$ 13,015,869</u>	<u>\$ 14,283,902</u>	<u>\$ 13,725,950</u>	<u>\$ 11,204,657</u>	<u>\$ 10,480,155</u>	<u>\$ 10,322,465</u>	<u>\$ 9,641,578</u>
Governmental Activities	\$ 4,147,805	\$ 2,969,282	\$ 1,422,098	\$ 1,269,452	\$ 4,040,492	\$ 3,217,766	\$ 2,188,361	\$ 206,962	\$ (635,046)	\$ (597,640)
Business-Type Activities	4,574,897	3,123,313	2,296,980	1,968,107	2,673,543	3,738,424	3,062,964	(2,087,978)	293,155	(429,758)
<i>Total Primary Government Change in Net Position</i>	<u>\$ 8,722,702</u>	<u>\$ 6,092,595</u>	<u>\$ 3,719,078</u>	<u>\$ 3,237,559</u>	<u>\$ 6,714,035</u>	<u>\$ 6,956,190</u>	<u>\$ 5,251,325</u>	<u>\$ (1,881,016)</u>	<u>\$ (341,891)</u>	<u>\$ (1,027,398)</u>

CITY OF WESTMINSTER, MARYLAND

Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund (1)										
Nonspendable	\$ 347,766	\$ 232,706	\$ 365,159	\$ 311,064	\$ 880,810	\$ 1,354,585	\$ -	\$ -	\$ -	\$ -
Restricted	1,897,019	1,806,276	3,378,400	3,280,469	2,739,346	1,757,595	-	-	-	-
Committed	24,122	23,392	10,960	209,468	-	-	-	-	-	-
Assigned	480,463	487,947	9,102	4,786	-	-	-	-	-	-
Unassigned	10,890,680	9,336,836	8,172,376	7,138,834	5,810,439	3,811,651	-	-	-	-
<i>Total General Fund</i>	<u>13,640,050</u>	<u>11,887,157</u>	<u>11,935,997</u>	<u>10,944,621</u>	<u>9,430,595</u>	<u>6,923,831</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Housing Agency Fund (1)										
Nonspendable	4,720	7,273	7,263	5,463	4,002	1,999	-	-	-	-
Restricted	131,275	159,981	137,496	396,967	555,504	800,511	-	-	-	-
<i>Total Public Housing Agency Fund</i>	<u>135,995</u>	<u>167,254</u>	<u>144,759</u>	<u>402,430</u>	<u>559,506</u>	<u>802,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Governmental Funds</i>	<u>\$ 13,776,045</u>	<u>\$ 12,054,411</u>	<u>\$ 12,080,756</u>	<u>\$ 11,347,051</u>	<u>\$ 9,990,101</u>	<u>\$ 7,726,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,869,781	\$ 2,394,416	\$ 964,857	\$ 1,488,075
Unreserved - Designated	-	-	-	-	-	-	-	-	470,900	701,500
Unreserved - Undesignated	-	-	-	-	-	-	2,979,759	1,582,609	1,778,205	1,563,302
<i>Total General Fund</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,849,540</u>	<u>3,977,025</u>	<u>3,213,962</u>	<u>3,752,877</u>
Public Housing Agency Fund (1)										
Reserved	-	-	-	-	-	-	647,791	464,031	304,604	-
Unreserved - Undesignated	-	-	-	-	-	-	-	-	-	226,906
<i>Total Public Housing Agency Fund</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>647,791</u>	<u>464,031</u>	<u>304,604</u>	<u>226,906</u>
<i>Total Governmental Funds</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,497,331</u>	<u>\$ 4,441,056</u>	<u>\$ 3,518,566</u>	<u>\$ 3,979,783</u>

(1) In FY2011 GASB 54 was implemented

CITY OF WESTMINSTER, MARYLAND

Changes in Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
REVENUES										
Taxes	\$ 12,250,655	\$ 11,943,094	\$ 11,664,491	\$ 11,823,982	\$ 13,125,890	\$ 12,642,294	\$ 10,029,452	\$ 10,015,967	\$ 9,435,440	\$ 8,636,443
Licenses & Permits	525,888	534,138	522,592	495,625	420,219	388,630	389,606	406,679	327,439	401,770
Intergovernmental	2,400,885	2,497,041	4,166,642	3,330,891	3,616,472	3,901,765	4,865,238	4,471,659	4,537,276	4,657,794
Charges for Services	641,696	672,497	579,615	732,550	714,006	791,175	806,175	667,649	811,186	701,849
Fines & Forfeitures	222,351	201,140	188,520	177,913	238,279	248,194	145,772	54,512	70,711	76,241
Interest & Investment Earnings	26,550	15,876	11,478	13,732	16,317	16,494	7,407	-	-	-
Rental Income	7,140	5,040	5,040	5,080	5,200	5,200	7,458	-	-	-
Miscellaneous	455,785	192,736	52,349	286,303	239,771	278,581	401,971	357,865	339,631	406,893
Total Revenues	16,530,950	16,061,562	17,190,727	16,866,076	18,376,154	18,272,333	16,653,079	15,974,331	15,521,683	14,880,990
EXPENDITURES										
Current:										
General Government	1,671,521	2,040,405	1,712,632	1,434,760	1,158,287	1,052,084	1,022,441	1,503,792	1,294,872	1,337,925
Public Safety	5,939,563	5,801,868	5,616,944	5,565,297	4,481,602	4,001,834	4,079,186	3,608,065	4,053,104	3,887,434
Public Works	3,304,020	3,233,687	3,151,535	2,895,110	2,501,924	2,627,455	2,867,680	2,671,505	2,663,760	2,368,394
Recreation & Parks	1,010,652	928,343	858,453	900,955	813,059	762,342	705,660	758,707	878,073	760,517
Community Development & Housing	44,065	90,562	2,199,736	2,346,084	2,449,092	2,533,393	3,034,163	2,675,576	2,359,987	2,521,452
Debt Service:										
Principal	358,804	348,519	337,060	312,932	299,147	303,931	398,447	3,873,439	352,271	297,952
Interest	180,835	192,090	194,812	226,290	248,967	268,318	271,305	316,775	297,671	307,239
Capital Outlays	1,858,601	3,427,616	2,479,394	1,894,285	2,649,869	2,189,325	946,341	583,298	1,285,374	2,919,861
Miscellaneous	-	-	-	-	1,595,185	2,316,762	2,380,380	2,580,556	2,978,119	2,510,520
Total expenditures	14,368,061	16,063,090	16,550,566	15,575,713	16,197,132	16,055,444	15,705,603	18,571,713	16,163,231	16,911,294
Excess (deficiency) of revenues over (under) expenditures	2,162,889	(1,528)	640,161	1,290,363	2,179,022	2,216,889	947,476	(2,597,382)	(641,548)	(2,030,304)
OTHER FINANCES SOURCES (USES)										
Proceeds from Issuance of Long-Term Debt	-	-	63,367	60,045	52,462	3,420	35,090	3,535,174	180,331	-
Proceeds from Sale of Capital Assets	43,074	27,684	30,177	6,542	32,270	8,070	(64,819)	-	-	-
Transfer in	34,180	-	69,000	-	-	637	14,262	-	-	-
Transfer out	(487,250)	(75,000)	(69,000)	-	-	-	-	(15,302)	-	-
Total other financing sources (uses)	(409,996)	(47,316)	93,544	66,587	84,732	12,127	(15,467)	3,519,872	180,331	-
Net change in fund balances	\$ 1,752,893	\$ (48,844)	\$ 733,705	\$ 1,356,950	\$ 2,263,754	\$ 2,229,016	\$ 932,009	\$ 922,490	\$ (461,217)	\$ (2,030,304)
Debt Service as a percentage of Noncapital Expenditures	4.3%	4.3%	3.8%	3.9%	4.0%	4.1%	4.5%	23.3%	4.4%	4.3%

CITY OF WESTMINSTER, MARYLAND
Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property			Personal Property						Grand Total	
	Assessed Value	Estimated Market Value	Direct Tax Rate	Assessed Value							
				Unincorporated	Incorporated	Public Utilities	Total	Estimated Market Value	Direct Tax Rate (1) (2)		Estimated Market Value
2007	\$ 1,423,781,591	\$ 1,423,781,591	0.44	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1.00	N/A
2008	1,636,886,364	1,636,886,364	0.44	N/A	N/A	N/A	N/A	N/A	N/A	1.10	N/A
2009	1,823,604,773	1,823,604,773	0.44	N/A	N/A	N/A	N/A	N/A	N/A	1.10	N/A
2010	1,786,435,227	1,786,435,227	0.44	\$ 1,586,010	\$ 59,206,860	\$ 10,960,470	\$ 71,753,340	\$ 71,753,340	\$ 71,753,340	1.10	\$ 1,858,188,567
2011	1,808,379,828	1,808,379,828	0.58	1,343,360	53,628,550	18,436,060	73,407,970	73,407,970	73,407,970	1.10	1,881,787,798
2012	1,847,051,897	1,847,051,897	0.58	1,440,980	51,284,240	18,427,480	71,152,700	71,152,700	71,152,700	1.10	1,918,204,597
2013	1,582,410,351	1,582,410,351	0.57	1,359,880	48,975,930	17,735,870	68,071,680	68,071,680	68,071,680	1.10	1,650,482,031
2014	1,603,654,464	1,603,654,464	0.56	1,065,140	44,477,390	17,750,040	63,292,570	63,292,570	63,292,570	1.10	1,666,947,034
2015	1,611,762,321	1,611,762,321	0.56	1,136,650	44,236,430	17,402,280	62,775,360	62,775,360	62,775,360	1.10/1.40	1,674,537,681
2016	1,614,145,000	1,614,145,000	0.56	1,816,470	51,723,690	17,035,740	70,575,900	70,575,900	70,575,900	1.10/1.40	1,684,720,900

Real property is reassessed every three years. Real property is assessed at market value.

Total personal property assessed value is equal to the estimated market value.

Personal Property Assessment information unavailable FY2007 through FY2009

(1) FY2015 Unincorporated and Incorporated Rate - \$1.10 per \$100 Assessed Value; Public Utilities Rate - \$1.40 per \$100 Assessed Value

(2) FY2016 Unincorporated and Incorporated Rate - \$1.10 per \$100 Assessed Value; Public Utilities Rate - \$1.40 per \$100 Assessed Value

CITY OF WESTMINSTER, MARYLAND
Real Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct & Overlapping</u>
	<u>Assessed Value</u>	<u>State of Maryland</u>	<u>Carroll County</u>	
2007	0.440	0.112	1.048	1.600
2008	0.440	0.112	1.048	1.600
2009	0.440	0.112	1.048	1.600
2010	0.440	0.112	1.048	1.600
2011	0.580	0.112	1.048	1.740
2012	0.580	0.112	1.028	1.720
2013	0.570	0.112	1.018	1.700
2014	0.560	0.112	1.018	1.690
2015	0.560	0.112	1.018	1.690
2016	0.560	0.112	1.018	1.690

Sources: Carroll County Department of the Comptroller
Maryland State Department of Assessments and Taxation

CITY OF WESTMINSTER, MARYLAND

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collection within Fiscal Year of Levy		Collected in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
		Amount	Percent of Levy		Amount	Percent of Levy		
2007	\$ 6,264,639	\$ 6,201,705	99.00%	\$ 62,934	\$ 6,264,639	100.00%	\$ -	0.00%
2008	7,202,300	7,147,659	99.24%	54,641	7,202,300	100.00%	-	0.00%
2009	8,023,861	7,918,044	98.68%	105,817	8,023,861	100.00%	-	0.00%
2010	7,860,315	7,773,223	98.89%	87,092	7,860,315	100.00%	-	0.00%
2011	10,488,603	10,399,114	99.15%	89,489	10,488,603	100.00%	-	0.00%
2012	10,712,901	10,627,229	99.20%	85,672	10,712,901	100.00%	-	0.00%
2013	9,019,739	8,944,308	99.16%	75,431	9,019,739	100.00%	-	0.00%
2014	8,980,465	8,871,695	98.79%	108,305	8,980,000	99.99%	465	0.01%
2015	9,025,869	8,912,979	98.75%	111,385	9,024,364	99.98%	1,505	0.02%
2016	9,039,212	8,979,644	99.34%	-	8,979,644	99.34%	59,568	0.66%

Source: Carroll County Department of the Comptroller

Table 9

CITY OF WESTMINSTER, MARYLAND

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	% of Personal Income (3)	% of Market Property Value (2)	Per Capita (3)
	General Obligation Bonds	General Obligation Debt	General Obligation Bonds	General Obligation Debt (1)				
2007	\$ 6,931,527	\$ -	\$ 1,532,969	\$ -	\$ 8,464,496	N/A	N/A	\$ 469
2008	6,449,600	309,987	8,768,447	-	15,528,034	N/A	N/A	858
2009	6,212,400	208,922	14,229,896	-	20,651,218	N/A	1.10%	1,159
2010	5,968,600	89,365	14,459,022	83,128	20,600,115	3.10%	1.07%	1,103
2011	5,714,500	42,955	13,536,472	61,650	19,355,577	2.83%	1.17%	1,034
2012	5,446,700	64,070	12,736,266	128,138	18,375,174	2.63%	1.10%	980
2013	5,150,400	107,484	11,924,308	214,966	17,397,158	2.42%	1.04%	923
2014	4,844,900	139,289	11,100,389	151,846	16,236,424	N/A	N/A	860
2015	4,532,200	103,470	10,264,294	108,932	15,008,896	N/A	N/A	792
2016	4,212,000	64,866	10,324,658	62,338	14,663,862	1.87%	0.87%	773

Notes:

Some demographic information unavailable

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

(1) Bond premiums/discounts and other unamortized charges are included

(2) See Table 5 Assessed Valuation and Estimated Actual Value of Taxable Property, for Estimated Market Values of Taxable Property

(3) See Table 12, Demographic Statistics, for personal income and population data

Table 10

CITY OF WESTMINSTER, MARYLAND

Ratios of Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds & Debt Outstanding	Percent of Actual Property Value (1)	Percent of Personal Income (2)	Per Capita (2)
2007	\$ 8,464,496	N/A	N/A	\$ 469
2008	15,218,047	N/A	N/A	841
2009	20,442,296	1.09%	N/A	1,147
2010	20,427,622	1.09%	2.99%	1,094
2011	19,250,972	1.00%	2.75%	1,028
2012	18,182,966	1.10%	2.53%	970
2013	17,074,708	1.02%	2.32%	906
2014	15,945,289	N/A	N/A	845
2015	14,796,494	N/A	N/A	781
2016	14,536,658	N/A	N/A	767

Notes: N/A not available.

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

(1) See Table 5, Assessed Valuation and Estimated Market Value of Taxable Property, for Estimated Market Values of Taxable Property.

(2) See Table 12, Demographic Statistics, for personal income and population data

CITY OF WESTMINSTER, MARYLAND

Computation of Legal Debt Margin June 30, 2016

Net Assessed Value - Real Property	\$ 1,614,145,000	
Debt Limit - 6% of Net Assessed Value (1)		\$ 96,848,700
Assessed Value - Personal Property	<u>70,575,900</u>	
Debt Limit - 15% of Net Assessed Value (1)		<u>10,586,385</u>
Total Debt Limit (6%/15%)		107,435,085
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	14,536,658	
Less - Wastewater Bonds	-	
Less - Water Bonds	9,415,806	
Less - Fiber Bonds	908,852	
Total Amount of Debt Applicable to Debt Limit		<u>4,212,000</u>
Legal Debt Margin		<u>\$ 103,223,085</u>

Schedule of Legal Debt Margin 2007-2016

Fiscal Year	Assessed Value	Legal Debt Limitation	Legal Borrowing Limitation	Debt Subject to Limitation	Legal Debt Margin	Ratio of Debt Subject to Limitation To Legal Borrowing Limitation
2007	N/A	6.0%/15%	N/A	N/A	N/A	N/A
2008	N/A	6.0%/15%	N/A	N/A	N/A	N/A
2009	N/A	6.0%/15%	N/A	N/A	N/A	N/A
2010	\$ 1,858,188,567	6.0%/15%	\$ 117,949,115	\$ 5,968,600	\$ 111,980,515	5.06%
2011	1,881,787,798	6.0%/15%	119,513,986	5,714,500	113,799,486	4.78%
2012	1,918,201,477	6.0%/15%	121,495,551	5,446,700	116,048,851	4.48%
2013	1,649,342,471	6.0%/15%	104,984,439	5,125,110	99,859,329	4.88%
2014	1,665,657,734	6.0%/15%	105,519,759	4,944,900	100,574,859	4.69%
2015	1,616,136,071	6.0%/15%	106,357,243	4,532,200	101,825,043	4.26%
2016	1,614,145,000	6.0%/15%	107,435,085	4,212,000	103,223,085	3.92%

N/A: Information is not available for the years indicated

CITY OF WESTMINSTER, MARYLAND

Computation of Direct and Overlapping Debt

June 30, 2016

Overlapping Debt (1)	Percentage Applicable (1)	Share of Overlapping Debt	Direct Debt (2)	Total Direct and Overlapping Debt
\$ 336,143,994	8.94%	\$ 30,051,273	\$ 14,536,658	\$ 44,587,931

Note: (1) Overlapping Debt and Percentage Applicable provided by Carroll County Department of the Comptroller
 (2) See Note 9

Source: Carroll County Department of the Comptroller
 City of Westminster Department of Finance and Administrative Services

CITY OF WESTMINSTER, MARYLAND

Demographic Statistics Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (\$ in 000's) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2007	18,036	599,336	33,230	3.20%
2008	18,089	618,517	34,193	2.90%
2009	17,817	621,332	34,873	3.70%
2010	18,674	664,328	35,575	6.40%
2011	18,721	683,504	36,510	6.80%
2012	18,753	699,356	37,293	6.10%
2013	18,839	719,217	38,177	5.90%
2014	18,879	734,790	38,921	5.50%
2015	18,953	753,495	39,756	4.80%
2016	18,960	783,219	41,309	4.30%

Sources: (1) FY2010 reflect the 2010 Census date. All other fiscal years are estimates

(2) United States Department of Labor, Bureau of Labor Statistics. Data for Carroll County, Maryland

CITY OF WESTMINSTER, MARYLAND

Major Employers Current Fiscal Year and Nine Years Ago

2016

Firm	Product/Service	Total Employment	Percentage of Total City Employment
Carroll County Public Schools	Education (K-12)	3,403 (1)	39.43%
Carroll County Commissioners	Local Government	914	10.59%
McDaniel College	Higher Education (Private)	800	9.27%
Carroll Lutheran Village	Retirement	425	4.92%
Arc of Carroll County	Non-Profit / Health Care	325	3.77%
Knorr Brake	Railroad Brake Manufacture	263	3.05%
Tevis Energy	Oil & Related Products	259	3.00%
Lowes	Home Improvement Products	180	2.09%
Target	Consumer Goods	175	2.03%
City of Westminster	Local Government	163	1.89%
	Total	<u>6,907</u>	<u>80.04%</u>
	Annual Average Employment in Westminster	<u>8,631</u>	

2007

Firm	Product/Service	Total Employment (2)	Percentage of Total City Employment
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
	Total	<u>N/A</u>	<u>N/A</u>
	Annual Average Employment in Westminster	<u>N/A</u>	

Notes:

(1) Carroll County Public Schools as of August 2016

(2) Information unavailable

Sources:

Carroll County Department of Economic Development
Maryland Department of Commerce

CITY OF WESTMINSTER, MARYLAND
Full-Time City Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Government										
Mayor	1	1	1	1	1	1	1	1	1	1
Common Council	5	5	5	5	5	5	5	5	5	5
City Administration	3	3	3	3	3	3	3	3	3	3
Finance	6	6	7	6	6	7	7	8	9	9
Human Resources	3	3	3	3	3	3	4	3	3	3
Technology Services	4	4	4	3	2	2	2	1	-	-
Community Planning & Development	5	5	5	5	5	5	6	6	9	9
Public Safety										
Police - Sworn	40	44	44	43	45	45	45	47	45	45
Police - Civilian	14	14	14	14	14	14	14	14	14	14
Public Works										
Administration	3	3	3	3	3	1	1	1	1	1
Engineering	3	3	3	3	3	3	3	3	3	3
Streets & Sanitation	19	19	19	19	20	20	23	23	23	22
Recreation and Parks	10	10	10	9	9	8	9	15	15	15
Housing & Preservation Services	5	5	5	4	4	4	5	4	5	2
Utilities										
Utilities Maintenance	12	13	13	13	14	14	14	14	11	12
Water	11	10	10	10	10	10	10	9	9	9
Wastewater	12	13	13	13	13	13	13	13	13	13
<i>Total Full-Time Employees</i>	156	161	162	157	160	158	165	170	169	166
Part-Time Employees	2	2	2	4	-	5	6	-	-	-
Total Employees	158	163	164	161	160	163	171	170	169	166

Source: City of Westminster Department of Finance and Administrative Services

CITY OF WESTMINSTER, MARYLAND

Operating Indicators by Function/Program Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Information										
Population	18,960	18,953	18,879	18,839	18,753	18,721	18,674	17,817	18,089	18,036
General Government										
Building Permits Issued for Residential	180	133	N/A	76	138	215	204	182	205	248
Estimated Value (\$ in thousands) Residential	5,000	N/A	N/A	4,591	10,552	15,406	18,126	12,829	52,079	6,401
Building Permits Issued for Other Purposes	45	N/A								
Estimated Value (\$ in thousands) Other	3,000	N/A								
Police Protection										
Police Officers	40	44	44	43	45	45	45	47	45	45
Citations/Warnings	3,127	3,398	3,993	2,280	3,069	3,389	4,076	4,077	3,282	4,734
Calls for Service	10,979	10,897	11,725	12,130	11,957	12,073	11,785	14,877	15,987	16,756
Water										
Daily Average Usage (mgd)	3	N/A								
Plants Daily Capacity (mgd)	3	N/A								
Wastewater										
Daily Average Usage (mgd)	5	5	5	5	5	5	5	5	5	N/A
Plants Daily Capacity (mgd)	5	5	5	5	5	5	5	5	5	N/A
Solid Waste										
Tons In	4,044	3,980	3,961	3,602	4,082	2,100	N/A	4,267	N/A	N/A
Tons Recycled	1,029	1,058	962	768	999	490	N/A	1,207	N/A	N/A

N/A: Information is not available for the years indicated

Source: City of Westminster Planning, Police, Water Treatment, Public Works, and Wastewater Treatment Departments

CITY OF WESTMINSTER, MARYLAND

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Information										
Area in Square Miles	6.5501	6.5501	6.3892	6.3892	N/A	6.3892	N/A	6.3892	6.3892	6.3892
Miles of Roads - Paved	71.768	71.768	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Miles of Roads - Unpaved	1.00	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water										
Water Mains (miles)	161	161	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Treatment Facility	4	4	4	4	4	4	4	4	4	4
Water Tanks	4	4	4	4	4	4	4	4	4	4
Booster Stations	2	2	2	2	2	2	2	2	2	2
Wells	12	12	12	12	12	12	12	12	12	12
Number of Customer Accounts	9,602	9,790	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater										
Sewer Mains (miles)	160	160	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Treatment Facility	1	1	1	1	1	1	1	1	1	1
Pumping Stations	11	11	11	11	11	11	11	11	11	11
Number of Customer Accounts	9,258	9,244	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Recreation and Culture										
Parks	14	14	14	14	14	14	14	14	14	14
Acreage	117	117	117	117	117	117	117	117	117	117

N/A: Information is not available for the years indicated

Source: City of Westminster Planning, Water Treatment, Wastewater Treatment, Utilities, and Recreation & Parks Departments

Other Supplementary Information



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

To the Mayor and Common Council
City of Westminster, Maryland

We have audited, in accordance with the 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, and each major fund of the City of Westminster, Maryland, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Westminster, Maryland's basic financial statements, and have issued our report thereon dated October 26, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Westminster, Maryland's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Westminster, Maryland's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Westminster, Maryland'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 entity'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 or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding No. 2016-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Westminster, Maryland's financial statements are free from 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*.

Purpose of this Report

The purpose of this report 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland
October 26, 2016

Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance

To the Mayor and Common Council
City of Westminster, Maryland

Report on Compliance for Each Major Federal Program

We have audited the City of Westminster, Maryland's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City of Westminster, Maryland's major federal programs for the year ended June 30, 2016. City of Westminster, Maryland'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

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Westminster, Maryland'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 of Westminster, Maryland'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. However, our audit does not provide a legal determination of the City of Westminster, Maryland's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Westminster, Maryland, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City of Westminster, Maryland, 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 of Westminster, Maryland's internal control over compliance with the types of 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 of Westminster, Maryland'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 or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Baltimore, Maryland
October 26, 2016

CITY OF WESTMINSTER, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Pass-Through Maryland Department of Natural Resources			
Forest Health Protection	10.680	Emeral Ash Borer Treatment Program	\$ 4,164
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>4,164</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass-Through Department of Housing and Community Development			
Community Development Block Grants	14.228	MD-10-CD-26	3,236
Direct Funding			
Section 8 Housing Choice Vouchers	14.871	N/A	<u>1,874,730</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>1,877,966</u>
U.S. DEPARTMENT OF JUSTICE			
Pass-Through Governor's Office of Crime Control and Prevention			
Violence Against Women Formula Grants	16.588	VAWA-2013-1154 VAWA-2014-1154	21,044
Pass-Through Carroll County Health Department			
Direct Funding			
Edward Byrne Memorial JAG Program	16.738	2011-DJ-BX-1429 2010-DJ-BX-0353	
Bulletproof Vest Partnership/Body Armor Safety Initiative	16.607	N/A	<u>5,267</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>26,311</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-Through Maryland Highway Safety Office (MHSO)			
National Highway Traffic Safety Administration (NHTSA)			
NHTSA 402 - State and Community Highway Safety	20.600	LE 16-029	1,866
Transfer Funds - AL Repeat Offenders	20.608	LE 16-029	<u>5,477</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>7,343</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass-Through Maryland Emergency Management Agency (MEMA)			
Homeland Security Grant Program (HSGP)	97.067		
Disater Grants - Public Assistance	97.036	FEMA-4261-DR-MD	<u>82,145</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,997,929</u>

City of Westminster, Maryland

**Notes to Schedule of Expenditures of Federal Awards
June 30, 2016**

Note 1. Basis of Presentation

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of the City of Westminster, Maryland (the City) under programs of the Federal Government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, It is not intended to and does not present the financial position, changes in net position or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accruals basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Grant revenues are recorded for financial reporting purpose when expenditures are made in accordance with requirements of respective grants.

Note 3. Indirect Cost Rate

The City has elected not to use the 10-percent de minimis indirectly cost rate allowed under the Uniform Guidance.

City of Westminster, Maryland

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

Section I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>	
Any auditor findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	<u> </u> Yes	<u> X </u> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>	<u>Fiscal Year 6/30/2016 Expenditures</u>
Section 8 Housing Choice Vouchers	14.871	\$ 1,874,730

Dollar threshold used to distinguish between Type A and B programs:	<u> \$ </u> 750,000
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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City of Westminster, Maryland

**Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2016**

Section II. Financial Statement Findings

Finding No. 2016-001

Statement of Condition:

The City did not record capital infrastructure assets in the year in which they were deeded to the City.

Criteria:

Management should record capital assets in the period in which they are deeded to the City.

Cause:

Management's controls over reporting deeded assets did not discover the assets in the proper period.

Effect or Potential Effect:

The balance of the City's capital assets and net position were understated.

Recommendation:

Management should establish procedures to ensure that all deeded assets are recognized in the year in which they are deeded.

Management's Response to Finding:

See Corrective Action Plan.

Section III. Findings and Questioned Costs for Federal Awards

No matters were reported.

CITY OF WESTMINSTER
56 West Main Street
Westminster, Maryland 21157
(410) 848-9000
www.westminstermd.gov



Mayor & Common Council
Kevin R. Utz, Mayor
Robert P. Wack, President
Suzanne Albert
Mona Becker
Tony Chiavacci
Gregory L. Pecoraro

Corrective Action Plan For the Year Ended June 30, 2016

The City of Westminster, Maryland, respectfully submits the following corrective action plan for the year ended June 30, 2016.

Name of independent public accounting firm:

CohnReznick
500 East Pratt Street
Baltimore, MD 21502-3177

The findings from the June 30, 2016 Schedule of Findings and Questioned Costs are discussed below. These findings are numbered consistently with the numbers assigned in the schedule. Section A of the schedule, Summary of Audit Results, does not include findings and is not addressed.

Finding No. 2016-001

Condition: The City did not record capital infrastructure assets in the year in which they were deeded to the City.

Corrective Actions: Infrastructure deeded to the City in fiscal year 2012 was not properly recorded. The infrastructure was added in fiscal year 2016. The corrective action was already taken by implementing new procedures in fiscal year 2013. The new procedure requires Finance and Administrative Services review Council Meeting agenda and minutes to ensure all deeded assets are recorded and follow-ups with the Planning department if necessary.

Questions regarding the financial statement findings and questioned costs for federal awards should be addressed to Tammy Palmer at (410) 848-3274.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Palmer", is written over a light blue circular stamp.

Tammy Palmer
Director of Finance

City of Westminster Maryland

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2016**

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs.

City of Westminster Housing Office (MD027)
Westminster, MD
Program Balance Sheet Summary

Submission Type: Audited/Uniform Guidance

Fiscal Year-End:

6/30/2016

	14.871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	\$ -	\$ -
112 Cash - Restricted - Modernization and Development	\$ -	\$ -
113 Cash - Other Restricted	\$ 133,986	\$ 133,986
114 Cash - Tenant Security Deposits	\$ -	\$ -
115 Cash - Restricted for Payment of Current Liabilities	\$ 35,714	\$ 35,714
100 Total Cash	\$ 169,700	\$ 169,700
121 Accounts Receivable - PHA Projects	\$ -	\$ -
122 Accounts Receivable - HUD Other Projects	\$ -	\$ -
124 Accounts Receivable - Other Government	\$ -	\$ -
125 Accounts Receivable -Miscellaneous	\$ -	\$ -
126 Accounts Receivable - Tenants	\$ -	\$ -
126.1 Allowance for Doubtful Accounts - Tenants	\$ -	\$ -
126.2 Allowance for Doubtful Accounts - Other	\$ -	\$ -
127 Notes, Loans, & Mortgages Receivable - Current	\$ -	\$ -
128 Fraud Recovery	\$ 188,478	\$ 188,478
128.1 Allowance for Doubtful Accounts - Fraud	\$ (160,206)	\$ (160,206)
129 Accrued Interest Receivables	\$ -	\$ -
120 Total Receivables, Net of Allowance for Doubtful Accounts	\$ 28,272	\$ 28,272
131 Investments - Unrestricted	\$ -	\$ -
132 Investments - Restricted	\$ -	\$ -
135 Investments - Restricted for Payment of Current Liability	\$ -	\$ -
142 Prepaid Expenses and Other Assets	\$ 4,720	\$ 4,720
143 Inventories	\$ -	\$ -
143.1 Allowance for Obsolete Inventories	\$ -	\$ -
144 Inter Program Due From	\$ -	\$ -
145 Assets Held for Sale	\$ -	\$ -
150 Total Current Assets	\$ 202,692	\$ 202,692
161 Land	\$ -	\$ -
162 Buildings	\$ -	\$ -
163 Furniture, Equipment & Machinery - Dwellings	\$ -	\$ -
164 Furniture, Equipment & Machinery - Administration	\$ -	\$ -

City of Westminster Housing Office (MD027)
Westminster, MD
Program Balance Sheet Summary

Submission Type: Audited/Uniform Guidance

Fiscal Year-End:

6/30/2016

	14.871 Housing Choice Vouchers	Total
165 Leasehold Improvements	\$ -	\$ -
166 Accumulated Depreciation	\$ -	\$ -
167 Construction in Progress	\$ -	\$ -
168 Infrastructure	\$ -	\$ -
160 Total Capital Assets, Net of Accumulated Depreciation	\$ -	\$ -
171 Notes, Loans and Mortgages Receivable - Non-Current	\$ -	\$ -
172 Notes, Loans and Mortgages Receivable - Non-Current - Past	\$ -	\$ -
173 Grant Receivable - Non Current	\$ -	\$ -
174 Other Assets	\$ -	\$ -
176 Investments in Joint Ventures	\$ -	\$ -
180 Total Non-Current Assets	\$ -	\$ -
190 Total Assets	\$ 202,692	\$ 202,692
200 Deferred Outflow of Resources		
290 Total Assets and Deferred Outflow of Resources	\$ 202,692	\$ 202,692
311 Bank Overdraft	\$ -	\$ -
312 Accounts Payable <= 90 Days	\$ 455	\$ 455
313 Accounts > 90 Days Past Due	\$ -	\$ -
321 Accrued Wage/Payroll Taxes Payable	\$ 2,238	\$ 2,238
322 Accrued Compensated Absences - Current Portion	\$ -	\$ -
324 Accrued Contingency Liability	\$ -	\$ -
325 Accrued Interest Payable	\$ -	\$ -
331 Accounts Payable - HUD PHA Programs	\$ -	\$ -
332 Accounts Payable - Other Government	\$ -	\$ -
341 Tenant Security Deposits	\$ -	\$ -
342 Unearned Revenue	\$ -	\$ -
343 Current Portion of Long-term Debt - Capital Projects/Mortgage	\$ -	\$ -
344 Current Portion of Long-term Debt - Operating Borrowings	\$ -	\$ -
345 Other Current Liabilities	\$ 35,714	\$ 35,714
346 Accrued Liabilities - Other	\$ 18	\$ 18
347 Inter Program - Due To	\$ -	\$ -
348 Loan Liability - Current	\$ -	\$ -
310 Total Current Liabilities	\$ 38,425	\$ 38,425

City of Westminster Housing Office (MD027)
Westminster, MD
Program Balance Sheet Summary

Submission Type: Audited/Uniform Guidance

Fiscal Year-End:

6/30/2016

	14.871 Housing Choice Vouchers	Total
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$ -	\$ -
352 Long-term Debt, Net of Current - Operating Borrowings	\$ -	\$ -
353 Non-current Liabilities - Other	\$ -	\$ -
354 Accrued Compensated Absences - Non Current	\$ -	\$ -
355 Loan Liability - Non Current	\$ -	\$ -
356 FASB 5 Liability	\$ -	\$ -
357 Accrued Pension and OPEB Liabilities	\$ -	\$ -
350 Total Non-Current Liabilities	\$ -	\$ -
300 Total Liabilities	\$ 38,425	\$ 38,425
400 Deferred Inflow of Resources	\$ 28,272	\$ 28,272
508.3 Nonspendable Fund Balance	\$ 4,720	\$ 4,720
509.3 Restricted Fund Balance	\$ 131,275	\$ 131,275
510.3 Committed Fund Balance		
511.3 Assigned Fund Balance		
512.3 Unassigned Fund Balance		
513 Total Equity /Net Position	\$ 135,995	\$ 135,995
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets / Position	\$ 202,692	\$ 202,692

City of Westminster Housing Office (MD027)
Westminster, MD
Program Revenue and Expense Summary

Submission Type: Audited/Uniform Guidance Fiscal Year-End: 6/30/2016

	14.871 Housing Choice Vouchers	Total
10020 Operating Transfer Out	\$ -	\$ -
10030 Operating Transfers from/to Primary Government	\$ 75,000	\$ 75,000
10040 Operating Transfers from/to Component Unit	\$ -	\$ -
10050 Proceeds from Notes, Loans and Bonds	\$ -	\$ -
10060 Proceeds from Property Sales	\$ -	\$ -
10070 Extraordinary Items, Net Gain/Loss	\$ -	\$ -
10080 Special Items (Net Gain/Loss)	\$ -	\$ -
10091 Inter Project Excess Cash Transfer In	\$ -	\$ -
10092 Inter Project Excess Cash Transfer Out	\$ -	\$ -
10093 Transfers between Program and Project - In	\$ -	\$ -
10094 Transfers between Project and Program - Out	\$ -	\$ -
10100 Total Other financing Sources (Uses)	\$ 75,000	\$ 75,000
10000 Excess (Deficiency) of Total Revenue Other (Under) Total	\$ (31,259)	\$ (31,259)
11020 Required Annual Debt Principal Payments	\$ -	\$ -
11030 Beginning Equity	\$ 167,254	\$ 167,254
11040 Prior Year Adjustments, Equity Transfers and Correction		
11050 Changes in Compensated Absence Balance	\$ -	\$ -
11060 Changes in Contingent Liability Balance	\$ -	\$ -
11070 Changes in Unrecognized Pension Transition Liability	\$ -	\$ -
11080 Changes in Special Term/Severance Benefits Liability	\$ -	\$ -
11090 Changes in Allowance for Doubtful Accounts - Other	\$ -	\$ -
11100 Changes in Allowance for Doubtful Accounts - Other	\$ -	\$ -
11170 Administrative Fee Equity	\$ 171,775	\$ 171,775
11180 Housing Assistance Payments Equity	\$ (35,780)	\$ (35,780)
1190 Unit Months Available	3,516	3,516
11210 Number of Unit Months Leased	2,972	2,972
11270 Excess Cash		
11610 Land Purchases		
11620 Building Purchases		
11630 Furniture & Equipment - Dwelling Purchases		
11640 Furniture & Equipment - Administrative Purchases		
11650 Leasehold Improvements Purchased		
11660 Infrastructure Purchases		
13510 CFFP Debt Service Payments		
13901 Replacement Housing Factor Funds		

City of Westminster Housing Office (MD027)
Westminster, MD
HAP and Admin Equity Calculations
June 30, 2016

HAP Excess/Deficit Calculation

GL #	GL Description	Amount
110.492102	Annual Contributions Earned	\$ 1,688,016
	Total HUD Grants	<u>1,688,016</u>
110.492103	Repayments - HAP	12,402
110.494305	FSS Forfeitures	456
110.494201	Interest - Operating	-
110.911105	Interest - HAP	-
	Subsidy from Admin	(3,356)
	Total HAP Revenue	<u>1,697,518</u>
110.65.100.5791	HAP- Homeownerships	2,044
110.65.100.5792	HAP - Family Unification	13,156
110.65.100.5793	HAP - Tenant Protection	-
110.65.100.5795	HAP - All Other	1,664,343
110.65.100.5796	HAP - FSS Escrow	9,924
110.65.100.5797	HAP - Port-Out	47,788
	Total HAP Expense	<u>1,737,255</u>
	Net HAP	(39,737)

HAP Equity:

Beginning of year	3,957
End of year	<u>\$ (35,780)</u>

Admin Equity Calculation

GL #	GL Description	Amount
110.492104	HUD Admin Fee Distribution	\$ 186,714
	Total HUD Grants	<u>186,714</u>
110.494302	Port-in: Subsidy Receipts	-
110.494303	Port-in Admin Fee Receipts	-
110.494301	Repayment - Admin	12,402
110.513140	Contribution/Subsidy	75,000
	Total Admin Revenue	<u>274,116</u>
	Total PHA Expenses	2,006,249
	Less: HAP-related Expenses	(1,737,255)
	Less: Subsidy to HAP	(3,356)
	Total Admin Expenses	<u>265,638</u>
	Net Admin	8,478

Admin Equity:

Beginning of year	163,297
End of year	<u>\$ 171,775</u>

Total Ending Equity	<u>\$ 135,995</u>
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