CITY OF
WESTMINSTER,
MARYLAND

2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the FISCAL YEAR ENDED JUNE 30, 2018

CITY OF WESTMINSTER, MARYLAND

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

Prepared by the Department of Finance

City of Westminster, Maryland

CITY OF WESTMINSTER, MARYLAND

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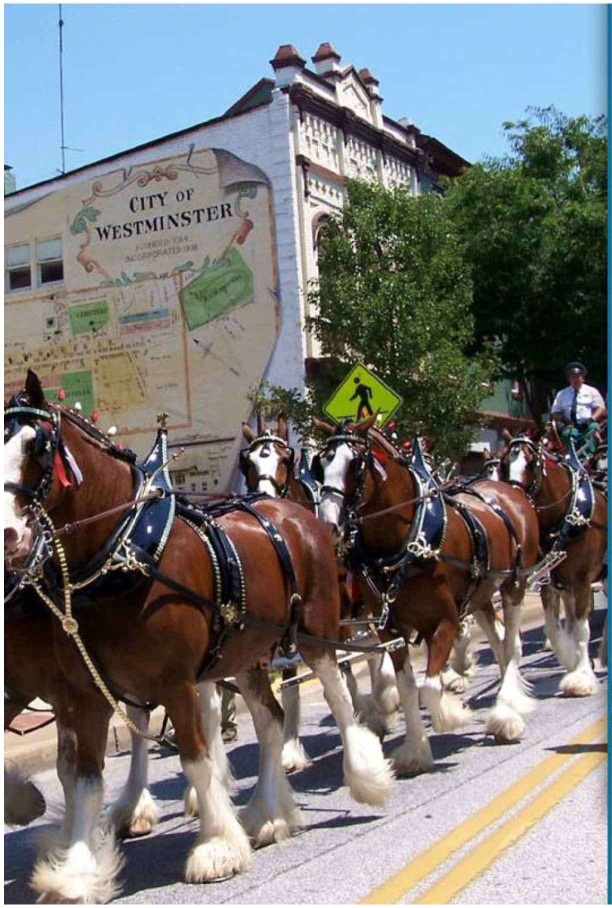

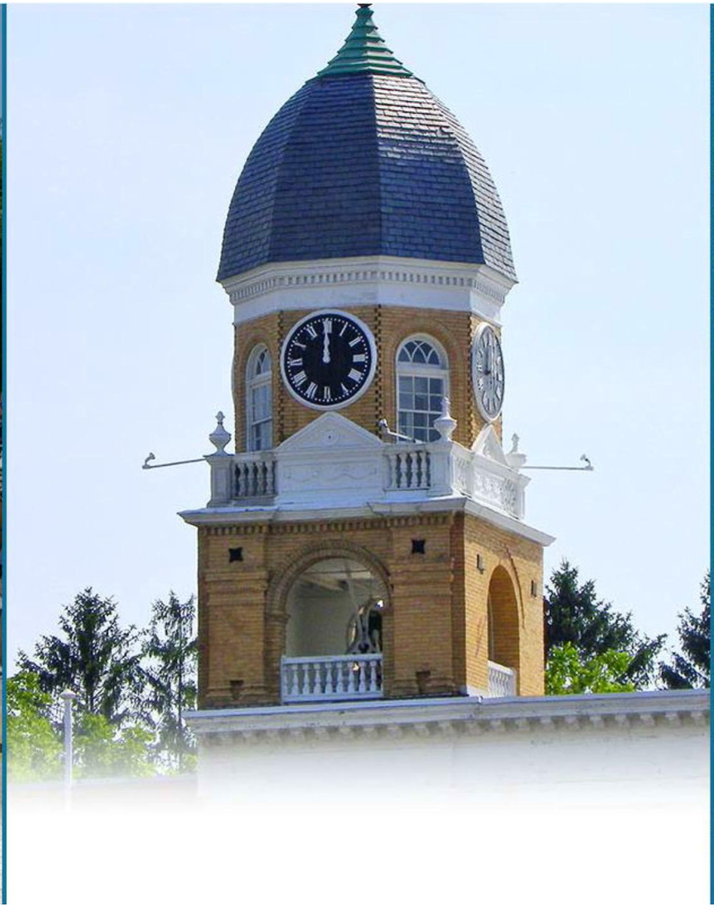

CITY OF WESTMINSTER
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Westminster, Maryland 21157

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December 14, 2018

The Honorable Mayor and Common Council
and 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 for the City of Westminster, Maryland for the fiscal year ended June 30, 2018.

This report consists of management's representations concerning the finances of the City of Westminster. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report, 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, the 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.

The City of Westminster's financial statements have been audited by Zelenkofske Axelrod LLC, a firm of licensed certified public accountants. Based on this audit, the independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the City of Westminster's financial statements for the fiscal year ended June 30, 2018 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. The MD&A complements 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 mail was frequently mistakenly delivered to nearby Winchester, Virginia.

In 1764, Winchester located Westminster on one of the three main western-bound routes in what is now known 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 established Westminster ten miles - one day's travel - between Reisterstown and Taneytown, Maryland. This resulted in 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, catering 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 and provided for the community to be governed by a burgess and six 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 as a "city" until the 1838 charter - incorporation was amended by Chapter 335 of the Acts of the Maryland General Assembly of 1856. This action re-characterized the municipality as a "city" and changed the titles of the elected officials to the 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 America 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 19,000 citizens. It has grown from its humble beginnings of 0.745 square miles to its current size of 6.55 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 five-member Common Council. The Mayor and Common Council members are elected at large and serve staggered elected terms of four years each. The City Administrator oversees the day-to-day operations of the City government, assisted by the directors of each department. Westminster has a full-time equivalent staff of 159 employees.

Westminster residents enjoy a high quality of life, with easy access to parks, recreational activities, places of religious worship, and meaningful employment. The community has a low crime rate. The Carroll County Public School System consistently ranks as one of the best in Maryland.

Local Economy

Westminster is steeped in tradition and history, but progressive when it comes to technology and business development. As the county seat of Carroll County, Westminster is the center of fast growing commercial and industrial sectors, with a strong manufacturing base located in the industrially zoned parcels near the County's only airport.

Fairlawn Tool and The Strouse Corporation have each constructed new facilities in one of the City's two, premier business and industrial parks – Westminster Technology Park. Together, these projects represent $11,000,000 in new appraised value. New construction on a development parcel in between these two projects is expected to bring similar levels of new investment to the City in the upcoming fiscal year. New construction in the City's other premier business and industrial park – Carroll County Commerce Center – is anticipated in the commercial sector with a new Royal Farms. Additionally, in the commercial sector, the recent completion of a new Sheetz on MD 140 is valued at $3,000,000. Finally, and in conjunction with commercial and industrial growth, the City has experienced approximately 100 new housing starts annually, since the availability of water in 2015. Most new houses are in the middle range of value from $400,000 to $600,000.

The City's retail spaces include large box retail along major thoroughfares and a mall. Downtown Westminster provides a unique shopping, dining, and cultural experience in a small town atmosphere; the Main Street area is pedestrian friendly, with wide sidewalks, mature shade trees, and brick crosswalks. The City hosts numerous downtown events, including Fallfest, the Miracle on Main holiday parade, the Celtic Canter, the Flower and Jazz Festival, a summer concert series, and numerous 5k runs. The City's renovation of the historic Carroll Theater into the Carroll Arts Center established Westminster as an emerging cultural heritage and arts destination.

Three of the City's largest employers are public sector agencies – Carroll County government, Carroll County Public Schools, and the City itself.

Westminster is also home to McDaniel College, formerly known as Western Maryland College. This nationally ranked liberal arts college was chartered in 1868.

Westminster's estimated median household income in 2017 was $56,534, and its estimated median house value was $234,100. The estimated per capita income in 2017 was $28,897.

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 2018, the Mayor and Council adopted a real property tax rate of $0.56 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 2018, 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 2018, the Mayor and Common Council adopted a tax rate of $1.40 per $100 of assessed value, unchanged from the prior year.

Operating Budget

The City maintains a balanced Operating Plan and a six-year Capital Improvement Plan (CIP) for expenditures based on projected revenues. The development of these four-year and six-year plans, respectively, 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 CIP is focused on maintaining existing infrastructure, building a fiber network, and improving and expanding economic development. The six-year program includes renovation of the City’s future administrative office building located at 45 W. Main Street, road improvements, an upgrade to the wastewater facility for enhanced nutrient removal and improved biosolids processing and equipment, sewer rehabilitation to reduce inflow and infiltration, and continuation of the Gesell Well project to increase the City’s water capacity. Additional projects include replacement of aging technology equipment, water mains, and vehicles and equipment.

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. A financial advisory 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 2018-2019 Budget. The document details the City's long-term goals and financial policies; describes departmental activities, accomplishments, and initiatives; and outlines the City's Capital Improvement Program. The budget is available on the City of Westminster's website at www.westminstermd.gov.

Financial Policies and Practices

General

1. The City of Westminster's departments will carry out the Mayor and Common Council's goals, objectives, and policies through a service delivery system funded by the City's 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 they 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. The City's Finance Department personnel will carry out all policies responsibly, ethically, and professionally for the betterment of the City of Westminster.

Budget

1. The City Administrator, on behalf of the Mayor, will develop a recommended budget in conjunction with the City's department directors. The Finance Director will coordinate all aspects of the City's budget process. The recommended budget will be presented to the Common Council for its consideration and adoption.

2. The recommended budget will be developed based on the 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 Mayor and Common Council for adoption will be balanced, with projected expenditures equal or less than 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 capital 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. These 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 be aggressive in collecting revenues owed to it.

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. In 2009, the City developed a water/sewer rate structure model. The model provides that that a "dividend" 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 approved 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 Common Council appropriated capital projects.

10. The 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. A department director is able to make transfers up to $10,000. Any transfers over $10,000 require the Common Council's approval, even if involving a reallocation of funds within the same department. Common Council approval is required for all transfers between departments.

Capital Improvement Policies

1. The City will develop a multi-year plan for capital improvements, which will be updated annually. The Capital Improvement Plan (CIP) will include a description of each project, its cost, and its funding source(s). All capital improvements during the year will be made in accordance with the CIP 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 whenever possible.

3. The capital budget process works in conjunction with the regular operating budget process. CIP projects are noted 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.

4. 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 five 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 Common Council.

3. The capitalization threshold used in determining if a given asset qualifies for capitalization is $10,000 and a useful life of five years.

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 of the Common Council and the State of Maryland require an independent audit to be performed annually. This audit is available to the public on the City's 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 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:

   a) Purchases up to $25,000 are approved by the Mayor, City Administrator, or department director.

   b) Purchases above $25,000 are approved by the Common Council.

   c) 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 that 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 City's 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:

   a) 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.

   b) 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 City.

Debt Management Policy

1. The City 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. Debt issuance is subject to the City of Westminster's Charter requirements and the legal limits set by the State of Maryland.

Awards and Acknowledgements

The Government Finance Association of the United States of America and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Westminster, Maryland, for its comprehensive financial report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government financial reports.

In addition, the City received the GFOA's Distinguished Budget Presentation Award for its fiscal year 2017 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. The City of Westminster has received the Distinguished Budget Presentation Award for the past five consecutive years (2013-2017).

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 Common Council for their continuing support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Tammy M. Palmer
Director of Finance and Administrative Services

City of Westminster, Maryland

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Mayor

Mr. Joe Dominick

Common Council

Dr. Robert Wack, Council President
Mr. Gregory Pecoraro, Council President Pro-Tem
Dr. Mona Becker, Councilmember
Mr. Tony Chiavacci, Councilmember
Mr. Benjamin Yingling, Councilmember

Management Team

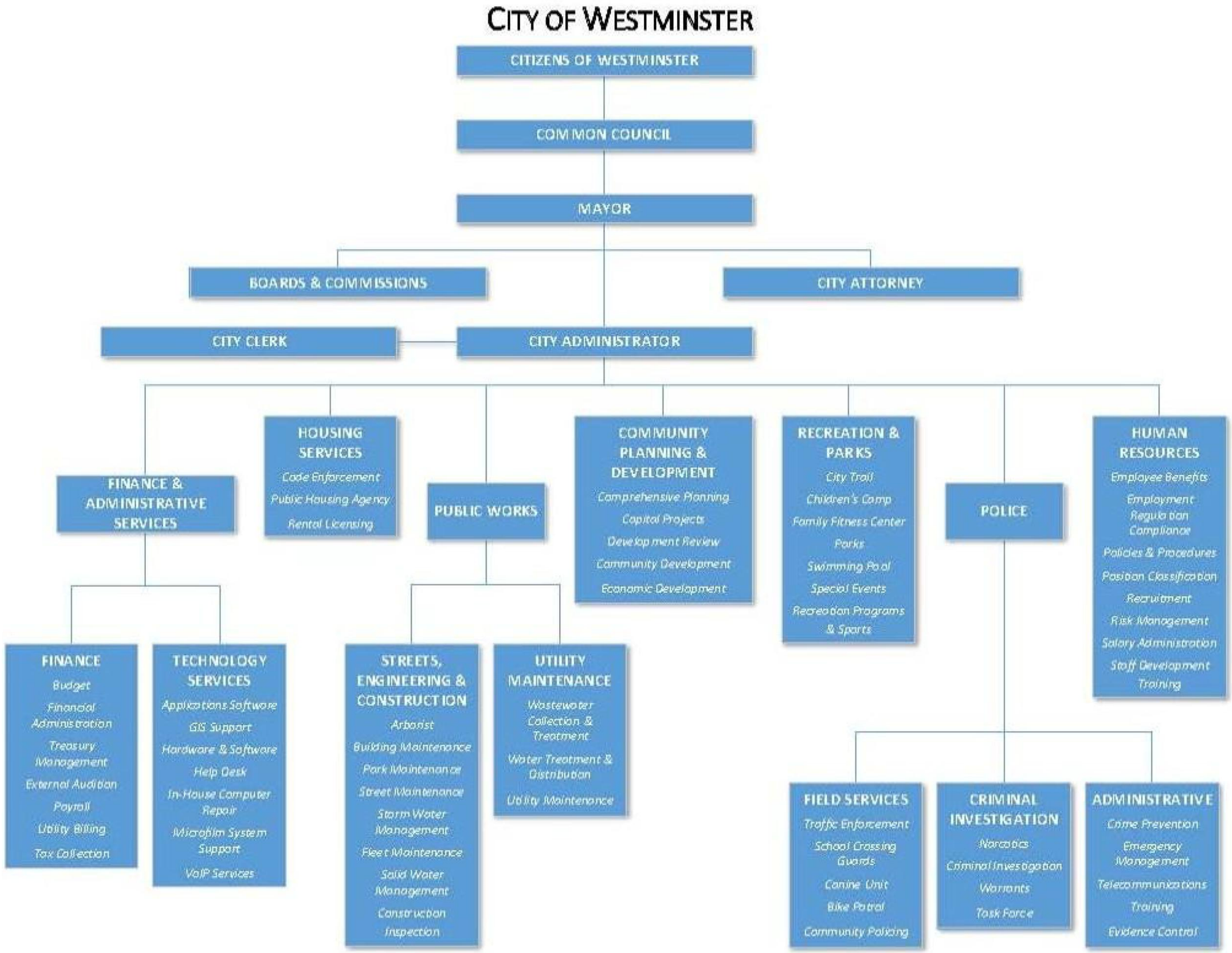
Title	Name
City Administrator	Barbara B. Matthews
Chief of Police	Jeff Spaulding
Director of Finance and Administrative Services	Tammy Palmer
Director of Housing and Preservation	Cindy Valenzisi
Director of Planning and Development	William Mackey
Director of Public Works	Jeff Glass
Director of Recreation and Parks	Abby Gruber

Independent Auditor

Zelenkofske Axelrod LLC
Harrisburg, Pennsylvania

Bond Counsel

Funk & Bolton, P.A.
Baltimore, Maryland


CITY OF WESTMINSTER
CITIZENS OF WESTMINSTER
COMMON COUNCIL
MAYOR
BOARDS & COMMISSIONS
CITY ATTORNEY
CITY CLERK
CITY ADMINISTRATOR
FINANCE & ADMINISTRATIVE SERVICES
HOUSING SERVICES
Code Enforcement
Public Housing Agency
Rental Licensing
PUBLIC WORKS
COMMUNITY PLANNING & DEVELOPMENT
Comprehensive Planning
Capital Projects
Development Review
Community Development
Economic Development
RECREATION & PARKS
City Trail
Children's Camp
Family Fitness Center
Parks
Swimming Pool
Special Events
Recreation Programs & Sports
POLICE
HUMAN RESOURCES
Employee Benefits
Employment Regulation Compliance
Policies & Procedures
Position Classification
Recruitment
Risk Management
Salary Administration
Staff Development Training
FINANCE
Budget
Financial Administration
Treasury Management
External Audition
Payroll
Utility Billing
Tax Collection
TECHNOLOGY SERVICES
Applications Software
GIS Support
Hardware & Software
Help Desk
In-House Computer Repair
Microfilm System Support
VoIP Services
STREETS, ENGINEERING & CONSTRUCTION
Arborist
Building Maintenance
Park Maintenance
Street Maintenance
Storm Water Management
Fleet Maintenance
Solid Water Management
Construction Inspection
UTILITY MAINTENANCE
Wastewater Collection & Treatment
Water Treatment & Distribution
Utility Maintenance
FIELD SERVICES
Traffic Enforcement
School Crossing Guards
Canine Unit
Bike Patrol
Community Policing
CRIMINAL INVESTIGATION
Narcotics
Criminal Investigation
Warrants
Task Force
ADMINISTRATIVE
Crime Prevention
Emergency Management
Telecommunications
Training
Evidence Control

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Westminster

Maryland

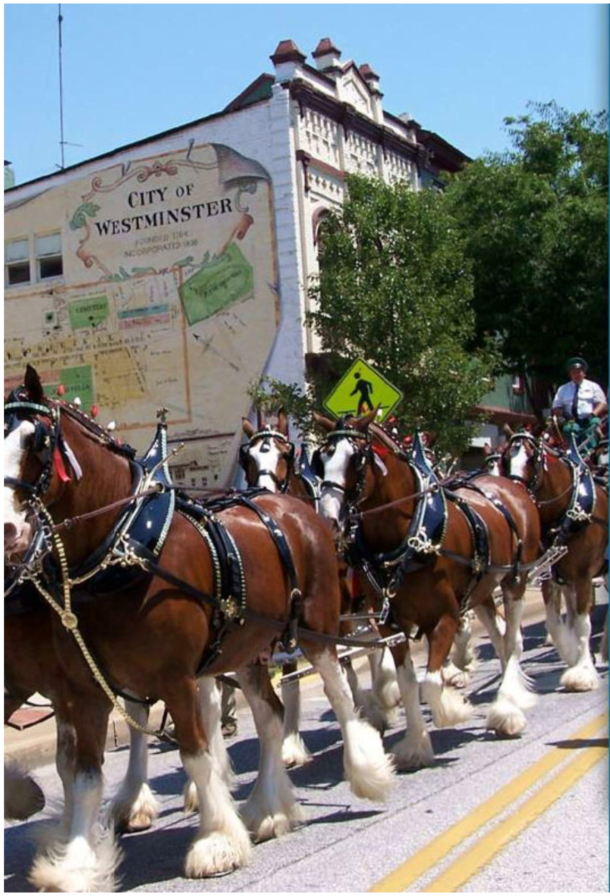
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

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, 2018, 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

The City of Westminster, Maryland's 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.

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3800 McKnight E. Drive; Suite 3805; Pittsburgh, PA 15237 | 210 Tollgate Hill Road; Greensburg, PA 15601 | 144 King's Highway; Suite 304; Dover, DE 19901
www.zallc.org

To the Mayor and Common Council
City of Westminster, Maryland

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Westminster, Maryland as of June 30, 2018, and the respective changes in its 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.

Adoption of New Accounting Pronouncements

In 2018 the City of Westminster, Maryland adopted the provisions of Governmental Accounting Standards Board's Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the provisions of Statement No. 81*, *Irrevocable Split-Interest Agreements*, the provisions of Statement No. 85, *Omnibus 2017*, and the provisions of Statement No. 86, *Certain Debt Extinguishment Issues*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparison information, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of the City's Pension Plan Contributions on pages 19 through 32 and pages 94 through 98 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 inquires 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 required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements of Federal Awards, and is also not a required part of the basic financial statements. The Program Balance Sheet Summary and Program Revenue and Expense Summary are presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and are not a required part of the basic financial statements.

Zelenkofske Axelrod LLC

CERTIFIED PUBLIC ACCOUNTANTS

Experience. Expertise. Accountability.

To the Mayor and Common Council
City of Westminster, Maryland

The schedule of expenditures of federal awards and the Program Balance Sheet and Program Revenue and Expense Summary are the responsibility of management and were 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 and the Program Balance Sheet and Program Revenue and Expense summary are 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 December 14, 2018 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.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Harrisburg, Pennsylvania
December 14, 2018

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, 2018. 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:

Government-wide:

§ The assets of the City exceeded its liabilities at the close of fiscal year 2018 by $119,518,654 (net position). Of this amount, $48,479,868 was for governmental activities and $71,038,786 was for business-type activities. Unrestricted net position at year-end was $2,676,861 for governmental activities and $14,333,242 for business-type activities. The total net investment in capital assets was $94,303,656 as of June 30, 2018 compared to $91,474,645 as of June 30, 2017.

§ Total net position increased by $4,905,673, or 4.3%, over fiscal year 2017. Governmental activities increased by $1,438,467 while business-type activities increased by $3,467,206. The growth in business activities was attributable to capital improvement projects.

§ City employees received a 3% increase in salary. A full-time Safety/Risk Coordinator was authorized in the fiscal year 2018 budget.

§ The City conducted a Compensation and Classification study in fiscal year 2018. The Study indicated that the City's salary structure lagged that of its peer organizations. Implementation of the Study results will be phased in over a three-year period, which will increase the City's personnel costs. The City's benefit package was found to be market competitive.

§ The City purchased 45 W. Main Street for the future location of its administrative offices. Extensive renovations will take place before City staff relocates from its present leased office space. The City will realize savings from no longer leasing space once the move is complete. General Fund reserves were used to acquire the property and will also be allocated for the building's renovation.

§ The City implemented GASB 75 concerning post-employment benefits. The implementation requires restatement of the City's liability for post-employment benefits. See Note 16 for details.

General Fund:

§ The property tax rate remained at $0.56 per $100 of assessable real property value. The tax rate for tangible business and personal property was unchanged from the prior year rate of $1.10 per $100 of tangible property value. The tax rate for utility tangible property remained at $1.40 per $100 of assessed value.

§ The City issued Tax Exempt General Obligation Bonds, 2017 Series A in the amount of $5,000,000 for the purpose of financing road improvements.

General Fund (Continued):

- The City refunded $750,000 of the 2005 Series Bond issued by the Maryland Department of Housing and Community Development. The fiscal year 2019 budget provides for an additional refunding of $750,000 of the same bond.
- The City discontinued its lease of the Colonel Rosser parking lot and the Westminster Fire Department parking lot.

Proprietary Funds:

- There was no change in the City's water or sewer rates.
- A Utility Rate Study was performed in fiscal year 2018. The Study found that rate increases will be needed to ensure the Water and Sewer Funds can meet the City's operating and capital needs. In conjunction with adoption of the FY 2019 budget, the Common Council adopted water and sewer rates for the next five years.
- The City bid the Westminster Waste Water Treatment Plant Enhanced Nutrient Removal and Biosolids Upgrade Project in FY 2018. Construction is expected to begin in FY 2019. The project cost was higher than anticipated in the City's Capital Improvement Program. It is expected that the City will enter into a loan with the Maryland Water Quality Fund for over $31 million. Bay Restoration Grants and County grants will also fund parts of the project.
- In FY 2015, 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 costs associated with the Broadband Fiber Infrastructure Project. The City continued to draw on the bond proceeds during fiscal year 2018 to fund the ongoing construction of the Westminster Fiber Network. The total amount drawn at year-end is $10,370,862.
- In March 2018, the City adopted a new Water and Sewer Allocation Policy to target Westminster's constrained water and sewer resources to the development types that will most benefit the community. The Policy's timeframe is seven years. Adoption of the Policy followed a nine-month suspension on development approvals that required a net new water and/or sewer allocation. The City experienced an increase in development-related activity as well as associated development-related fees and assessments following adoption of the new Water and Sewer Allocation Policy.

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 and deferred inflows of resources; the difference between them is 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 (for example, earned but unused annual leave).

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 City's business-type activities include sewer, water, and fiber 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. The City's funds can be divided into two 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 the General Fund has been 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, water, and fiber services.

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 Public Housing 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 for multiple years, with some information 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. The City's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $119,572,428 as of June 30, 2018. The City's net position is divided into three categories:

1) Net investment in capital assets
2) Restricted net position, and
3) Unrestricted net position.

Of the City's total reported net position at year-end, 79% was comprised of 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). The City uses these capital assets to provide services to residents; 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 equaled $8,204,895, or 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 as of June 30, 2018 was $17,010,103, or 14% of total net position. This amount may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2018, the City was 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.

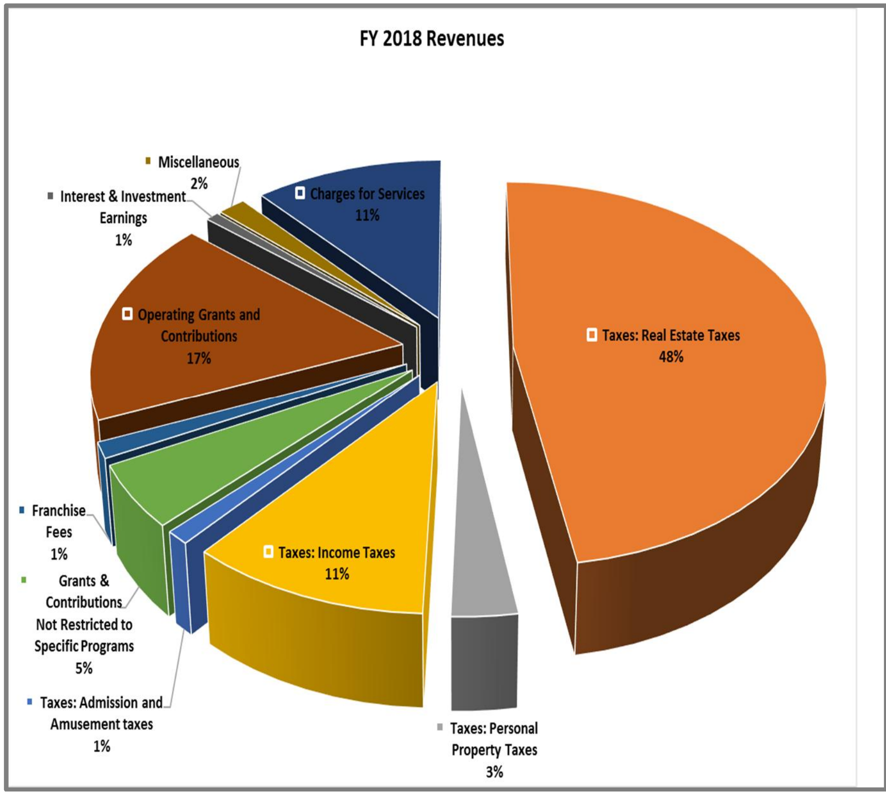
City of Westminster, Maryland
Net Position

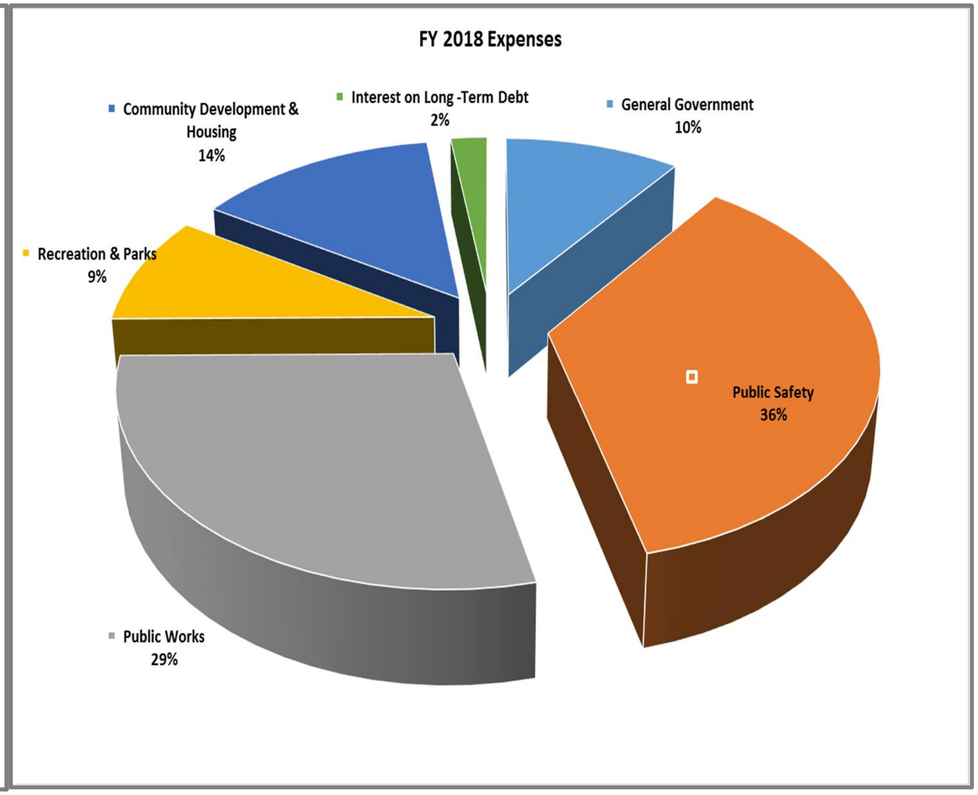
	Governmental Activities		Business-Type Activities		Government-Wide	
	2018	2017	2018	2017	2018	2017
Assets						
Current & Other Assets	$ 19,185,968	$ 18,494,015	$ 26,343,328	$ 25,231,715	$ 45,529,296	$ 43,725,730
Non-Current Assets	15,350	17,000	14,850	17,324	30,200	34,324
Capital Assets, Net	51,412,557	46,354,485	68,569,413	62,976,447	119,981,970	109,330,932
Total Assets	70,613,875	64,865,500	94,927,591	88,225,486	165,541,466	153,090,986
Deferred Outflows of Resources	1,671,483	2,789,638	452,752	748,415	2,124,235	3,538,053
Total Assets and Deferred Outflows of Resources	$ 72,285,358	$ 67,655,138	$ 95,380,343	$ 88,973,901	$167,665,701	$156,629,039
Liabilities						
Current Liabilities	$ 3,914,364	$ 3,055,552	$ 2,583,086	$ 3,384,466	$ 6,497,450	$ 6,440,018
Non-Current Liabilities	19,036,466	14,445,450	21,481,124	16,745,985	40,517,590	31,191,435
Total Liabilities	22,950,830	17,501,002	24,064,210	20,130,451	47,015,040	37,631,453
Deferred Inflows of Resources	854,660	1,077,984	277,347	243,621	1,132,007	1,321,605
Net Position						
Net Investment in Capital Assets	43,785,857	42,454,147	50,517,799	49,020,498	94,303,656	91,474,645
Restricted	2,017,150	1,989,122	6,187,745	5,733,749	8,204,895	7,722,871
Unrestricted	2,676,861	4,632,883	14,333,242	13,845,582	17,010,103	18,478,465
Total Net Position	$ 48,479,868	$ 49,076,152	$ 71,038,786	$ 68,599,829	$119,518,654	$117,675,981

City of Westminster, Maryland
Changes in Net Position

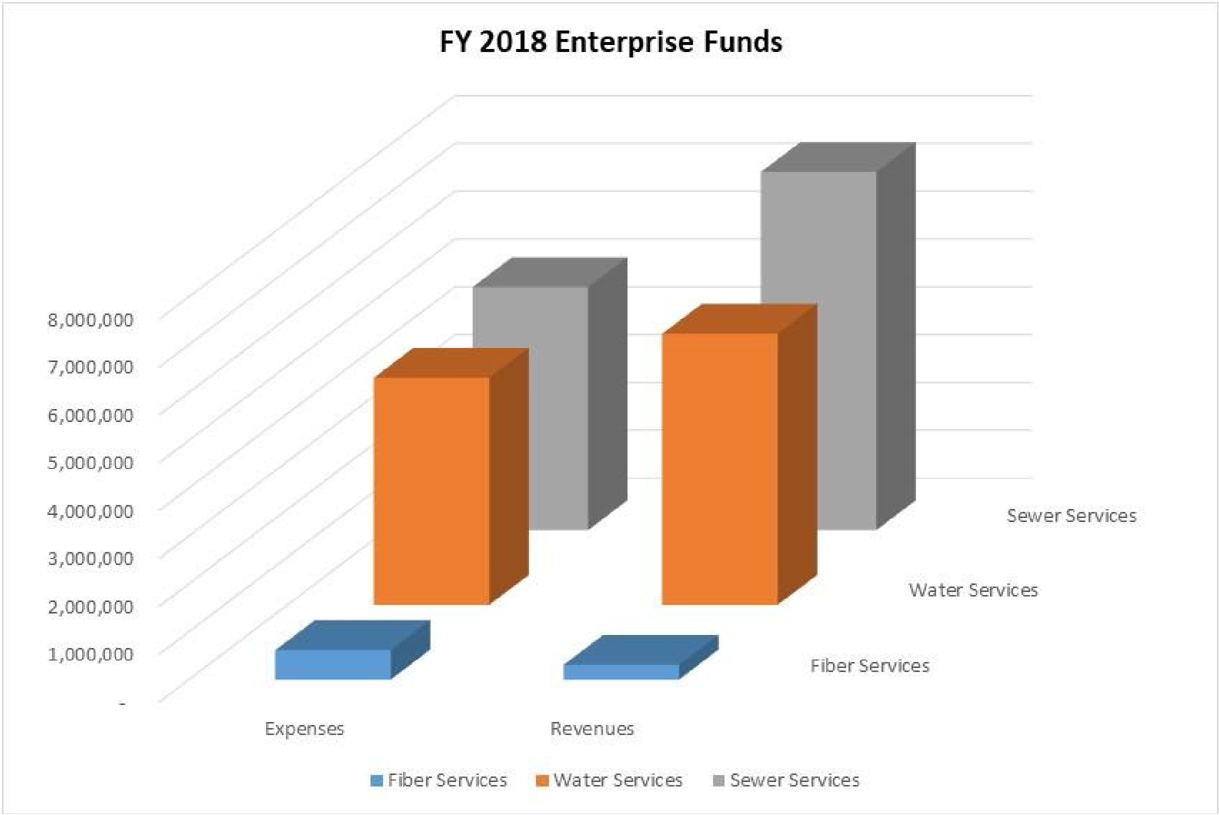
	Governmental Activities		Business-Type Activities		Government-Wide	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for Services	$ 2,232,112	$ 1,254,812	$ 13,468,473	$ 11,698,090	$ 15,700,585	$ 12,952,902
Operating Grants & Contributions	3,430,500	3,614,596	-	-	3,430,500	3,614,596
Capital Grants & Contributions	-	440,000	-	941,831	-	1,381,831
General Revenues:						
Taxes						
Real Estate Taxes	9,332,352	9,061,859	-	-	9,332,352	9,061,859
Personal Property Taxes	574,156	792,293	-	-	574,156	792,293
Income Taxes	2,098,975	1,998,888	-	-	2,098,975	1,998,888
Admissions & Amusement Taxes	213,480	204,885	-	-	213,480	204,885
Grants & Contributions Not Restricted to Specific Programs	1,008,409	995,644	-	-	1,008,409	995,644
Franchise Taxes	254,897	270,616	-	-	254,897	270,616
Interest & Investment Earnings	52,048	42,233	101,906	84,466	153,954	126,699
Gain on disposal of Capital Asset	34,736	-	8,710	-	43,446	-
Miscellaneous	-	345,252	283,790	373,012	283,790	718,264
Total Revenues	19,231,665	19,021,078	13,862,879	13,097,399	33,094,544	32,118,477
Expenses:						
Governmental Activities:						
General Government	1,791,223	1,958,923	-	-	1,791,223	1,958,923
Public Safety	6,391,879	7,779,910	-	-	6,391,879	7,779,910
Public Works	5,049,594	5,288,557	-	-	5,049,594	5,288,557
Recreation & Parks	1,609,625	1,406,611	-	-	1,609,625	1,406,611
Community Development & Housing	2,464,400	2,293,036	-	-	2,464,400	2,293,036
Interest on Long-Term Debt	376,477	166,597	-	-	376,477	166,597
Business-Type Activities:						
Sewer Services	-	-	5,108,995	5,036,757	5,108,995	5,036,757
Water Services	-	-	4,779,413	4,548,024	4,779,413	4,548,024
Fiber Services	-	-	617,265	378,031	617,265	378,031
Total Expenses	17,683,198	18,893,634	10,505,673	9,962,812	28,188,871	28,856,446
Excess of Revenues over Expenses	1,548,467	127,444	3,357,206	3,134,587	4,905,673	3,262,031
Transfer (Out) In	(110,000)	(35,000)	110,000	35,000	-	-
Change in Net Position	1,438,467	92,444	3,467,206	3,169,587	4,905,673	3,262,031
Net Position - Beginning (as restated)	47,041,401	48,983,708	67,571,580	65,430,242	114,612,981	114,413,950
Net Position - Ending	$ 48,479,868	$ 49,076,152	$ 71,038,786	$ 68,599,829	$119,518,654	$117,675,981

- 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.





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



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 June 30, 2018, the City's governmental funds reported combined ending fund balances of $15,370,904. Approximately 1% of the fund balance ($190,270) is restricted for the Public Housing Agency.

Total General Fund balance decreased by $207 during fiscal year 2018. The Public Housing Agency fund balance decreased by $2,016. There was an increase in overall Capital Outlays of $5,712,878 in fiscal year 2018 compared to the prior year. The largest capital outlay was road paving, which the City financed through the issuance of a $5,000,000 general obligation bond.

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

The Sewer, Water, and Fiber Funds are the City's three enterprise operations. There was an overall revenue increase of $765,480, or 6%, from fiscal year 2017.

General Fund Budgetary Highlights:

The budgetary statement of the General Fund shows actual revenues of $16,879,745 compared to the budgeted amount of $16,747,694 – an overall increase of $132,051, or 1%. Actual General Fund expenditures were less than budget by $3,859,689.

- Of this amount, $2,467,682 was attributable to Capital Improvement Projects that were either delayed or adjusted downwards in scope. Some of these capital outlay items were re-appropriated during the fiscal year 2019 budget process.
- The remaining $1,391,007 was due to a number of other factors, including staffing vacancies in Public Safety and Public Works.

Capital Asset and Debt Administration:

Capital Assets: The City of Westminster's investment in capital assets for its governmental and business-type activities as of June 30, 2018 totaled $119,981,970 (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. The net increase in the City's investment in capital assets for fiscal year 2018 was $10,651,038, or 10%. This increase was attributable primarily to road paving activities in the governmental fund and ongoing construction of the Westminster Fiber Network in business-type activities.

	Governmental Activities		Business-Type Activities		Government-Wide	
	2018	2017	2018	2017	2018	2017
Land and Land Rights	$ 1,744,172	$ 1,744,172	$ 190,915	$ 190,915	$ 1,935,087	$ 1,935,087
Construction in Progress	2,318,934	485,800	16,027,654	15,835,983	18,346,588	16,321,783
Buildings	14,967,771	14,799,293	121,075	121,075	15,088,846	14,920,368
Equipment	3,953,376	3,757,739	4,474,483	4,154,466	8,427,859	7,912,205
Furniture and Fixtures	221,986	221,986	6,414	6,414	228,400	228,400
Improvements Other than Buildings	10,469,578	10,415,040	38,774	-	10,508,352	10,415,040
Infrastructure	55,865,240	50,598,344	51,814,766	49,467,233	107,680,006	100,065,577
Utility Plant & Equipment	-	-	32,386,182	27,963,321	32,386,182	27,963,321
Vehicles	3,226,409	3,031,737	1,231,244	1,119,246	4,457,653	4,150,983
Water Use Rights	1,400,000	1,400,000	-	-	1,400,000	1,400,000
Less: Accumulated Depreciation	(42,754,909)	(40,099,626)	(37,722,094)	(35,882,206)	(80,477,003)	(75,981,832)
Total Capital Assets	$ 51,412,557	$ 46,354,485	$ 68,569,413	$ 62,976,447	$119,981,970	$109,330,932

Other detailed information about the City's Capital Assets can be found in the Notes to the Financial Statements.

Commitments:

The City was committed under the following contracts for construction and related projects as of June 30, 2018:

Project	Contract Amount	Amount Outstanding at June 30, 2018
Public Works - Structural Study for Walls	$ 269,845	$ 191,650
Recreation & Parks Installation of Equipment	7,870	3,935
Governmental Activities	$ 277,715	$ 195,585
City-Wide Fiber Infrastructure	$ 4,796,687	$ 3,847,169
WWTP Upgrade ENR Removal	4,163,891	887,440
Little Pipe Creek Stream Restoration & Relocation	475,604	475,604
Business-Type Activities	$ 9,436,182	$ 5,210,213

Long-Term Debt:

At the end of fiscal year 2018, the City had total bond and loan principal outstanding of $25,687,314, backed by the full faith and credit of the City. Of this amount, $7,626,700 represents General Fund infrastructure bonds. Water Fund Drinking Water bonds totaled $7,680,752 while Fiber Fund Infrastructure construction bonds equaled $10,370,862.

The City has four other types of long-term obligations that do not have mandatory payment terms, which are described below.

1) A non-interest obligation to the Carroll County Commissioners of Maryland related to agreements to provide water service totaling $226,486

2) Compensated absences in the amount of $670,162, representing the total amount of leave liability that the City would owe employees upon their termination

3) Accrued Other Post-Employment Benefits (OPEB) totaling $4,929,845, reflecting the liability identified per the requirements of GASB 75 for retiree benefits

4) Net Pension Liability totaling $10,431,551, representing the 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.

Taking into account these four items, the City's total long- term debt as of June 30, 2018 was $41,936,358 compared to $32,491,573 as of June 30, 2017.

Subsequent Events and Economic Factors

ECONOMIC CLIMATE

Carroll County is experiencing an increase in property values, including those properties within the corporate boundaries of Westminster. During fiscal year 2018, the City's residential housing stock continued to grow. Additional residential development is anticipated in fiscal year 2019, with construction continuing in the Bolton Hill and Stonegate subdivisions.

Economic development in the City will continue to be impacted by constrained water and sewer resources. The new Water and Sewer Allocation Policy adopted by the Mayor and Common Council in February 2018 will ensure the allocation of those resources in a manner that achieves the City's strategic objectives. The fiscal year 2019 budget funds initiatives to increase the City's water and sewer capacity.

Interest rates remain relatively low, although rates are starting to increase. This will impact the City's debt service on the fiber network bonds, which have a variable interest rate tied to the LIBOR (London Inter-bank Offered Rate).

GENERAL FUND

The City of Westminster adopted the fiscal 2019 General Fund budget appropriation of approximately $15.79 million. Real property tax continues to be the main source of revenue, comprising 48% of General Fund revenues. The real property tax rate will remain at $0.56 per $100 of assessed valuation.

FIBER FUND

As of June 30, 2018, construction of the pilot phase, Phase 1, and 2 of the Westminster Fiber Network was complete. All Phase 3 infrastructure was substantially complete as of year-end, and a small portion of Phase 3 was operational. The remaining Network construction will be completed during fiscal year 2019.

With the completion of construction, the City will begin making principal payments. To date debt service has only included interest payments. Total debt service during fiscal year 2019 is estimated at approximately $548,000.

Fund revenues will exceed fund revenues in fiscal year 2019, necessitating an operating transfer from the General Fund. The estimated amount of that transfer is approximately $357,000.

WATER FUND

The City provides service to approximately 6,200 locations in Westminster and 3,800 outside the City limits. In fiscal year 2018, a rate study was conducted, which provided a basis for new water rates in fiscal year 2019 and subsequent years.

SEWER FUND

The rate study conducted in fiscal year 2018 provided a basis for establishing sewer rates in fiscal year 2019 and beyond. The multi-year project to upgrade the City's Wastewater Treatment Plant is expected to cost approximately $61 million.

Request for Information:

This financial report is designed to provide a general overview of the City of Westminster, Maryland'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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and cash equivalents	$ 3,300	$ -	$ 3,300
Equity in Pooled Cash & Cash Equivalents			
Unrestricted	12,635,014	15,054,803	27,689,817
Restricted	5,037,939	6,187,745	11,225,684
Taxes Receivable	311,202	-	311,202
Accounts Receivable, Net of Allowance for Uncollectibles of of $265,274	262,989	-	262,989
Unrestricted	-	1,800,323	1,800,323
Restricted	-	587,552	587,552
Unbilled Services	-	1,661,199	1,661,199
Grants Receivable	10,525	-	10,525
Loan Receivable	833,326	-	833,326
Prepaid Items and Deposits	238,498	141,541	380,039
Internal Balances	(761,893)	761,893	-
Due from Other Governments	550,261	-	550,261
Inventory	64,807	148,272	213,079
TOTAL CURRENT ASSETS	19,185,968	26,343,328	45,529,296
NON-CURRENT ASSETS			-
Accounts Receivable	-	14,850	14,850
Loan Receivable	15,350	-	15,350
	15,350	14,850	30,200
Capital Assets			
Land & Land Rights	1,744,172	190,915	1,935,087
Construction in Progress	2,318,934	16,027,654	18,346,588
Buildings	14,967,771	121,075	15,088,846
Equipment	3,953,376	4,474,483	8,427,859
Furniture & Fixtures	221,986	6,414	228,400
Improvements Other than Buildings	10,469,578	38,774	10,508,352
Infrastructure	55,865,240	51,814,766	107,680,006
Utility Plant & Equipment	-	32,386,182	32,386,182
Vehicles	3,226,409	1,231,244	4,457,653
Water Use Rights	1,400,000	-	1,400,000
	94,167,466	106,291,507	200,458,973
Accumulated Depreciation	42,754,909	37,722,094	80,477,003
Net Capital Assets	51,412,557	68,569,413	119,981,970
TOTAL NON-CURRENT ASSETS	51,427,907	68,584,263	120,012,170
TOTAL ASSETS	70,613,875	94,927,591	165,541,466
DEFERRED OUTFLOWS OF RESOURCES			
Pension - Deferred Outflows	1,636,275	434,960	2,071,235
OPEB - Deferred Outflows	35,208	17,792	53,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,671,483	452,752	2,124,235
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 72,285,358	$ 95,380,343	$ 167,665,701

The accompanying notes are an integral part of the financial statements.

City of Westminster, Maryland
Statement of Net Position (Continued)
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts Payable	$ 1,095,532	$ 1,329,081	$ 2,424,613
Accrued Liabilities	146,580	84,479	231,059
Compensated Absences	30,169	1,502	31,671
Unearned Revenue	367,843	21,159	389,002
Loan Payable	100,000	-	100,000
General Obligation Bonds Payable	500,072	887,025	1,387,097
Due to Other Governments	1,674,168	259,840	1,934,008
TOTAL CURRENT LIABILITIES	3,914,364	2,583,086	6,497,450
NON-CURRENT LIABILITIES			
Compensated absences	394,017	244,474	638,491
Net OPEB Liability	3,274,896	1,654,949	4,929,845
Net Pension Liability	8,240,925	2,190,626	10,431,551
Due to Other Governments	-	226,486	226,486
General Obligation Bonds Payable	7,126,628	17,164,589	24,291,217
TOTAL NON-CURRENT LIABILITIES	19,036,466	21,481,124	40,517,590
TOTAL LIABILITIES	22,950,830	24,064,210	47,015,040
DEFERRED INFLOWS OF RESOURCES			
Pension - Deferred Inflows	645,247	171,521	816,768
OPEB - Deferred Inflows	209,413	105,826	315,239
TOTAL DEFERRED INFLOWS OF RESOURCES	854,660	277,347	1,132,007
NET POSITION			
Net Investment in Capital Assets	43,785,857	50,517,799	94,303,656
Restricted for:			
Future Infrastructure Growth	-	6,187,745	6,187,745
Capital Improvement Projects	1,835,209	-	1,835,209
PHA Vouchers	181,941	-	181,941
Unrestricted	2,676,861	14,333,242	17,010,103
TOTAL NET POSITION	48,479,868	71,038,786	119,518,654
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 72,285,358	$ 95,380,343	$ 167,665,701

The accompanying notes are an integral part of the financial statements.

City of Westminster, Maryland
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenue and Changes in Net Position: Total
Governmental Activities							
General Government	$ 1,791,223	$ 1,052,394	$ 62,556	$ -	$ (676,273)	$ -	$ (676,273)
Public Safety	6,391,879	146,851	488,441	-	(5,756,587)	-	(5,756,587)
Public Works	5,049,594	374,351	589,039	-	(4,086,204)	-	(4,086,204)
Recreation and Culture	1,609,625	624,688	-	-	(984,937)	-	(984,937)
Community Development & Housing	2,464,400	33,828	2,290,464	-	(140,108)	-	(140,108)
Interest on Long-Term Debt	376,477	-	-	-	(376,477)	-	(376,477)
Total Governmental Activities	$ 17,683,198	$ 2,232,112	$ 3,430,500	$ -	(12,020,586)	-	(12,020,586)
Business-Type Activities							
Sewer Service	$ 5,108,995	7,490,039	$ -	$ -	-	2,381,044	2,381,044
Water Service	4,779,413	5,669,365	-	-	-	889,952	889,952
Fiber Service	617,265	309,069	-	-	-	(308,196)	(308,196)
Total Business-Type Activities	10,505,673	13,468,473	-	-	-	2,962,800	2,962,800
TOTAL GOVERNMENT	$ 28,188,871	$ 15,700,585	$ 3,430,500	$ -	(12,020,586)	2,962,800	(9,057,786)

	Governmental Activities	Business-Type Activities	Total
GENERAL REVENUES			
Taxes			
Real Estate Taxes	9,332,352	-	9,332,352
Personal Property Taxes	574,156	-	574,156
Income Taxes	2,098,975	-	2,098,975
Admission & Amusement Taxes	213,480	-	213,480
Grant & Contributions Not Restricted to Specific Programs	1,008,409	-	1,008,409
Franchise Taxes	254,897		254,897
Interest & Investment Earnings	52,048	101,906	153,954
Gain on disposal of Capital Asset	34,736	8,710	43,446
Miscellaneous	-	283,790	283,790
TOTAL GENERAL REVENUES	13,569,053	394,406	13,963,459
TRANSFERS IN (OUT)	(110,000)	110,000	-
CHANGES IN NET POSITION	1,438,467	3,467,206	4,905,673
Net Position - Beginning as restated (Note 22)	47,041,401	67,571,580	114,612,981
NET POSITION - ENDING	$ 48,479,868	$ 71,038,786	$ 119,518,654

The accompanying notes are an integral part of the financial statements.

City of Westminster, Maryland
Balance Sheet of Governmental Funds
June 30, 2018

	General Fund	Public Housing Agency Fund	Total Government Funds
ASSETS			
Cash and Cash Equivalents	$ 3,300	$ -	$ 3,300
Equity in Pooled Cash & Cash Equivalents			
Unrestricted	12,635,014	-	12,635,014
Restricted	4,851,254	186,685	5,037,939
Taxes Receivable	311,202	-	311,202
Accounts Receivable, Net of Allowance for Uncollectibles of $25,805 and $239,469, respectively	220,730	42,259	262,989
Grants Receivable	10,525	-	10,525
Loan Receivable	848,676	-	848,676
Prepaid Items and Deposits	230,169	8,329	238,498
Due from Other Governments	550,261	-	550,261
Due from Other Funds	2,613	-	2,613
Inventory	64,807	-	64,807
TOTAL ASSETS	$ 19,728,551	$ 237,273	$ 19,965,824
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 1,095,532	$ -	$ 1,095,532
Accrued Liabilities	92,018	-	92,018
Compensated Absences	30,169	-	30,169
Unearned Revenue	367,843	-	367,843
Loan Payable	100,000	-	100,000
Due to Other Funds	761,893	2,613	764,506
Deposits & Escrows	1,672,037	2,131	1,674,168
TOTAL LIABILITIES	4,119,492	4,744	4,124,236
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Receivables	33,242	-	33,242
Fines & Penalties Receivables	15,150	-	15,150
Intergovernmental Receivables	380,033	-	380,033
Housing Assistance Reimbursement Receivable	-	42,259	42,259
TOTAL DEFERRED INFLOWS OF RESOURCES	428,425	42,259	470,684
FUND BALANCES			
Non-Spendable	1,143,652	8,329	1,151,981
Restricted	1,835,209	181,941	2,017,150
Committed	14,950	-	14,950
Assigned	475,953	-	475,953
Unassigned	11,710,870	-	11,710,870
TOTAL FUND BALANCES	15,180,634	190,270	15,370,904
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 19,728,551	$ 237,273	$ 19,965,824

The accompanying notes are an integral part of the financial statements.

City of Westminster, Maryland
Reconciliation of Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$ 15,370,904
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds:	
Capital assets	51,412,557
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.	
Property Tax Revenue	33,242
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.	
Unavailable Revenue	437,442
Long-term liabilities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the Statement of Net Position. Long-term liabilities at year-end consist of:	
Accrued interest payable	(54,562)
Compensated absences	(394,017)
Net OPEB Liability	(3,274,896)
General obligation debt	(7,626,700)
Net pension liability	(8,240,925)
Deferred inflows/outflows of resources - Pension	991,028
Deferred inflows/outflows of resources - OPEB	(174,205)
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 48,479,868

The accompanying notes are an integral part of the financial statements.

City of Westminster, Maryland
Statement of Revenues, Expenditures and Changes in
Fund Balances - Governmental Funds
For the Year Ended June 30, 2018

	General Fund	Public Housing Agency Fund	Total Government Funds
REVENUES			
Taxes	$ 12,476,877	$ -	$ 12,476,877
Licenses & Permits	892,190	-	892,190
Intergovernmental	2,136,028	2,290,464	4,426,492
Charges for Services	783,693	-	783,693
Fines & Forfeitures	160,289	-	160,289
Interest & Investment Earnings	52,048	-	52,048
Rental Income	18,872	-	18,872
Miscellaneous	359,748	33,828	393,576
TOTAL REVENUES	16,879,745	2,324,292	19,204,037
EXPENDITURES			
General Government	1,568,345	-	1,568,345
Public Safety	6,293,538	-	6,293,538
Public Works	3,125,355	-	3,125,355
Recreation & Parks	1,233,145	-	1,233,145
Community Development & Housing	48,444	2,401,308	2,449,752
Debt Service			
Principal	1,287,688	-	1,287,688
Interest	333,133	-	333,133
Capital Outlays	7,840,040	-	7,840,040
TOTAL EXPENDITURES	21,729,688	2,401,308	24,130,996
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,849,943)	(77,016)	(4,926,959)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	34,736	-	34,736
Issuance of loans	5,000,000	-	5,000,000
Transfer in	-	75,000	75,000
Transfer out	(185,000)	-	(185,000)
TOTAL OTHER FINANCING (USES) SOURCES	4,849,736	75,000	4,924,736
NET CHANGE IN FUND BALANCES	(207)	(2,016)	(2,223)
Fund Balances - Beginning of Year	15,180,841	192,286	15,373,127
FUND BALANCES - END OF YEAR	$ 15,180,634	$ 190,270	$ 15,370,904

The accompanying notes are an integral part of the financial statements.

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	(2,223)
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.		
Add: Capital Outlays		7,840,040
Less: Depreciation Expense		(2,780,580)
Less: Disposal of Asset		(1,388)
Bond, loan, and lease proceeds provide current financial resources to governmental funds, but issuing debt and lease financing increases long-term liabilities in the government-wide statement of net position. Repayment of debt and loan principal and capital lease obligations are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statement of net position.		
Payment of Capital Lease Obligations		30,088
Payment on Bonds Payable		1,257,600
Bond Proceeds		(5,000,000)
Property tax, intergovernmental grants, citations, and housing voucher repayments in the statement of activities do not provide current financial resources and are not reported as revenues in the governmental funds.		(7,108)
In the statement of activities, certain expenses do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These expenses include the change in:		
Net Charge on Refunding		(14,050)
Accrued Interest Expense		(29,294)
Long-Term Portion of Compensated Absences		17,419
Accrued Other Postemployment Benefits		(13,350)
Net Pension Liability		141,313
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	1,438,467

The accompanying notes are an integral part of the financial statements.

City of Westminster, Maryland
Statement of Net Position - Proprietary Funds
June 30, 2018

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
ASSETS				
CURRENT ASSETS				
Equity in Pooled Cash & Cash Equivalents				
Unrestricted	$ 8,520,751	$ 6,534,052	$ -	$ 15,054,803
Restricted	5,509,773	-	677,972	6,187,745
Accounts Receivable				-
Unrestricted	1,007,434	699,398	93,491	1,800,323
Restricted	91,068	-	496,484	587,552
Unbilled Services	921,892	739,307	-	1,661,199
Prepaid Items and Deposits	73,563	67,532	446	141,541
Due from Other Funds	354,419	407,474	-	761,893
Inventory	87,512	60,760	-	148,272
TOTAL CURRENT ASSETS	16,566,412	8,508,523	1,268,393	26,343,328
NON-CURRENT ASSETS				
Accounts Receivable	7,425	7,425	-	14,850
Land & Land Rights	54,202	136,713	-	190,915
Construction in Progress	4,275,602	1,539,057	10,212,995	16,027,654
Buildings	41,496	79,579	-	121,075
Equipment	3,406,371	1,068,112	-	4,474,483
Improvements Other than Buildings	-	38,774	-	38,774
Furniture & Fixtures	1,607	4,807	-	6,414
Infrastructure	19,771,065	30,249,937	1,793,764	51,814,766
Utility Plant & Equipment	16,450,183	15,935,999	-	32,386,182
Vehicles	530,610	700,634	-	1,231,244
	44,531,136	49,753,612	12,006,759	106,291,507
Accumulated Depreciation	22,785,344	14,398,621	538,129	37,722,094
Total Property & Equipment	21,745,792	35,354,991	11,468,630	68,569,413
TOTAL NON-CURRENT ASSETS	21,753,217	35,362,416	11,468,630	68,584,263
TOTAL ASSETS	38,319,629	43,870,939	12,737,023	94,927,591
DEFERRED OUTFLOWS OF RESOURCES				
Pension - Deferred Outflows	227,836	207,124	-	434,960
OPEB - Deferred Outflows	8,369	9,423	-	17,792
TOTAL DEFERRED OUTFLOWS OF RESOURCES	236,205	216,547	-	452,752
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 38,555,834	$ 44,087,486	$ 12,737,023	$ 95,380,343

The accompanying notes are an integral part of the financial statements.

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	$ 254,329	$ 170,282	$ 904,470	$ 1,329,081
Accrued Liabilities	-	58,263	26,216	84,479
Compensated Absences	1,502	-	-	1,502
Unearned Revenue	-	21,159	-	21,159
General Obligation Bonds Payable	-	887,025	-	887,025
Due to Other Governments	256,994	2,846	-	259,840
TOTAL CURRENT LIABILITIES	512,825	1,139,575	930,686	2,583,086
NON-CURRENT LIABILITIES				
Compensated Absences	120,838	120,147	3,489	244,474
Net OPEB Liability	778,423	876,526	-	1,654,949
Net Pension Obligation	1,147,471	1,043,155	-	2,190,626
Due to Other Governments	226,486	-	-	226,486
General Obligation Bonds Payable	-	6,793,727	10,370,862	17,164,589
TOTAL NON-CURRENT LIABILITIES	2,273,218	8,833,555	10,374,351	21,481,124
TOTAL LIABILITIES	2,786,043	9,973,130	11,305,037	24,064,210
DEFERRED INFLOWS OF RESOURCES				
Pension - Deferred Inflows	89,844	81,677	-	171,521
OPEB - Deferred Inflows	49,776	56,050	-	105,826
TOTAL DEFERRED INFLOWS OF RESOURCES	139,620	137,727	-	277,347
NET POSITION				
Net Investment in Capital Assets	21,745,792	27,674,239	1,097,768	50,517,799
Restricted for:				
Future Infrastructure Growth	5,509,773	-	677,972	6,187,745
Unrestricted	8,374,606	6,302,390	(343,754)	14,333,242
TOTAL NET POSITION	35,630,171	33,976,629	1,431,986	71,038,786
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	38,555,834	44,087,486	12,737,023	95,380,343

The accompanying notes are an integral part of the financial statements.

City of Westminster, Maryland
Statement of Revenues, Expenses and Changes in
Net Position - Proprietary Funds
For the Year Ended June 30, 2018

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
OPERATING REVENUES				
Charges for Services	$ 7,490,039	$ 5,669,365	$ 309,069	$ 13,468,473
Miscellaneous	10,169	200	65,625	75,994
TOTAL OPERATING REVENUES	7,500,208	5,669,565	374,694	13,544,467
OPERATING EXPENSES				
Administrative & General	1,363,558	1,455,420	-	2,818,978
Sewer Treatment	1,974,021	-	-	1,974,021
Transmission & Distribution	972,887	742,441	-	1,715,328
Water Treatment & Pumping	-	1,500,678	-	1,500,678
Fiber	-	-	207,437	207,437
Depreciation	798,463	903,472	179,377	1,881,312
TOTAL OPERATING EXPENSES	5,108,929	4,602,011	386,814	10,097,754
OPERATING INCOME (LOSS)	2,391,279	1,067,554	(12,120)	3,446,713
NON-OPERATING REVENUES (EXPENSES)				
Interest & Investment Earnings	50,953	50,953	-	101,906
Rental Income	-	207,796	-	207,796
Interest Expense	(66)	(177,402)	(230,451)	(407,919)
TOTAL NON-OPERATING REVENUES (EXPENSES)	50,887	81,347	(230,451)	(98,217)
INCOME BEFORE DISPOSAL OF ASSETS AND TRANSFERS	2,442,166	1,148,901	(242,571)	3,348,496
Gain on asset disposal	-	8,710	-	8,710
Transfer in/(out)	-	-	110,000	110,000
CHANGES IN NET POSITION	2,442,166	1,157,611	(132,571)	3,467,206
Net Position - Beginning as restated (Note 22)	33,188,005	32,819,018	1,564,557	67,571,580
NET POSITION - END OF YEAR	$ 35,630,171	$ 33,976,629	$ 1,431,986	$ 71,038,786

The accompanying notes are an integral part of the financial statements.

City of Westminster, Maryland
Statement of Cash Flows - Proprietary Funds

For the Year Ended June 30, 2018

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Cash Received from Customers	$ 7,224,548	$ 5,603,286	$ 253,184	$ 13,081,018
Miscellaneous	46,421	(3,515)	65,625	108,531
	7,270,969	5,599,771	318,809	13,189,549
Outflows:				
Cash Paid to Suppliers	(2,978,495)	(2,534,573)	(683,950)	(6,197,018)
Cash Paid to Employees	(1,463,477)	(1,434,592)	18,106	(2,879,963)
	(4,441,972)	(3,969,165)	(665,844)	(9,076,981)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	2,828,997	1,630,606	(347,035)	4,112,568
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Inflows:				
Rental Income	-	207,796	-	207,796
Cash received from other funds	3,002	2,622	-	5,624
Transfers In/Out	-	-	110,000	110,000
NET CASH PROVIDED (USED IN) BY NON-CAPITAL FINANCING ACTIVITIES	3,002	210,418	110,000	323,420
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Inflows:				
Bond Proceeds	-	-	4,498,538	4,498,538
	-	-	4,498,538	4,498,538
Outflows:				
Interest Paid	(66)	(177,402)	(230,451)	(407,919)
Principal Paid	(12,704)	(886,653)	-	(899,357)
Purchase of Capital Assets	(1,806,298)	(1,686,249)	(3,973,021)	(7,465,568)
	(1,819,068)	(2,750,304)	(4,203,472)	(8,772,844)
NET CASH PROVIDED BY (USED IN) CAPITAL & RELATED FINANCING ACTIVITIES	(1,819,068)	(2,750,304)	295,066	(4,274,306)

For the Year Ended June 30, 2018

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Interest on Investments	$ 50,953	$ 50,953	$ -	$ 101,906
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	50,953	50,953	-	101,906
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	1,063,884	(858,327)	58,031	263,588
CASH & CASH EQUIVALENTS - BEGINNING OF YEAR	12,966,640	7,392,379	619,941	20,978,960
CASH & CASH EQUIVALENTS - END OF YEAR	$ 14,030,524	$ 6,534,052	$ 677,972	$ 21,242,548
RECONCILIATION OF CASH & CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
CURRENT ASSETS				
Equity in Pooled Cash & Cash Equivalents				
Unrestricted	$ 8,520,751	$ 6,534,052	$ -	15,054,803
Restricted	5,509,773	-	677,972	6,187,745
CASH & CASH EQUIVALENTS - END OF YEAR	$ 14,030,524	$ 6,534,052	$ 677,972	$ 21,242,548

The accompanying notes are an integral part of the financial statements.

For the Year Ended June 30, 2018

	Sewer Fund	Water Fund	Fiber Fund	Total Proprietary Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net operating income (loss)	$ 2,391,279	$ 1,067,554	$ (12,120)	$ 3,446,713
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	798,463	903,472	179,377	1,881,312
Changes in Assets and Liabilities				
Accounts Receivable	(265,491)	(66,079)	(55,885)	(387,455)
Prepaid Items & Deposits	10,713	11,886	76	22,675
Inventory	(5,111)	(4,270)	-	(9,381)
Accounts Payable	(42,300)	(303,340)	(476,589)	(822,229)
Accrued Expenses	(718)	2,704	15,211	17,197
Due to/from Other Governments	41,363	555	-	41,918
Net Pension Liability and deferred inflows/outflows	(21,014)	32,682	-	11,668
Net OPEB Liability and deferred inflows/outflows	(81,818)	(2,448)	-	(84,266)
Compensated Absences	3,631	(12,110)	2,895	(5,584)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ 2,828,997	$ 1,630,606	$ (347,035)	$ 4,112,568

The accompanying notes are an integral part of the financial statements.

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 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, sewer, and fiber 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, sewer, and fiber services are classified as business-type activities.

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.). 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.

This government-wide focus is 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 comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

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.

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 meet any of the following criteria; (a) government officials elect to report the activity as an enterprise fund (b) financed with debt that is solely secured by a pledge of the net revenues, (c) third-party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (d) 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 potable water to residential and commercial users of the City and associated expenses.

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 and associated expenses.

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 and associated expenses.

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 60 days after the end of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

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

The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

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% 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 as revenues 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 consumption read information when unbilled services are estimated.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018 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.

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

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, 2018, the City's deferred outflows consist of pension and OPEB related items.

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 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 capital 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:

	Years
Buildings and Improvements other than Buildings	7 - 41
Equipment and Vehicles	5 - 10
Furniture and Fixtures	5
Infrastructure	7 - 100
Utility Plant and Equipment	10 - 40
Water Use Rights	40

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

Depreciation of all exhaustible capital 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 capital assets is recorded by removing

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

cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

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

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.

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

Regular employees are granted vacation leave based on the number of continuous service years. A maximum of 40 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

This financial statement element 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, arising only under the modified accrual basis of accounting,

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

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 on the statement of net position include pension and OPEB related items.

Unearned Revenue

Both governmental and proprietary funds report revenue received in advance of the City providing services as unearned. As of June 30, 2018, governmental and proprietary funds reported unearned revenues of $367,843 and $21,159, respectively.

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, 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.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

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. A majority of the Mayor and Common Council must approve, by consensus vote, the establishment of a fund balance commitment as well the elimination of any 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 fund balance of the General Fund which has not been classified within the other above mentioned categories.

When an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

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. Appropriations for salaries and operating expenses lapse at the fiscal year-end. Budget revisions receive approval of the Mayor and Common Council. There were two budget revisions approved by the Mayor and Common Council during the year ended June 30, 2018.

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.

Note 2. 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, 2018, all pool holdings were in cash and cash equivalents with a weighted average maturity of 85 days. The pool is managed in a "Rule 2(a)-7 like" manner and is reported at amortized cost 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, 2018, the City had total investments in MLGIP of $6,567,475 which have been reflected as equity in pooled cash and cash equivalents.

Note 2. Deposits and Investments (Continued)

Restricted cash and cash equivalents at June 30, 2018 consisted of the following:

	Governmental Activities	Business-Type Activities
Future Infrastructure Growth	$ -	$ 6,187,745
Capital Improvements Projects	1,510,503	-
Future Healthcare Costs	2,421,272	-
Community Development	475,953	-
Housing Voucher Program	186,685	-
Judicial Mandates	159,866	-
Developer Deposits	26,509	-
Benefit Assessments	171,958	-
City Program Commitments	85,193	-
Total Restricted Cash and Cash Equivalents	$ 5,037,939	$ 6,187,745

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of $39,529,677 at June 30, 2018, of which $617,109 was covered by federal depository insurance. The remaining amount of $38,912,548 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, 2018.

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, 2018 are disclosed under deposits and investments.

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.

Note 2. Deposits and Investments (Continued)

Credit Risk (Continued)

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.

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, 2018, the City had no concentration of credit risk.

Note 3. 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, 2018, $17,000 remains outstanding on the loan, $1,650 of which has been classified as a current asset.

Note 4. Capital Assets

A summary of governmental activities follows:

	Balance July 1, 2017	Increases	Decreases	Transferred to Active Status	Balance June 30, 2018
Capital Assets					
Non-Depreciable Assets:					
Land and Land Rights	$ 1,744,172	$ -	$ -	$ -	$ 1,744,172
Construction in Progress	485,800	1,855,244	(1,388)	(20,722)	2,318,934
Total Non-Depreciable Assets	2,229,972	1,855,244	(1,388)	(20,722)	4,063,106
Depreciable Assets:					
Buildings	14,799,293	168,478	-	-	14,967,771
Equipment	3,757,739	174,915	-	20,722	3,953,376
Furniture and Fixtures	221,986	-	-	-	221,986
Improvements Other than Buildings	10,415,040	54,538	-	-	10,469,578
Infrastructure	50,598,344	5,266,896	-	-	55,865,240
Vehicles	3,031,737	319,969	(125,297)	-	3,226,409
Water Use Rights	1,400,000	-	-	-	1,400,000
Total Depreciable Assets	84,224,139	5,984,796	(125,297)	20,722	90,104,360
Total Capital Assets	86,454,111	7,840,040	(126,685)	-	94,167,466
Accumulated Depreciation:					
Buildings	5,602,699	428,100	-	-	6,030,799
Equipment	2,840,344	225,503	-	-	3,065,847
Furniture and Fixtures	129,731	18,789	-	-	148,520
Improvements Other than Buildings	5,154,800	366,337	-	-	5,521,137
Infrastructure	24,157,147	1,441,713	-	-	25,598,860
Vehicles	2,165,322	265,138	(125,297)	-	2,305,163
Water Use Rights	49,583	35,000	-	-	84,583
Total Accumulated Depreciation	40,099,626	2,780,580	(125,297)	-	42,754,909
Total Capital Assets, Net	$ 46,354,485	$ 5,059,460	$ (1,388)	$ -	$ 51,412,557

Note 4. Capital Assets (continued)

Management has evaluated the useful lives of all capital assets and has determined that no change is necessary at this time. Projects included in construction in progress at June 30, 2018 are as follows:

Governmental Activities	
45 West Main Street	$ 1,705,899
Stormwater Mitigation	334,773
Wakefield Development	123,176
Green Tot Lot	61,073
Retaining Walls	23,325
Longwell Building - HVAC Study	19,500
Family Center	18,452
Streets	16,500
Public Safety Reporting Software	16,236
Total Construction in Progress	$ 2,318,934

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

Governmental Activities	
General Government	$ 240,044
Public Safety	186,419
Public Works	1,946,910
Recreation and Culture	388,460
Community Development	18,747
Total Depreciation Expense	$ 2,780,580

Note 4. Capital Assets (continued)

A summary of business-type activities follows:

	Balance July 1, 2017	Increases	Decreases	Transferred to Active Status	Balance June 30, 2018
Capital Assets					
Non-Depreciable Assets:					
Land and Land Rights	$ 190,915	$ -	$ -	$ -	$ 190,915
Construction in Progress	15,835,983	4,282,854	-	(4,091,183)	16,027,654
Total Non-Depreciable Assets	16,026,898	4,282,854	-	(4,091,183)	16,218,569
Depreciable Assets:					
Buildings	121,075	-	-	-	121,075
Equipment	4,154,466	303,012	-	17,005	4,474,483
Furniture and Fixtures	6,414	-	-	-	6,414
Infrastructure	49,467,233	1,411,652	-	935,881	51,814,766
Utility Plant	27,963,321	1,284,564	-	3,138,297	32,386,182
Improvements Other than Buildings	-	38,774	-	-	38,774
Vehicles	1,119,246	153,422	(41,424)	-	1,231,244
Total Depreciable Assets	82,831,755	3,191,424	(41,424)	4,091,183	90,072,938
Total Capital Assets	98,858,653	7,474,278	(41,424)	-	106,291,507
Accumulated Depreciation:					
Buildings	19,729	6,054	-	-	25,783
Equipment	3,291,136	195,526	-	-	3,486,662
Furniture and Fixtures	6,414	-	-	-	6,414
Infrastructure	17,263,431	940,408	-	-	18,203,839
Utility Plant	14,619,566	646,097	-	-	15,265,663
Improvements Other than Buildings	-	-	-	-	-
Vehicles	681,930	93,227	(41,424)	-	733,733
Total Accumulated Depreciation	35,882,206	1,881,312	(41,424)	-	37,722,094
Total Capital Assets, Net	$ 62,976,447	$ 5,592,966	$ -	$ -	$ 68,569,413

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

Note 4. Capital Assets (Continued)

Accumulated costs attributable to projects included in construction in progress at June 30, 2018 are as follows:

Water Fund	
Well #8 (Radon/Nitrate Storage)	$ 1,277,541
Hydes Quarry (New Water Source)	239,699
Storage Tank Mixing Project	21,817
Total Water Fund	$ 1,539,057
Sewer Fund	
Enhanced Nutrient Removal Project & Biosolids Upgrade - WWTP	$ 4,275,602
Total Sewer Fund	$ 4,275,602
Fiber Enterprise Fund	
Fiber - City-Wide	$ 10,212,995
Total Fiber Enterprise Fund	$ 10,212,995
Total Construction in Progress	$ 16,027,654

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

Water Fund	$ 903,472
Sewer Fund	798,463
Fiber Enterprise Fund	179,377
Total Depreciation Expenses	$ 1,881,312

Note 5. 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, 2018, the loan remains outstanding and will be paid upon the reestablishment of the Corporation.

Note 6. 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, 2018, $77,449 and $149,037 are outstanding on the County Airport and County Avondale obligations, respectively.

Note 7. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2018:

Type of Debt	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	$ 3,884,300	$ 5,000,000	$ 1,257,600	$ 7,626,700	$ 500,072
Capital Lease Obligations	30,088	-	30,088	-	-
Other Long-Term Liabilities:					
Compensated Absences	434,063	-	9,877	424,186	30,169
Net OPEB Obligations	3,435,286	-	160,390	3,274,896	-
Net Pension Liability	9,088,814	-	847,889	8,240,925	-
Total Governmental Activities	$ 16,872,551	$ 5,000,000	$ 2,305,844	$ 19,566,707	$ 530,241
Business-Type Activities					
General Obligation Bonds Payable	$ 13,930,541	$ 4,995,022	$ 873,949	$ 18,051,614	$ 887,025
Capital Lease Obligations	25,408	-	25,408	-	-
Other Long-Term Liabilities:					
Compensated Absences	251,560	-	5,584	245,976	1,502
Net OPEB Obligations	799,000	855,949	-	1,654,949	-
Due to Other Governments	226,486	-	-	226,486	-
Net Pension Liability	2,420,313	-	229,687	2,190,626	-
Total Business-Type Activities	$ 17,653,308	$ 5,850,971	$ 1,134,628	$ 22,369,651	$ 888,527

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

Note 7. Long-Term Debt (Continued)

General Obligation Bonds outstanding as of June 30, 2018 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.	$ 2,151,800
$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.	642,400
$5,000,000 Infrastructure Bonds - 2017 Series A-1 and Series A-2 due in annual principal payments of $167,500 - $329,500 plus interest paid semi-annually at rates of 2.80% - 3.30%. The bonds mature on April 1, 2037.	4,832,500
Total Governmental Activities General Obligation Bonds Payable	7,626,700
Business-Type Activities General Obligation Bonds Payable	
Water Fund	
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.	234,395
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.	4,877,198
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.	2,569,159
Fiber Fund	
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.	10,370,862
Total Business-Type Activities General Obligation Bonds Payable	18,051,614
Total General Obligation Bonds Payable	$ 25,678,314

Note 7. 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 Principal	Governmental Activities Interest	Business-Type Activities Principal	Business-Type Activities Interest
2019	$ 500,072	$ 239,228	887,025	480,990
2020	513,018	220,960	900,338	459,419
2021	527,114	202,519	913,999	437,307
2022	538,833	186,606	845,672	414,633
2023	385,598	169,032	857,695	393,521
2024-2028	2,122,870	634,468	3,283,057	1,637,106
2029-2033	1,786,695	346,591	52,053	1,210,634
2034-2038	1,252,500	106,319	422,146	857,394
2039-2043	-	-	3,423,502	404,166
2044-2048	-	-	6,466,127	25,924
	$ 7,626,700	$ 2,105,723	$ 18,051,614	$ 6,321,094

Interest costs incurred and charged to expense for the year ended June 30, 2018 for governmental activities and business-type activities were $362,427 and $407,919, respectively.

The City had entered into several capital lease agreements for server configuration equipment and fitness equipment which were paid off during the year. The obligations were secured by the related assets and carried stated interest rates from 6.17% to 10.36%.

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Governmental Activities	$ 30,088	$ -	$ 30,088	$ -
Business-Type Activities	25,408	-	25,408	-
Total	$ 25,408	$ -	$ 25,408	$ -

Assets acquired under capital lease included in Property and Equipment at June 30, 2018 include the following:

	Governmental Activities	Business-Type Activities
Asset Cost under Capital Lease		
Equipment	$ 236,670	$ 303,354
Less: Accumulated Depreciation	223,069	303,354
Total Asset Cost under Capital Lease, Net	$ 13,601	$ -

Note 8. 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, 2018, there were various series of Economic Development Revenue Bonds and Educational Facilities Revenue Bonds outstanding, with an aggregate principal amount payable of $106,394,660.

Note 9. Interfund Transactions

Interfund receivable and payable balances at June 30, 2018 consisted of the following:

	Receivable	Payable
Governmental Funds		
General Fund	$ 2,613	$ 761,893
Public Housing Agency Fund	-	2,613
	2,613	764,506
Enterprise Funds		
Sewer Fund	354,419	-
Water Fund	407,474	-
	$ 764,506	$ 764,506

The City established an earmarked 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 Liability (NOL) 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.

Note 9. Interfund Transactions (Continued)

The composition of interfund transfers for the year ended June 30, 2018 is as follows:

	Transfers In	Transfers Out
Governmental Funds		
General Fund	$ -	$ 185,000
Public Housing Agency Fund	75,000	-
	75,000	185,000
Enterprise Funds		
Fiber Fund	110,000	-
	$ 185,000	$ 185,000

Note 10. Net Position and Fund Balances

The governmental fund balances at June 30, 2018, are summarized as follows:

	General Fund	Public Housing Agency Fund	Total
Non-Spendable:			
Prepaid Expenditures	$ 230,169	$ 8,329	$ 238,498
Inventory	65,626	-	65,626
Loans Receivable	848,676	-	848,676
Subtotal	1,144,471	8,329	1,152,800
Restricted			
Housing Voucher Program	-	181,941	181,941
Capital Improvements	1,721,393	-	1,721,393
Employee Flexible Spending Account	23,058	-	23,058
Police Non-Budgeted	90,758	-	90,758
Subtotal	1,835,209	181,941	2,017,150
Committed to:			
Police Discretionary Use	14,950	-	14,950
Assigned to:			
Community Development	475,953	-	475,953
Subtotal	475,953	-	475,953
Unassigned:	11,710,870	-	11,710,870
Total Fund Balance	$ 15,181,453	$ 190,270	$ 15,371,723

The government-wide statement of net position for the year ended June 30, 2018 reports $2,017,150 and $6,187,745 of restricted net position for the City's governmental and business-type activities, respectively, of which $2,017,150 and $6,187,745, respectively, are restricted by enabling legislation.

Note 11. Property Taxes

The amount of the tax levy in the corresponding tax year shall constitute a determination of the amount to be raised. 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, 2018 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 2018. For tangible utility property, the rate per $100 of assessed value was $1.40 in fiscal year 2018.

Note 12. Rental Income Agreements

The City has entered into communication tower lease agreements with various unrelated parties. All lease agreements are renewable for four successive five-year periods at the lessee's discretion. Rental income for the year ended June 30, 2018 was $187,663. Future minimum annual rental income for the Water Fund as of June 30, 2018 is as follows:

Years Ending June 30,		
2019	$	206,502
2020		213,507
2021		180,690
2022		126,733
2023		39,316
Total Minimum Rental Income	$	766,748

Note 13. 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 56% of real estate taxes levied against the premises, as well as 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 September 2019.

Note 13. 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, 2018:

Years Ending June 30,	Governmental Activities	Business-Type Activities
2019	$ 31,802	$ 3,738
2020	31,088	3,024
2021	20,894	1,612
2022	4,761	291
2023	373	-
Total Minimum Lease Payments	$ 88,918	$ 8,665

Rent expense for governmental and business-type activities for the year ended June 30, 2018 was $94,866 and $67,840, respectively.

Note 14. 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, 2018.

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. The City contributed $3,996 to the 457(b) plan for the year ended June 30, 2018.

Note 14. Defined Contribution Plans (Continued)

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 $96,120 to the 401(a) plan for the year ended June 30, 2018.

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 15. 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 0.0483% (0.0189% Employees' Combined System (ECS) and 0.0294% Law Enforcement Officers' Pension System (LEOPS), respectively, as of the measurement date of June 30, 2017.

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 year 2018 contributions in December 2017 of $1,055,351 ($418,864 for ECS and $636,487 for LEOPS) are therefore recognized as pension-related deferred outflows of resources.

In March 2016, the GASB issued Statement No. 82 - Pension Issues ("GASB 82"), which is effective for financial statements with periods beginning after June 15, 2016. This statement amends GASB 68 to require the presentation of covered payroll (the payroll or compensation paid to all employees on which contributions to the pension plan are based), and the related ratios, in the required supplementary information. Previously, GASB 68 required presentation of covered-employee payroll (the payroll of employees that are provided with pensions through the pension plan,) and the related ratios, in the required supplementary information. The City adopted GASB 82 during fiscal year 2018 and has retroactively applied the related changes to the accompanying required supplementary information to reflect covered payroll instead of covered-employee payroll for all periods presented.

Note 15. Pension Plans (Continued)

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 $981,875 to the System for fiscal year 2017, 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.

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.

2. The underlying financial information used to prepare the pension allocation schedules is based on the System's financial statements. The System's financial statements for all plans are prepared using 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.

3. Actual employer contributions billed to participating government units for the year ended June 30, 2017 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 $77 million to adjust for differences between actuarially determined contributions and actual contributions by the State of Maryland for the year ended June 30, 2016.

Note 15. Pension Plans (Continued)

Basis of presentation and basis of accounting (Continued)

4. The components of the calculation of the net pension liability for the System as of June 30, 2017, calculated in accordance with GASB Statement No. 67, are shown in the following table:

Total Pension Liability	$ 70,610,885,000
Plan Fiduciary Net Position	48,987,184,000
Net Pension Liability	$ 21,623,701,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.38%

Actuarial Assumptions

- Actuarial - Entry Age Normal
- Amortization Method: Level Percentage of Payroll, Closed
- Remaining Amortization Period: In the 2016 actuarial valuation: 25 year closed schedule ending June 30, 2039; 22 years remaining. In the 2017 actuarial valuation: 25-year closed schedule ending June 30, 2039; 21 years remaining.
- Asset Valuation Method: 5-year smoothed market; 20% collar
- Inflation: 2.7% general and 3.2% wage.
- Salary Increases: 3.2% to 9.2% including inflation.
- Discount Rate: 7.50%
- Investment Rate of Return: 7.50%
- 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 15. Pension Plans (Continued)

Actuarial Assumptions (Continued)

Note: There were no benefit changes during the year. Adjustments to the rollforward liabilities were made to reflect the change in the Inflation assumption from 2.90% to 2.7%.

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	36%	5.3%
Fixed Income	0%	0.0%
Credit Opportunity	9%	3.6%
Absolute Return	8%	3.1%
Private Equity	11%	7.0%
Real Assets	15%	5.7%
Rate Sensitive	21%	1.2%
Total	100%	

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, 2017.

Discount Rate

A single discount rate of 7.50% 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 7.50%. 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,

Note 15. Pension Plans (Continued)

Discount Rate (Continued)

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, calculated using a single discount rate 7.50%, a single discount rate that is 1 percentage point lower (i.e., 6.50%) and a single discount rate that is 1 percentage point higher (i.e., 8.50%):

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
The System's Net Pension Liability	$ 30,645,067,000	$ 21,623,701,000	$ 14,138,519,000
The City's Proportionate Share of Net Pension Liability	$ 14,801,567	10,431,551	$ 6,828,905

Pension Plan Description

Organization

The State Retirement Agency (the Agency) is the 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 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."

Note 15. Pension Plans (Continued)

Organization (Continued)

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.

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.

Note 15. Pension Plans (Continued)

Summary of Significant Plan Provisions (Continued)

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 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.

Note 15. Pension Plans (Continued)

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 five 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 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 five 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 five 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.

Note 15. Pension Plans (Continued)

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.

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.

Note 15. 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 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 consecutive years as an employee, up to a maximum benefit of 60% of AFC for member's 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 three 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.

Note 15. Pension Plans (Continued)

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.

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.

Note 15. Pension Plans (Continued)

Disability and Death Benefits (Continued)

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, 2018, the City reported a liability of $10,431,551 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the City's proportion was approximately 0.0483 percent which was a decrease of 0.0005 percent from the prior year.

For the year ended June 30, 2018, the City recognized pension expense of $1,205,000. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ 378,644	$ -
Difference between actual and expected experience	-	725,506
Net difference between projected and actual earnings on pension plan investments	637,240	-
Change in proportionate share	-	91,262
Contributions subsequent to the measurement date	1,055,351	-
Total	$ 2,071,235	$ 816,768

Split of Deferred Outflows/Inflows of Resources:

Governmental Activities	$ 1,636,275	$ 645,247
Business-Type Activities	434,960	171,521
Total	$ 2,071,235	$ 816,768

Note 15. Pension Plans (Continued)

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

The deferred outflows of resources of $1,055,351 relating to contributions subsequent to the measurement date of June 30, 2017 will be recognized as a reduction of the City's net pension liability during the fiscal year ended June 30, 2019. The deferred outflows and inflows of resources due to changes in assumptions, differences between actual and expected experience, differences in projected and actual investment earnings and change in proportionate share 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 ranging from 5.54 to 5.87 years. The net difference in investment earnings are being amortized over a closed five-year period.

The deferred outflows and inflows of resources will be recognized in pension expense as follows:

	Governmental Activities	Business-Type Activities	Total
2019	$ 92,249	$ 24,522	$ 116,771
2020	252,864	67,217	320,081
2021	72,212	19,196	91,408
2022	(189,880)	(50,474)	(240,354)
2023	(70,144)	(18,646)	(88,790)
	$ 157,301	$ 41,815	$ 199,116

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, 2017 were as follows:

	Governmental Activities	Business-Type Activities	Total
Total Pension Liability	$ 26,910,251	$ 7,153,358	$ 34,063,609
Plan Fiduciary Net Position	18,669,326	4,962,732	23,632,058
Net Pension Liability	$ 8,240,925	$ 2,190,626	$ 10,431,551
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.38%	69.38%	69.38%

Note 15. 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 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 16. Other Postemployment Benefits Plan

General

The Mayor and Common Council of the City of Westminster, Maryland established the City of Westminster OPEB Plan (the "Plan"). The Plan provides postemployment healthcare benefits for active employees and other postemployment benefits 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). The City Charter grants the authority to establish and amend the benefit terms and financing requirements to the Common Council and the Mayor. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

The 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.

Note 16. Other Postemployment Benefits Plan (Continued)

Benefits Provided (Continued)

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. 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.

Common Council and the Mayor have the authority to establish or amend benefits provided.

Plan Membership

As of June 30, 2017, the following employees were covered by the benefit terms:

Retirees	25
Active Employees	60
Total	85

Total OPEB Liability

The City's total OPEB liability of $4,929,845 was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2016. The actuary utilized update procedures to roll forward the total OPEB liability in the June 30, 2016 actuarial valuation to the June 30, 2017 measurement date.

Note 16. Other Postemployment Benefits Plan (Continued)

Actuarial Assumptions

The total OPEB liability at June 30, 2017 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.4%
Salary Increases	6.2% per annum for General Employees 7.2% per annum for Law Enforcement Officers
Discount Rate	3.58% for June 30, 2017 2.85% for June 30, 2016
Healthcare cost trend rates	5.40% for 2017, ranging from 5.10% to 9.20% for years 2018 and later
Retirees' share of benefit-related costs	See Benefits Provided Section

The discount rate was based on the Bond Buyer GO 20-year Bond Municipal Bond Index.

The mortality rates were based on the RP-2014 Mortality, Fully Generational with Scale MP 2014 Tables.

The actuarial assumptions used in the June 30, 2016 valuation were based on past experience under the plan and reasonable future expectation which represents the best estimate of anticipated experience under the plan. A recent actuarial experience study was not performed.

Note 16. Other Postemployment Benefits Plan (Continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 6/30/2016, beginning of year	$ 5,263,000
Changes for the year:	
Service Cost	91,537
Interest	147,458
Changes in Assumptions	(394,049)
Benefit Payments	(178,101)
Net Changes	(333,155)
Balance at 6/30/2017, end of year	$ 4,929,845

Split of Total OPEB Liability, end of year:

Governmental Activities	3,274,896
Business-Type Activities	1,654,949
Total	$ 4,929,845

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% for June 30, 2016 to 3.58% for June 30, 2017.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current discount rate:

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	$ 5,925,361	$ 4,929,845	$ 4,814,684

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (2.9 percent) or 1-percentage-point higher (4.9 percent) than the current discount rate:

	1% Decrease 2.90%	Medical Trend Rate 3.90%	1% Increase 4.90%
Total OPEB Liability	$ 4,719,307	$ 4,929,845	$ 6,053,523

Note 16. Other Postemployment Benefits Plan (Continued)

OPEB Expense Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of $160,185. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ -	$ 315,239
Contributions subsequent to the measurement date	53,000	-
Total	$ 53,000	$ 315,239
Split of Deferred Outflows/Inflows of Resources:		
Governmental Activities	$ 35,208	$ 209,415
Business-Type Activities	17,792	105,824
Total	$ 53,000	$ 315,239

The $53,000 of contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business-Type Activities	Total
2019	$ 52,354	$ 26,456	$ 78,810
2020	52,354	26,456	78,810
2021	52,354	26,456	78,810
2022	52,353	26,456	78,809
	$ 209,415	$ 105,824	$ 315,239

Note 17. 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, 2018, 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.

Note 17. 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, 2018
Public Works - Structural Study for Walls	$	269,845	$	191,650
Recreation & Parks Installation of Equipment		7,870		3,935
Governmental Activities	$	277,715	$	195,585
City-Wide Fiber Infrastructure	$	4,796,687	$	3,847,169
WWTP Upgrade ENR Removal		4,163,891		887,440
Little Pipe Creek Stream Restoration & Relocation		475,604		475,604
Business-Type Activities	$	9,436,182	$	5,210,213

Note 18. 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 of 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.

Note 18. Risk Management (Continued)

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, 2018
Liability pool	$ 1,000,000	$ 45,898
Law enforcement liability pool	1,000,000	45,846
Public official liability pool	1,000,000	20,032
Excess liability pool	5,000,000	7,548
Automobile pool	1,000,000	53,936
		$ 173,260

Note 19. 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 20. 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, sewer, and fiber bills. The City may place a lien on any property associated with unpaid taxes and water, sewer, and fiber 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 21. New Governmental Accounting Standards Board Pronouncements

The GASB issued several pronouncements prior to the year ended June 30, 2018 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:

Note 21. New Governmental Accounting Standards Board Pronouncements (Continued)

GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the City beginning with the fiscal year ending June 30, 2019. This Statement addresses accounting and financial reporting requirements for asset retirement obligations ("ARO"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the City beginning with the fiscal year ending June 30, 2020. This Statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on 1) whether a government is controlling the assets of the activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 87, *Leases*, will be effective for the City beginning with the fiscal year ending June 30, 2021. This Statement removes the traditional classifications of leases as operating or capital and recognizes all leases as financing tools, resulting in reporting of lease transactions as both a liability and an intangible right to use the leased asset. This Statement defines lease transactions and establishes the new accounting and financial reporting requirements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* will be effective for the City beginning with the fiscal year ending June 30, 2019. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, will be effective for the City beginning with the fiscal year ending June 30, 2021. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, will be effective for the City beginning with the fiscal year ending June 30, 2020. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment.

Note 22. Restatement of Net Position

Beginning government-wide governmental and business-type net position were restated for the implementation of GASB 75.

	Proprietary Funds			Government-Wide	
	Sewer Fund	Water Fund	Fiber Fund	Business-Type Activities	Governmental Activities
Beginning Net Position, previously report	$ 33,671,653	$ 33,363,619	$ 1,564,557	$ 68,599,829	$ 49,076,152
Prior year net OPEB liability	(483,648)	(544,601)	-	(1,028,249)	(2,034,751)
Beginning Net Position, as restated	$ 33,188,005	$ 32,819,018	$ 1,564,557	$ 67,571,580	$ 47,041,401

Note 23. Budget Appropriations

For the year ended June 30, 2018, the City of Westminster's total expenditures exceeded total appropriations by $325,190 in the Public Housing Agency Fund. Additional revenues and fund balance provide the funds to cover the excess expenditures.

Note 24. 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 December 14, 2018 (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
(Legal Level of Control)
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Taxes	$ 12,791,932	$ 12,791,932	$ 12,476,877	$ (315,055)
Licenses & Permits	799,569	799,569	892,190	92,621
Intergovernmental	2,195,265	2,217,103	2,136,028	(81,075)
Charges for Services	611,590	631,590	783,693	152,103
Fines & Forfeitures	217,500	217,500	160,289	(57,211)
Interest & Investment Earnings	35,000	35,000	52,048	17,048
Rental Income	20,000	20,000	18,872	(1,128)
Miscellaneous	35,000	35,000	359,748	324,748
Total revenues	16,705,856	16,747,694	16,879,745	132,051
Expenditures:				
General Government	1,998,473	2,008,823	1,568,345	440,478
Public Safety	6,888,597	6,874,279	6,293,538	580,741
Public Works	3,337,765	3,334,522	3,125,355	209,167
Recreation & Parks	1,253,279	1,287,185	1,233,145	54,040
Community Development & Housing	56,374	56,374	48,444	7,930
Debt Service				
Principal	1,379,690	1,054,055	1,287,688	(233,633)
Interest	339,974	679,098	333,133	345,965
Capital Outlays	8,351,619	10,294,041	7,840,040	2,454,001
Total expenditures	23,605,771	25,588,377	21,729,688	3,858,689
Other financing sources/(uses):				
Proceeds from Sale of Capital Assets	20,000	20,000	34,736	14,736
Issuance of loans	5,000,000	5,000,000	5,000,000	-
Transfer out	(185,000)	(185,000)	(185,000)	-
Total other financing sources/(uses)	4,835,000	4,835,000	4,849,736	14,736
Net change in fund balances	$ (2,064,915)	$ (4,005,683)	$ (207)	$ 4,005,476
Fund Balance - Beginning of Year			15,180,841	
Fund Balance - End of Year			$ 15,180,634	

City of Westminster, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Public Housing Agency Fund
(Legal Level of Control)
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Revenues:				
Intergovernmental	$ 1,991,118	$ 1,991,118	$ 2,290,464	$ 299,346
Miscellaneous	10,000	10,000	33,828	23,828
Total revenues	2,001,118	2,001,118	2,324,292	323,174
Expenditures:				
Community Development & Housing	2,076,118	2,076,118	2,401,308	(325,190)
Total expenditures	2,076,118	2,076,118	2,401,308	(325,190)
Other financing sources/(uses):				
Transfer in	75,000	75,000	75,000	-
Total other financing sources/(uses)	75,000	75,000	75,000	-
Net change in fund balances	$ -	$ -	$ (2,016)	$ (2,016)

City of Westminster, Maryland
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios
Last 10 Years

	2018
Total OPEB liability	
Service Cost	$ 91,537
Interest	147,458
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(394,049)
Benefit payments, including refunds of employee contributions	(178,101)
Net change in total OPEB liability	(333,155)
Total OPEB liability - beginning	5,263,000
Total OPEB liability - ending (a)	$ 4,929,845
Plan fiduciary net position	
Contributions - employer	$ 178,101
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(178,101)
Administrative expense	-
Other	-
Net change in plan fiduciary position	-
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	$ -
City's net OPEB liability - ending (a) - (b)	$ 4,929,845
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%
Covered payroll	$ 8,376,382
City net OPEB liability as a percentage of covered payroll	58.85%

Note to Schedule:

The City adopted GASB 75 on a prospective basis in 2018: therefore only one year is presented on the above schedule.

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

	2018	2017	2016	2015
City's proportionate share (%) of collective net pension liability	0.00482413%	0.00487798%	0.00468928%	0.0044709%
City's proportionate share ($) of collective net pension liability	10,431,551	11,509,127	9,745,109	7,892,118
City's covered payroll	8,376,382	8,638,696	8,371,185	8,054,207
City's proportionate share of collective net pension liability as a percentage of its covered payroll	124.54%	133.23%	116.41%	97.99%
Pension plan's fiduciary net position as a percentage of the total pension liability	63.98%	65.79%	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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 1,055,351	$ 981,874	$ 950,272	$ 988,374	$ 1,036,331	$ 769,674	$ 934,238	$ 1,000,560	$ 856,573	$ 848,917
Contribution in Relation to the Contractually Required Contribution	1,055,351	981,874	950,272	988,374	1,036,331	769,674	934,238	1,000,560	856,573	848,917
Contribution Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 8,376,382	$ 8,638,696	$ 8,371,185	$ 8,054,207	$ 8,220,230	$ 7,794,504	$ 7,776,206	$ 7,651,516	$ 7,973,815	$ 8,319,609
Contribution as a percentage of covered payroll	12.60%	11.37%	11.35%	12.27%	12.61%	9.87%	12.01%	13.08%	10.74%	10.20%

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.

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

Table 1

CITY OF WESTMINSTER, MARYLAND

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities										
Net Investment in Capital Assets	$ 43,785,857	$ 42,454,147	$ 42,526,125	$ 38,532,024	$ 35,682,137	$ 35,100,713	$ 34,872,097	$ -	$ -	$ -
Restricted	2,017,150	1,989,122	1,935,889	1,892,810	3,180,829	3,622,231	3,294,850	-	-	-
Unrestricted	2,676,861	4,632,883	4,521,694	3,273,138	7,814,643	6,640,317	5,926,862	-	-	-
Total Governmental Activities Net Position	48,479,868	49,076,152	48,983,708	43,697,972	46,677,609	45,363,261	44,093,809	-	-	-
Business-Type Activities										
Net Investment in Capital Assets	50,517,799	49,020,498	45,702,387	42,443,649	39,299,413	38,453,577	38,090,979	-	-	-
Restricted	6,187,745	5,733,749	6,092,201	7,118,961	8,588,210	7,573,530	7,323,872	-	-	-
Unrestricted	14,333,242	13,845,582	13,635,654	11,115,646	11,383,168	10,953,354	9,597,503	-	-	-
Total Business-Type Activities Net Position	71,038,786	68,599,829	65,430,242	60,678,256	59,270,791	56,980,461	55,012,354	-	-	-
Primary Government										
Net Investment in Capital Assets	94,303,656	91,474,645	88,228,512	80,975,673	74,981,550	73,554,290	72,963,076	-	-	-
Restricted	8,204,895	7,722,871	8,028,090	9,011,771	11,769,039	11,195,761	10,618,722	-	-	-
Unrestricted	17,010,103	18,478,465	18,157,348	14,388,784	19,197,811	17,593,671	15,524,365	-	-	-
Total Primary Government Net Position	$ 119,518,654	$ 117,675,981	$ 114,413,950	$ 104,376,228	$ 105,948,400	$ 102,343,722	$ 99,106,163	$ -	$ -	$ -

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental Activities (1)										
Invested in Capital Assets, Net of Related Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 32,874,066	$ 31,552,405	$ 29,898,287
Restricted	-	-	-	-	-	-	-	2,557,926	766,919	629,040
Unrestricted	-	-	-	-	-	-	-	4,621,325	4,516,227	3,380,253
Total Governmental Activities Net Assets	-	-	-	-	-	-	-	40,053,317	36,835,551	33,907,580
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	38,010,808	38,205,420	39,277,817
Restricted	-	-	-	-	-	-	-	6,842,854	-	-
Unrestricted	-	-	-	-	-	-	-	7,485,149	10,394,967	6,647,514
Total Business-Type Activities Net Assets	-	-	-	-	-	-	-	52,338,811	48,600,387	45,925,331
Primary Government										
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	70,884,874	69,757,825	69,176,104
Restricted	-	-	-	-	-	-	-	9,400,780	766,919	629,040
Unrestricted	-	-	-	-	-	-	-	12,106,474	14,911,194	10,027,767
Total Primary Government Net Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 92,392,128	$ 85,435,938	$ 79,832,911

(1) In FY2011, GASB 54 was implemented

Table 2

CITY OF WESTMINSTER, MARYLAND

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental Activities:										
General Government	$ 1,791,223	$ 1,958,923	$ 2,044,804	$ 2,279,392	$ 2,033,740	$ 1,619,659	$ 1,658,564	$ 1,412,939	$ 1,628,041	$ 2,207,358
Public Safety	6,391,879	7,779,910	6,077,097	5,917,816	5,698,822	5,849,529	5,537,316	5,717,661	5,806,461	5,497,624
Public Works	5,049,594	5,288,557	4,833,127	4,990,363	4,668,285	4,395,239	4,176,521	4,260,313	4,731,240	4,247,543
Recreation & Culture	1,609,625	1,406,611	1,363,735	1,229,001	1,267,334	1,142,296	1,231,756	1,192,491	1,206,961	1,089,680
Community Development & Housing	2,464,400	2,293,036	2,067,003	2,179,252	2,218,483	2,364,831	2,510,928	2,748,473	3,216,499	2,828,441
Interest on Long-Term Debt	376,477	166,597	178,666	190,055	196,380	218,755	245,602	268,075	268,649	312,342
Total Governmental Activities Expenses	17,683,198	18,893,634	16,564,432	16,785,879	16,083,044	15,590,309	15,360,687	15,599,952	16,857,851	16,182,988
Business-Type Activities:										
Sewer Services	5,108,995	5,036,757	4,839,774	4,944,571	4,877,723	4,762,370	4,990,870	4,805,897	4,793,225	4,739,579
Water Services	4,779,413	4,548,024	4,496,897	4,424,143	4,549,011	4,417,165	4,164,706	4,305,774	4,975,767	3,830,049
Water Services	617,265	378,031	347,687	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	10,505,673	9,962,812	9,684,358	9,368,714	9,426,734	9,179,535	9,155,576	9,111,671	9,768,992	8,569,628
Total Primary Government Expenses	$ 28,188,871	$ 28,856,446	$ 26,248,790	$ 26,154,593	$ 25,509,778	$ 24,769,844	$ 24,516,263	$ 24,711,623	$ 26,626,843	$ 24,752,616
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	$ 1,052,394	$ 294,166	$ 217,309	$ 562,842	$ 437,144	$ 420,820	$ 340,590	$ 301,450	$ 287,715	$ 355,850
Public Safety	146,851	136,825	224,441	212,383	178,832	164,063	242,242	233,785	182,841	51,879
Public Works	374,351	360,041	300,666	217,638	327,696	357,457	335,731	398,448	470,361	314,565
Recreation & Culture	624,688	463,780	401,707	425,545	346,037	459,368	467,659	485,040	454,128	425,494
Community Development & Housing	33,828	-	-	-	(53,648)	19,234	57,063	9,774	-	-
Operating Grants and Contributions	3,430,500	3,614,596	3,312,279	2,954,890	2,834,323	2,380,294	2,807,492	2,974,969	3,684,630	4,282,757
Capital Grants and Contributions	-	440,000	4,551,637	1,835,017	543,150	89,434	943,412	720,513	2,779,754	750,581
Total Governmental Activities Program Revenues	5,662,612	5,309,408	9,008,039	6,208,315	4,613,534	3,890,670	5,194,189	5,123,979	7,859,429	6,181,126
Business-Type Activities:										
Charges for Services:										
Sewer Services	7,490,039	6,587,898	6,214,017	5,556,135	5,291,975	5,159,685	5,228,490	5,732,485	5,124,759	2,835,273
Water Services	5,669,365	5,045,375	5,264,257	5,274,754	5,527,258	5,460,772	5,527,872	6,208,394	5,296,247	2,552,786
Fiber Services	309,069	64,817	24,161	-	-	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	12,076	12,286	12,286	9,900	-
Capital Grants and Contributions	-	941,831	419,379	1,615,385	872,369	468,331	983,559	864,719	2,383,176	822,260
Total Business-Type Activities Program Revenues	13,468,473	12,639,921	11,921,814	12,446,274	11,691,602	11,100,864	11,752,207	12,817,884	12,814,082	6,210,319
Total Primary Government Program Revenues	$ 19,131,085	$ 17,949,329	$ 20,929,853	$ 18,654,589	$ 16,305,136	$ 14,991,534	$ 16,946,396	$ 17,941,863	$ 20,673,511	$ 12,391,445
Net (Expense)/Revenue										
Governmental Activites	$ (12,020,586)	$ (13,584,226)	$ (7,556,393)	$ (10,577,564)	$ (11,469,510)	$ (11,699,639)	$ (10,166,498)	$ (10,475,973)	$ (8,998,422)	$ (10,001,862)
Business-Type Activites	2,962,800	2,677,109	2,237,456	3,077,560	2,264,868	1,921,329	2,596,631	3,706,213	3,045,090	(2,359,309)
Total Primary Government Net (Expense)/Revenue	$ (9,057,786)	$ (10,907,117)	$ (5,318,937)	$ (7,500,004)	$ (9,204,642)	$ (9,778,310)	$ (7,569,867)	$ (6,769,760)	$ (5,953,332)	$ (12,361,171)

CITY OF WESTMINSTER, MARYLAND

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Real Estate Taxes	$ 9,332,352	$ 9,061,859	$ 8,830,708	8,999,043	$ 9,068,948	8,950,262	10,514,072	10,122,431	7,394,792	7,288,909
Personal Property Taxes	574,156	792,293	904,381	775,478	686,858	809,810	740,724	747,784	795,572	760,949
Income Taxes	2,098,975	1,998,888	2,104,369	2,341,971	1,839,712	1,825,099	1,637,528	1,512,397	1,607,727	1,709,733
Admission & Amusement Taxes	213,480	204,885	199,345	218,568	251,232	210,009	242,019	239,106	256,508	256,963
Grants & Contributions not Restricted to Specific Programs	1,008,409	995,644	990,360	1,008,574	1,002,817	894,540	892,529	905,603	850,901	-
Franchise Fees	254,897	270,616	255,188	-	-	-	-	-	-	-
Interest & Investment Earnings	52,048	42,233	26,550	15,876	11,478	19,900	34,368	45,548	68,725	46,137
Miscellaneous	34,736	345,252	449,220	187,336	30,563	259,471	145,750	120,233	198,296	161,435
Transfers	(110,000)	(35,000)	(2,055,923)	-	-	-	-	637	14,262	(15,302)
Total Government Activities:	13,459,053	13,676,670	11,704,198	13,546,846	12,891,608	12,969,091	14,206,990	13,693,739	11,186,783	10,208,824
Business-Type Activities										
Grants & Contributions not Restricted to Specific Programs	-	-	-	-	-	-	-	-	-	-
Interest & Investment Earnings	101,906	84,466	53,066	31,694	14,547	17,379	16,730	20,101	17,948	111,826
Miscellaneous	292,500	372,013	228,452	14,059	17,565	29,399	60,182	12,747	14,188	144,203
Transfers	110,000	35,000	2,055,923	-	-	-	-	(637)	(14,262)	15,302
Total Business-Type Activities	504,406	491,479	2,337,441	45,753	32,112	46,778	76,912	32,211	17,874	271,331
Total Primary Government	$ 13,963,459	$ 14,168,149	$ 14,041,639	$ 13,592,599	$ 12,923,720	$ 13,015,869	$ 14,283,902	$ 13,725,950	$ 11,204,657	$ 10,480,155
Governmental Activities	$ 1,438,467	$ 92,444	$ 4,147,805	$ 2,969,282	$ 1,422,098	$ 1,269,452	$ 4,040,492	$ 3,217,766	$ 2,188,361	$ 206,962
Business-Type Activities	3,467,206	3,168,588	4,574,897	3,123,313	2,296,980	1,968,107	2,673,543	3,738,424	3,062,964	(2,087,978)
Total Primary Government Change in Net Position	$ 4,905,673	$ 3,261,032	$ 8,722,702	$ 6,092,595	$ 3,719,078	$ 3,237,559	$ 6,714,035	$ 6,956,190	$ 5,251,325	$ (1,881,016)

Table 3

CITY OF WESTMINSTER, MARYLAND

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund (1)										
Nonspendable	$ 1,143,652	$ 297,119	$ 347,766	$ 232,706	$ 365,159	$ 311,064	$ 880,810	$ 1,354,585	$ -	$ -
Restricted	1,835,209	1,745,842	1,897,019	1,806,276	3,378,400	3,280,469	2,739,346	1,757,595	-	-
Committed	14,950	17,434	24,122	23,392	10,960	209,468	-	-	-	-
Assigned	475,953	483,374	480,463	487,947	9,102	4,786	-	-	-	-
Unassigned	11,710,870	12,637,072	10,890,680	9,336,836	8,172,376	7,138,834	5,810,439	3,811,651	-	-
Total General Fund	$ 15,180,634	$ 15,180,841	$ 13,640,050	$ 11,887,157	$ 11,935,997	$ 10,944,621	$ 9,430,595	$ 6,923,831	$ -	$ -
Public Housing Agency Fund (1)										
Nonspendable	$ 8,329	$ 7,778	$ 4,720	$ 7,273	$ 7,263	$ 5,463	$ 4,002	$ 1,999	$ -	$ -
Restricted	181,941	184,508	131,275	159,981	137,496	396,967	555,504	800,511	-	-
Total Public Housing Agency Fund	$ 190,270	$ 192,286	$ 135,995	$ 167,254	$ 144,759	$ 402,430	$ 559,506	$ 802,510	$ -	$ -
Total Governmental Funds	$ 15,370,904	$ 15,373,127	$ 13,776,045	$ 12,054,411	$ 12,080,756	$ 11,347,051	$ 9,990,101	$ 7,726,341	$ -	$ -

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund (1)										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,869,781	$ 2,394,416
Unreserved - Designated	-	-	-	-	-	-	-	-	-	-
Unreserved - Undesignated	-	-	-	-	-	-	-	-	2,979,759	1,582,609
Total General Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,849,540	$ 3,977,025
Public Housing Agency Fund (1)										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 647,791	464,031
Unreserved - Undesignated	-	-	-	-	-	-	-	-	-	-
Total Public Housing Agency Fund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 647,791	$ 464,031
Total Governmental Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,497,331	$ 4,441,056

(1) In FY2011, GASB 54 was implemented

Table 4

CITY OF WESTMINSTER, MARYLAND

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
REVENUES										
Taxes	$ 12,476,877	$ 12,058,463	$ 12,250,655	$ 11,943,094	$ 11,664,491	$ 11,823,982	$ 13,125,890	$ 12,642,294	$ 10,029,452	$ 10,015,967
Licenses & Permits	892,190	606,307	525,888	534,138	522,592	495,625	420,219	388,630	389,606	406,679
Intergovernmental	4,426,492	2,398,685	2,400,885	2,497,041	4,166,642	3,330,891	3,616,472	3,901,765	4,865,238	4,471,659
Charges for Services	783,693	775,162	641,696	672,497	579,615	732,550	714,006	791,175	806,175	667,649
Fines & Forfeitures	160,289	141,900	222,351	201,140	188,520	177,913	238,279	248,194	145,772	54,512
Interest & Investment Earnings	52,048	42,233	26,550	15,876	11,478	13,732	16,317	16,494	7,407	-
Rental Income	18,872	9,240	7,140	5,040	5,040	5,080	5,200	5,200	7,458	-
Miscellaneous	393,576	346,261	455,785	192,736	52,349	286,303	239,771	278,581	401,971	357,865
Total Revenues	19,204,037	16,378,251	16,530,950	16,061,562	17,190,727	16,866,076	18,376,154	18,272,333	16,653,079	15,974,331
EXPENDITURES										
Current:										
General Government	1,568,345	1,630,485	1,671,521	2,040,405	1,712,632	1,434,760	1,158,287	1,052,084	1,022,441	1,503,792
Public Safety	6,293,538	6,271,625	5,939,563	5,801,868	5,616,944	5,565,297	4,481,602	4,001,834	4,079,186	3,608,065
Public Works	3,125,355	3,086,761	3,304,020	3,233,687	3,151,535	2,895,110	2,501,924	2,627,455	2,867,680	2,671,505
Recreation & Parks	1,233,145	1,052,026	1,010,652	928,343	858,453	900,955	813,059	762,342	705,660	758,707
Community Development & Housing	2,449,752	46,586	44,065	90,562	2,199,736	2,346,084	2,449,092	2,533,393	3,034,163	2,675,576
Debt Service:										
Principal	1,287,688	362,477	358,804	348,519	337,060	312,932	299,147	303,931	398,447	3,873,439
Interest	333,133	168,925	180,835	192,090	194,812	226,290	248,967	268,318	271,305	316,775
Capital Outlays	7,840,040	2,127,162	1,858,601	3,427,616	2,479,394	1,894,285	2,649,869	2,189,325	946,341	583,298
Miscellaneous	-	-	-	-	-	-	1,595,185	2,316,762	2,380,380	2,580,556
Total expenditures	24,130,996	14,746,047	14,368,061	16,063,090	16,550,566	15,575,713	16,197,132	16,055,444	15,705,603	18,571,713
Excess (deficiency) of revenues over (under) expenditures	(4,926,959)	1,632,204	2,162,889	(1,528)	640,161	1,290,363	2,179,022	2,216,889	947,476	(2,597,382)
OTHER FINANCES SOURCES (USES)										
Proceeds from Issuance of Long-Term Debt	5,000,000	18,587	-	-	63,367	60,045	52,462	3,420	35,090	3,535,174
Proceeds from Sale of Capital Assets	34,736		43,074	27,684	30,177	6,542	32,270	8,070	(64,819)	-
Transfer in	75,000		34,180	-	69,000	-	-	637	14,262	-
Transfer out	(185,000)	(110,000)	(487,250)	(75,000)	(69,000)	-	-	-	-	(15,302)
Total other financeing sources (uses)	4,924,736	(91,413)	(409,996)	(47,316)	93,544	66,587	84,732	12,127	(15,467)	3,519,872
Net change in fund balances	$ (2,223)	$ 1,540,791	$ 1,752,893	$ (48,844)	$ 733,705	$ 1,356,950	$ 2,263,754	$ 2,229,016	$ 932,009	$ 922,490
Debt Service as a percentage of Noncapital Expenditures	9.9%	4.2%	4.3%	4.3%	3.8%	3.9%	4.0%	4.1%	4.5%	23.3%

Table 5

CITY OF WESTMINSTER, MARYLAND

Assessed Valuation and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

	Real Property			Personal Property						Grand Total
				Assessed Value						
Fiscal Year	Assessed Value	Estimated Market Value	Direct Tax Rate	Unincorporated	Incorporated	Public Utilities	Total	Estimated Market Value	Direct Tax Rate (1) (2)	Estimated Market Value
2009	$ 1,823,604,773	$ 1,823,604,773	0.44	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	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	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	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	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	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	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	1.10/1.40	1,684,720,900
2017	1,627,341,429	1,627,341,429	0.56	1,506,150	50,555,070	17,446,080	69,507,300	69,507,300	1.10/1.40	1,696,848,729
2018	1,758,401,600	1,758,401,600	0.56	1,408,040	49,122,310	18,206,920	68,737,270	68,737,270	1.10/1.40	1,827,138,870

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 for FY2008 and FY2009

CITY OF WESTMINSTER, MARYLAND

Real Property Tax Rates - Direct and Overlapping Governments
(Per $100 of Assessed Value)
Last Ten Fiscal Years

	Direct Rate	Overlapping Rates		
Fiscal Year	Assessed Value	State of Maryland	Carroll County	Total Direct & Overlapping
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
2017	0.560	0.112	1.018	1.690
2018	0.560	0.112	1.018	1.690

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

Table 7

CITY OF WESTMINSTER, MARYLAND

Principal Taxpayers
Current Fiscal Year and Nine Years Ago

2018

Taxpayer	Type of Business	Assessed Valuations	Tax Amount Paid	% of Total Assessed Value
Carroll Lutheran Village	Elder Care/Retirement Community	$ 41,837,700	$ 234,291	2.38%
Cranberry Mall Properties LLC	Shopping Center/Commerical Rentals	22,976,000	128,666	1.31%
Knorr Brake Realty LLC	Light Manufacturing	22,820,900	127,797	1.30%
Cranberry Square LLC	Shopping Center/Commerical Rentals	22,636,400	126,764	1.29%
Home Properties Ridgeview Chase LLC	Shopping Center/Commerical Rentals	20,546,100	115,058	1.17%
140 Village Limited Liability Partnership	Shopping Center/Commerical Rentals	20,082,800	112,464	1.14%
BH Brightview Westminster	Elder Care/Retirement Community	19,365,900	108,449	1.10%
Engler Center Limited Partnership	Shopping Center/Commerical Rentals	15,150,000	84,840	0.86%
Washreit Westminster Shopping Center LL	Shopping Center/Commerical Rentals	14,478,700	81,081	0.82%
Westminster Crossing East LLC	Shopping Center/Commerical Rentals	13,400,900	75,045	0.76%
Beral Limited Partnership	Shopping Center/Commerical Rentals	12,173,900	68,174	0.69%
Home Properties Middlebrook LLC	Shopping Center/Commerical Rentals	11,788,800	65,793	0.67%
		$ 219,583,867	$ 1,230,614	13.49%
	Total Assessed Valuations	$1,758,401,600		

2009

Taxpayer	Type of Business	Assessed Valuation	Tax Amount Paid	% of Total Assessed Value
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	N/A
N/A	N/A	N/A	N/A	N/A
		N/A	N/A	N/A
	Total Assessed Valuation	N/A		

Property is reassessed every three years
Source: Carroll County Department of the Comptroller
Note: Information unavailable for FY2009

Table 8

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		
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%	108,770	8,980,465	100.00%	-	0.00%
2015	9,025,869	8,912,979	98.75%	112,890	9,025,869	100.00%	-	0.00%
2016	9,039,212	8,979,644	99.34%	59,568	9,039,212	100.00%	-	0.00%
2017	9,113,112	9,099,305	99.85%	13,807	9,113,112	100.00%	-	0.00%
2018	7,216,604	7,201,764	99.79%	-	7,201,764	99.79%	14,840	0.21%

Source: Carroll County Department of the Comptroller

Table 9

CITY OF WESTMINSTER, MARYLAND

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-Type Activites					
Fiscal Year	General Obligation Bonds	General Obligation Debt	General Obligation Bonds	General Obligation Debt (1)	Total Primary Government	% of Personal Income (3)	% of Market Property Value (2)	Per Capita (3)
2009	$ 6,212,400	$ 208,922	$ 14,229,896	$ -	$ 20,651,218	N/A	N/A	1,159
2010	5,968,600	89,365	14,459,022	83,128	20,600,115	3.10%	1.11%	1,103
2011	5,714,500	42,955	13,536,472	61,650	19,355,577	2.83%	1.04%	1,034
2012	5,446,700	64,070	12,736,266	128,138	18,375,174	2.63%	0.98%	980
2013	5,150,400	107,484	11,924,308	214,966	17,397,158	2.42%	0.91%	923
2014	4,844,900	139,289	11,100,389	151,846	16,236,424	2.21%	0.98%	860
2015	4,532,200	103,470	10,264,294	108,932	15,008,896	1.99%	0.90%	792
2016	4,212,000	64,866	10,324,658	62,338	14,663,862	1.87%	0.88%	772
2017	3,884,300	30,088	13,930,541	25,408	17,870,337	2.27%	1.06%	938
2018	7,626,700	-	18,051,614	-	25,678,314	3.14%	1.51%	1,340

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)
2009	$ 20,442,296	N/A	N/A	$ 1,147
2010	20,427,622	N/A	N/A	1,094
2011	19,250,972	1.04%	2.83%	1,028
2012	18,182,966	0.97%	2.63%	970
2013	17,074,708	0.89%	2.42%	906
2014	15,945,289	0.97%	2.21%	845
2015	14,796,494	0.89%	1.99%	781
2016	14,536,658	0.87%	1.87%	766
2017	17,814,841	1.06%	2.27%	935
2018	25,678,314	1.51%	3.14%	1,340

Notes: N/A not available.

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

Table 11

CITY OF WESTMINSTER, MARYLAND

Computation of Legal Debt Margin
June 30, 2018

Net Assessed Value - Real Property	$ 1,758,401,600	
Debt Limit - 6% of Net Assessed Value (1)		$ 105,504,096
Assessed Value - Personal Property	68,737,270	
Debt Limit - 15% of Net Assessed Value (1)		10,310,591
Total Debt Limit (6%/15%)		115,814,687
Amount of Debt Applicable to Debt Limit:		
Total Bonded Debt	25,678,314	
Less - Wastewater Bonds	-	
Less - Water Bonds	7,680,752	
Less - Fiber Bonds	10,370,862	
Total Amount of Debt Applicable to Debt Limit		7,626,700
Legal Debt Margin		$ 108,187,987

Schedule of Legal Debt Margin
2009-2018

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
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	1,650,482,031	6.0%/15%	104,984,439	5,125,110	99,859,329	4.88%
2014	1,666,947,034	6.0%/15%	105,519,759	4,944,900	100,674,859	4.69%
2015	1,674,537,681	6.0%/15%	106,357,243	4,532,200	99,859,329	4.26%
2016	1,684,720,900	6.0%/15%	107,435,085	4,212,000	100,674,859	3.92%
2017	1,684,720,900	6.0%/15%	108,066,581	9,260,140	98,806,441	8.57%
2018	1,827,138,870	6.0%/15%	115,814,687	7,626,700	108,187,987	6.59%

CITY OF WESTMINSTER, MARYLAND

Computation of Direct and Overlapping Debt
June 30, 2018

Overlapping Debt (1)	Percentage Applicable (1)	Share of Overlapping Debt	Direct Debt (2)	Total Direct and Overlapping Debt
$ 292,822,891	8.89%	$ 26,031,955	$ 25,678,314	$ 51,710,269

Note: (1) Overlapping Debt and Percentage Applicable provided by Carroll County Department of the Comptroller
(2) See Note 7

Source: Carroll County Department of the Comptroller
City of Westminster

Table 13

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)	Unemployement Rate (3)
2008	17,817	$ 621,332	$ 34,873	3.70%
2009	18,674	664,328	35,575	6.40%
2010	18,721	683,504	36,510	6.80%
2011	18,753	699,356	37,293	6.10%
2012	18,839	719,217	38,177	5.90%
2013	18,879	734,790	38,921	5.50%
2014	18,953	753,495	39,756	4.80%
2015	18,989	784,417	41,309	4.30%
2016	19,054	788,615	41,388	3.60%
2018	19,161	816,847	42,631	3.40%

Source:
(1) FY2010 reflects the 2010 Census data. All other fiscal years are estimates.
(2) Estimates for the City based on data for Carroll County, MD, from the U.S. Bureau of Economic Analysis.
(3) Maryland Department of Labor, Licensing and Regulation, Office of Labor Market Analysis and Information. Data for Carroll County, Maryland

Table 14

CITY OF WESTMINSTER, MARYLAND

Major Employers
Current Fiscal Year and Nine Years Ago

2018

Firm	Product/Service	Total Employment	Percentage of Total City Employment
Carroll County Public Schools	Education (K-12)	3,363	37.89%
McDaniel College	Higher Education (Private)	800	9.01%
Carroll County Commissioners	Local Government	631	7.11%
Carroll Lutheran Village	Retirement	425	4.79%
Arc of Carroll County	Non-Profit / Health Care	325	3.66%
Knorr Brake	Railroad Brake Manufacture	265	2.99%
Tevis Energy	Oil & Related Products	260	2.93%
Lowes	Home Improvement Products	180	2.03%
Target	Consumer Goods	175	1.97%
City of Westminster	Local Government	163	1.84%
	Total	6,587	74.22%
	Annual Average Employment in Westminster	8,875	

2009

Firm (1)	Product/Service (1)	Total Employment (1)	Percentage of Total City Employment (1)
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	N/A	N/A
	Annual Average Employment in Westminster	N/A	

Notes:
(1) Information unavailable
Source:
Carroll County Department of Economic Development
Maryland Department of Commerce

Table 15

CITY OF WESTMINSTER, MARYLAND

Full-Time City Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
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	6	6	7	6	6	7	7	8
Human Resources	4	3	3	3	3	3	3	3	4	3
Technology Services	5	4	4	4	4	3	2	2	2	1
Community Planning & Development	4	4	5	5	5	5	5	5	6	6
Public Safety										
Police - Sworn	44	42	40	44	44	43	45	45	45	47
Police - Civilian	12	14	14	14	14	14	14	14	14	14
Public Works										
Administration	3	4	3	3	3	3	3	1	1	1
Engineering	3	3	3	3	3	3	3	3	3	3
Streets & Sanitation	19	19	19	19	19	19	20	20	23	23
Recreation and Parks	12	9	10	10	10	9	9	8	9	15
Housing & Preservation Services	4	5	5	5	5	4	4	4	5	4
Fiber	1	1	0	0	0	0	0	0	0	0
Utilities										
Utilities Maintenance	13	13	12	13	13	13	14	14	14	14
Water	11	13	11	10	10	10	10	10	10	9
Wastewater	12	11	12	13	13	13	13	13	13	13
Total Full-Time Employees	162	160	156	161	162	157	160	158	165	170
Part Time Employees	1	2	2	2	2	4	-	5	6	-
Total Employees	163	162	158	163	164	161	160	163	171	170

Source: Department of Finance and Administrative Services

Table 16

CITY OF WESTMINSTER, MARYLAND

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Information										
Population	19,161	19,054	18,989	18,953	18,879	18,839	18,753	18,721	18,674	17,817
General Government										
Building Permits Issued for Residential	195	213	180	133	N/A	76	138	215	204	182
Estimated Value ($ in thousands) Residential	$16,420	$11,637	$5,000	N/A	N/A	$ 4,591	$ 10,552	$ 15,406	$ 18,126	$ 12,829
Building Permits Issued for Other Purposes	47	56	45	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Estimated Value ($ in thousands) Other	$19,229	$5,205	$3,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Police Protection										
Police Officers	44	42	40	44	44	43	45	45	45	47
Citations/Warnings	9,521	7,069	3,127	3,398	3,993	2,280	3,069	3,389	4,076	4,077
Calls for Service	12,644	11,776	10,979	10,897	11,725	12,130	11,957	12,073	11,785	14,877
Water										
Daily Average Usage (mgd)	3	3	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plants Daily Capacity (mgd)	3	3	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater										
Daily Average Usage (mgd)	5	5	5	5	5	5	5	5	5	5
Plants Daily Capacity (mgd)	5	5	5	5	5	5	5	5	5	5
Solid Waste										
Tons In	3,932	4,034	4,044	3,980	3,961	3,602	4,082	2,100	N/A	4,267
Tons Recycled	1,097	1,175	1,029	1,058	962	768	999	490	N/A	1,207

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

CITY OF WESTMINSTER, MARYLAND

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Information										
Area in Square Miles	6.6129	6.5501	6.5501	6.5501	6.3892	6.3892	N/A	6.3892	N/A	6.3892
Miles of Roads - Paved	88.462	71.768	71.768	71.768	N/A	N/A	N/A	N/A	N/A	N/A
Miles of Roads - Unpaved	1.00	1.00	1.00	1.00	N/A	N/A	N/A	N/A	N/A	N/A
Water										
Water Mains (miles)	161	161	161	161	N/A	N/A	N/A	N/A	N/A	N/A
Treatement 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	10,018	9,602	9,602	9,790	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater										
Sewer Mains (miles)	160	160	160	160	N/A	N/A	N/A	N/A	N/A	N/A
Treatement 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	9,642	9,258	9,258	9,244	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

Other Supplementary Information

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*

INDEPENDENT AUDITOR'S REPORT

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, 2018, 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 December 14, 2018.

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 purposed 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 have not been identified. We did identify a deficiency in internal control over described in the accompanying schedule of findings and questioned costs as Finding 2018-001 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*.

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3800 McKnight E. Drive; Suite 3805; Pittsburgh, PA 15237 | 210 Tollgate Hill Road; Greensburg, PA 15601 | 144 King's Highway; Suite 304; Dover, DE 19901

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Zelenkofske Axelrod LLC

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City of Westminster, Maryland's Response to Finding

The City of Westminster, Maryland's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Westminster, Maryland's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Harrisburg, Pennsylvania
December 14, 2018

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

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 (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget ("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, 2018. The 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 the 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 ("CFR")* 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 qualified opinion on compliance the major federal program. However, our audit does not provide a legal determination of the City of Westminster, Maryland's compliance.

Basis for Qualified Opinion on the Major Federal Program

As described in Finding 2018-002 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirements
2018-002	14.871	Housing Voucher Cluster	Reporting Special Tests and Provisions

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on the Major Federal Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2018.

Other Matters

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as finding 2018-002 that we consider to be a material weakness.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

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.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Harrisburg, Pennsylvania
December 14, 2018

City of Westminster, Maryland

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA #	Pass-Through Entity Identifying Number	Federal Expenditures	
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Maryland Department of Natural Resources				
Forest Health Protection	10.680	Emerald Ash Borer Treatment Program	$ 3,000	
TOTAL U.S. DEPARTMENT OF AGRICULTURE			3,000	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Housing Voucher Cluster				
Direct Funding				
Section 8 Housing Choice Vouchers	14.871	N/A	2,335,376	*
Total Housing Voucher Cluster			2,335,376	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			2,335,376	
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	25,633	
Direct Funding				
Bulletproof Vest Partnership/Body Armor Safety Initiative	16.607	N/A	1,811	
TOTAL U.S. DEPARTMENT OF JUSTICE			27,444	
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Safety Cluster				
Pass-Through Maryland Highway Safety Office (MHSO)				
National Highway Traffic Safety Administration (NHTSA)				
NHTSA 402 - State and Community Highway Safety	20.616	LE WPD 2018 121	3,366	
NHTSA 402 - State and Community Highway Safety	20.600	LE WPD 2018 120	473	
NHTSA 402 - State and Community Highway Safety	20.600	LE WPD 2018 119	389	
NHTSA 402 - State and Community Highway Safety	20.600	LE WPD 2018 122	56	
Total Highway Safety Cluster			4,285	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			4,285	
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,370,104	

* Denotes Program Tested as Major

NOTE 1: REPORTING ENTITY

The City of Westminster, Maryland as the reporting entity for financial reporting purposes is defined in Note 1 of the City's basic financial statements. For purposes of preparing the Schedule of Expenditures of Federal Awards, the City's reporting entity is the same that was used for financial reporting.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements. The City did not use the 10% de minimis indirect cost rate.

NOTE 3: RISK-BASED AUDIT APPROACH

The 2018 threshold for determining Type A programs is $750,000.

The following low risk Type A program was audited as major for coverage:

CFDA	Program
14.871	Housing Voucher Cluster

The amount expended under programs audited as major federal programs for the year ended June 30, 2018, totaled $2,335,376 or 98.53% of total federal awards.

City of Westminster, Maryland
Schedule of Findings and Questioned Costs
Year Ended June 30, 2018

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? __X__ yes ____ no

Significant Deficiency(ies) identified that are not considered to be material weaknesses?
___ yes _X_ none reported

Noncompliance material to financial statements noted? ____ yes __X__ no

Federal Awards

Internal control over major programs:
Material weakness(es) identified? __X__ yes ____ no

Significant Deficiency(ies) identified that are not considered to be material weaknesses?
___ yes _X_ none reported

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? _X_ yes ___ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.871	Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ____ yes __X__ no

Section II – Financial Statement Findings

Finding 2018-001	Accounting Records
Criteria:	The accounts of the City should include all significant transactions in the period of benefit.
Condition:	During the audit, certain audit adjustments were required to adjust the recording of capital assets, pension, other postemployment benefits (OPEB), and fund balance/net position within the working trial balance after the City's year-end close of the accounting records.
Cause:	Transactions were not recorded in the period of benefit.
Effect:	The financial records did not reflect the correct financial activity of a period which could result in a material misstatement of the financial statements.
Questioned Costs:	None noted.
Recommendation:	The City should ensure that internal control procedures over financial reporting are sufficient to identify and record all material adjustments.
Views of Responsible Officials:	The City's audit firm requested that no adjusting entries be made during the actual audit. The City's audit firm continued to audit in excess of four months. The City did not receive communication from the audit firm regarding this finding and still does not have sufficient detail to determine why the audit firm has included it. All adjusting entries were submitted and made in the correct period.
Auditor's Conclusions:	Regarding the City's disagreement with the finding, the City provided entries throughout the audit, which are not part of this finding, the entries referred to in the finding are audit adjustments identified during the audit by the audit team. The adjustments have been provided to the City and are reflected in the City's financial statements. Therefore, our finding and recommendation remain as previously stated.

Section III – Federal Awards Findings and Questioned Costs

Finding 2018-002	Reporting Special Tests and Provisions – Operating Transfers and Administrative Fees CFDA #14.871 Housing Voucher Program
Criteria:	The Uniform Financial Reporting Standards (24 CFR section 5.801) require Public Housing Agencies to submit timely GAAP-based unaudited and audited financial information electronically to HUD. Additionally, 24 CFR sections 982.151 and 982.152 require the submission of financial information in order to establish the amounts HUD will provide a Public Housing Agency for housing assistance payments and administrative fees.
Condition:	As a result of our testing we noted the City did not submit their GAAP-based unaudited and audited financial information electronically to HUD.
Cause:	The City does not have adequate procedures in place to ensure compliance with the Federal Reporting and Special Test and Provisions Operating Transfers and Administrative Fees compliance requirements.
Effect:	The City's internal controls are not operating effectively and the Program was not in compliance with the Federal Reporting and Special Tests and Provisions for Operating Transfers and Administrative Fees requirements.
Questioned Costs:	None noted.
Recommendation:	The County should implement procedures to ensure that all reports are filed timely as specified by HUD.
Views of Responsible Officials:	There was a miscommunication between the new Director of Housing Services and the Director of Finance. The Director of Finance completed the unaudited submission on November 7, 2018. From now on, the Director of Finance will submit the information.

City of Westminster, Maryland
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2018

The summary which follows indicates the current year status of findings identified in the prior year Single Audit Report.

County Program	Prior Year Finding	Brief Description of Finding	Current Year Status
None			

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

Submission Type: Audited/Uniform Guidance — Fiscal Year-End: 6/30/2018

	14.871 Housing Choice Vouchers	Total
111 Cash - Unrestricted	$ -	$ -
112 Cash - Restricted - Modernization and Development	$ -	$ -
113 Cash - Other Restricted	$ 184,554	$ 184,554
114 Cash - Tenant Security Deposits	$ -	$ -
115 Cash - Restricted for Payment of Current Liabilities	$ 2,131	$ 2,131
100 Total Cash	$ 186,685	$ 186,685
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	$ 281,728	$ 281,728
128.1 Allowance for Doubtful Accounts - Fraud	$ (239,469)	$ (239,469)
129 Accrued Interest Receivable	$ -	$ -
120 Total Receivables, Net of Allowances for Doubtful Accounts	$ 42,259	$ 42,259
131 Investments - Unrestricted	$ -	$ -
132 Investments - Restricted	$ -	$ -
135 Investments - Restricted for Payment of Current Liability	$ -	$ -
142 Prepaid Expenses and Other Assets	$ 8,329	$ 8,329
143 Inventories	$ -	$ -
143.1 Allowance for Obsolete Inventories	$ -	$ -
144 Inter Program Due From	$ -	$ -
145 Assets Held for Sale	$ -	$ -
150 Total Current Assets	$ 237,273	$ 237,273
161 Land	$ -	$ -
162 Buildings	$ -	$ -
163 Furniture, Equipment & Machinery - Dwellings	$ -	$ -
164 Furniture, Equipment & Machinery - Administration	$ -	$ -
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, & Mortgages Receivable - Non Current - Past	$ -	$ -
173 Grants Receivable - Non Current	$ -	$ -
174 Other Assets	$ -	$ -
176 Investments in Joint Ventures	$ -	$ -
180 Total Non-Current Assets	$ -	$ -

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

Submission Type: Audited/Uniform Guidance | Fiscal Year-End: 6/30/2018

	14.871 Housing Choice Vouchers	Total
200 Deferred Outflow of Resources	$ -	$ -
290 Total Assets and Deferred Outflow of Resources	$ 237,273	$ 237,273
311 Bank Overdraft	$ -	$ -
312 Accounts Payable <= 90 Days	$ -	$ -
313 Accounts Payable >90 Days Past Due	$ -	$ -
321 Accrued Wage/Payroll Taxes Payable	$ -	$ -
322 Accrued Compensated Absences - Current Portion	$ -	$ -
324 Accrued Contingency Liability	$ -	$ -
325 Accrued Interest Payable	$ -	$ -
331 Accounts Payable - HUD PHA Programs	$ 2,613	$ 2,613
332 Account Payable - PHA Projects	$ -	$ -
333 Accounts Payable - Other Government	$ -	$ -
341 Tenant Security Deposits	$ -	$ -
342 Unearned Revenue	$ -	$ -
343 Current Portion of Long-term Debt - Capital	$ -	$ -
344 Current Portion of Long-term Debt - Operating Borrowings	$ -	$ -
345 Other Current Liabilities	$ 2,131	$ 2,131
346 Accrued Liabilities - Other	$ -	$ -
347 Inter Program - Due To	$ -	$ -
348 Loan Liability - Current	$ -	$ -
310 Total Current Liabilities	$ 4,744	$ 4,744
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 Liabilities	$ -	$ -
357 Accrued Pension and OPEB Liabilities	$ -	$ -
350 Total Non-Current Liabilities	$ -	$ -
300 Total Liabilities	$ 4,744	$ 4,744
400 Deferred Inflow of Resources	$ 42,259	$ 42,259
508.3 Nonspendable Fund Balance	$ 8,329	$ 8,329
509.3 Restricted Fund Balance	$ 181,941	$ 181,941
510.3 Committed Fund Balance	$ -	$ -
511.3 Assigned Fund Balance	$ -	$ -
512.3 Unassigned Fund Balance	$ -	$ -
513 Total Equity - Net Assets / Position	$ 190,270	$ 190,270
600 Total Liabilities, Deferred Inflows of Resources and Equity -	$ 237,273	$ 237,273

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

Submission Type: Audited/Uniform Guidance | Fiscal Year-End: 6/30/2018

	14.871 Housing Choice Vouchers	Total
70300 Net Tenant Rental Revenue	$ -	$ -
70400 Tenant Revenue - Other	$ -	$ -
70500 Total Tenant Revenue	$ -	$ -
70600 HUD PHA Operating Grants	$ 2,290,464	$ 2,290,464
70610 Capital Grants	$ -	$ -
70710 Management Fee	$ -	$ -
70720 Asset Management Fee	$ -	$ -
70730 Book Keeping Fee	$ -	$ -
70740 Front Line Service Fee	$ -	$ -
70750 Other Fees	$ -	$ -
70700 Total Fee Revenue	$ 2,290,464	$ 2,290,464
70800 Other Government Grants	$ -	$ -
71100 Investment Income - Unrestricted	$ -	$ -
71200 Mortgage Interest Income	$ -	$ -
71300 Proceeds from Disposition of Assets Held for Sale	$ -	$ -
71310 Cost of Sale of Assets	$ -	$ -
71400 Fraud Recovery	$ 25,786	$ 25,786
71500 Other Revenue	$ 8,042	$ 8,042
71600 Gain or Loss on Sale of Capital Assets		
72000 Investment Income - Restricted		
70000 Total Revenue	$ 2,324,292	$ 2,324,292
91100 Administrative Salaries	$ 136,247	$ 136,247
91200 Auditing Fees	$ 6,684	$ 6,684
91300 Management Fee	$ -	$ -
91310 Book-keeping Fee	$ -	$ -
91400 Advertising and Marketing	$ -	$ -
91500 Employee Benefit contributions - Administrative	$ 67,674	$ 67,674
91600 Office Expenses	$ 18,332	$ 18,332
91700 Legal Expense	$ -	$ -
91800 Travel	$ -	$ -
91810 Allocated Overhead	$ 40,343	$ 40,343
91900 Other	$ 25,181	$ 25,181
91000 Total Operating - Administrative	$ 294,461	$ 294,461
92000 Asset Management Fee	$ -	$ -
92100 Tenant Services - Salaries	$ -	$ -
92200 Relocation Costs	$ -	$ -
92300 Employee Benefit Contributions - Tenant Services	$ -	$ -
92400 Tenant Services - Other	$ -	$ -
92500 Total Tenant Services	$ -	$ -
93100 Water	$ -	$ -
93200 Electricity	$ 1,422	$ 1,422

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

Submission Type: Audited/Uniform Guidance | Fiscal Year-End: 6/30/2018

	14.871 Housing Choice Vouchers	Total
93300 Gas	$ 197	$ 197
93400 Fuel	$ -	$ -
93500 Labor	$ -	$ -
93600 Sewer	$ -	$ -
93700 Employee Benefit Contributions - Utilities	$ -	$ -
93800 Other Utilities Expense	$ -	$ -
93000 Total Utilities	$ 1,619	$ 1,619
94100 Ordinary Maintenance and Operations - Labor	$ -	$ -
94200 Ordinary Maintenance and Operations - Materials and	$ -	$ -
94300 Ordinary Maintenance and Operations Contracts	$ 1,079	$ 1,079
94500 Employee Benefit Contributions - Ordinary Maintenance	$ -	$ -
94000 Total Maintenance	$ 1,079	$ 1,079
95100 Protective Services - Labor	$ -	$ -
95200 Protective Services - Other Contract Costs	$ -	$ -
95300 Protective Services - Other	$ -	$ -
95500 Employee Benefit Contributions - Protective Services	$ -	$ -
95000 Total Protective Services	$ -	$ -
96110 Property Insurance	$ -	$ -
96120 Liability Insurance	$ -	$ -
96130 Workmen's Compensation	$ 2,014	$ 2,014
96140 All Other Insurance	$ -	$ -
96100 Total insurance Premiums	$ 2,014	$ 2,014
96200 Other General Expenses	$ -	$ -
96210 Compensated Absences	$ -	$ -
96300 Payments in Lieu of Taxes	$ -	$ -
96400 Bad debt - Tenant Rents	$ -	$ -
96500 Bad debt - Mortgages	$ -	$ -
96600 Bad debt - Other	$ -	$ -
96800 Severance Expense	$ -	$ -
96000 Total Other General Expenses	$ -	$ -
96710 Interest of Mortgage (or Bonds) Payable	$ -	$ -
96720 Interest on Notes Payable (Short and Long Term)	$ -	$ -
96730 Amortization of Bond Issue Costs	$ -	$ -
96700 Total Interest Expense and Amortization Cost	$ -	$ -
96900 Total Operating Expenses	$ 299,173	$ 299,173
97000 Excess of Operating Revenue over Operating Expenses	$ 2,025,119	$ 2,025,119
97100 Extraordinary Maintenance	$ -	$ -
97200 Casualty Losses - Non-capitalized	$ -	$ -

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

Submission Type: Audited/Uniform Guidance | Fiscal Year-End: 6/30/2018

	14.871 Housing Choice Vouchers	Total
97300 Housing Assistance Payments	$ 2,102,135	$ 2,102,135
97350 HAP Portability-In	$ -	$ -
97400 Depreciation Expense	$ -	$ -
97500 Fraud Losses	$ -	$ -
97600 Capital Outlays - Governmental Funds	$ -	$ -
97700 Debt Principal Payment - Governmental Funds	$ -	$ -
97800 Dwelling Units Rent Expense	$ -	$ -
90000 Total Expenses	$ 2,401,308	$ 2,401,308
10010 Operating Transfer In	$ -	$ -
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 Over (Under) Total	$ (2,016)	$ (2,016)
11020 Required Annual Debt Principal Payments	$ -	$ -
11030 Beginning Equity	$ 192,286	$ 192,286
11040 Prior Period 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 - Dwelling	$ -	$ -
11100 Changes in Allowance for Doubtful Accounts - Other	$ -	$ -
11170 Administrative Fee Equity	$ 145,390	$ 145,390
11180 Housing Assistance Payments Equity	$ 44,880	$ 44,880
11190 Unit Months Available	3,516	3,516
11210 Number of Unit Months Leased	3,245	3,245
11270 Excess Cash	-	-
11610 Land Purchases	-	-
11620 Building Purchases	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-
11650 Leasehold Improvements Purchases	-	-
11660 Infrastructure Purchases	-	-
13510 CFFP Debt Service Payments	-	-
13901 Replacement Housing Factor Funds	-	-

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

City of Westminster Housing Office (MD027)
Westminster, MD
HAP and Admin Equity Calculations
June 30, 2018

HAP Excess/Deficit Calculation

GL #	GL Description	Amount
110.492102	Annual Contributions Earned	$ 2,078,085
	Total HUD Grants	2,078,085
110.492103	Repayments - HAP	12,893
110.492302	FSS Forfeitures	8,042
110.494201	Interest - Operating	-
110.911105	Interest - HAP	-
	Subsidy from Admin	-
	Total HAP Revenue	2,099,020
110.65.100.5791	HAP - Homeownerships	-
110.65.100.5792	HAP - Family Unification	25,965
110.65.100.5793	HAP - Tenant Protection	-
110.65.100.5795	HAP - All Other	2,002,390
110.65.100.5796	HAP - FSS Escrow	1,242
110.65.100.5797	HAP - Port-Out	72,537
	Total HAP Expense	2,102,134
	Net HAP	(3,114)
HAP Equity:		
Beginning of year		47,994
End of year		$ 44,880

Admin Equity Calculation

GL #	GL Description	Amount
110.492104	HUD Admin Fee Distribution	$ 212,379
	Total HUD Grants	212,379
110.494302	Port-in: Subsidy Receipts	-
110.494303	Port-in: Admin Fee Receipts	-
110.494103	Repayment - Admin	12,892
110.513140	Contribution/Subsidy	75,000
	Total Admin Revenue	300,271
	Total PHA Expenses	2,401,307
	Less: HAP-related Expenses	(2,102,134)
	Less: Subsidy to HAP	-
	Total Admin Expenses	299,173
	Net Admin	1,098
Admin Equity:		
Beginning of year		144,292
End of year		$ 145,390
Total Ending Equity		$ 190,270