

City of Westmorland

Annual Financial Report

For the Fiscal Year ended June 30, 2018

City of Westmorland

Westmorland, California

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ACCOUNTANTS' COMPILATION REPORT

To the Honorable Mayor and Members of the City Council of the
City of Westmorland
Westmorland, California

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Westmorland (City), California, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements included in the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information are prepared on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management has omitted the management, discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

We are not independent with respect to the City of Westmorland.

Hutchinson and Bloodgood LLP

El Centro, California
March 23, 2020

CITY OF WESTMORLAND
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 3,699,382	\$ 434,736	\$ 4,134,118
Notes receivable	681,017	-	681,017
Capital assets not being depreciated	2,274,184	957,413	3,231,597
Capital assets, net of accumulated depreciation	<u>2,662,332</u>	<u>1,126,661</u>	<u>3,788,993</u>
Total assets	<u><u>9,316,915</u></u>	<u><u>2,518,810</u></u>	<u><u>11,835,725</u></u>
LIABILITIES			
Deposits payable	<u>-</u>	<u>54,200</u>	<u>54,200</u>
Total liabilities	<u>-</u>	<u>54,200</u>	<u>54,200</u>
NET POSITION			
Net investment in capital assets	4,936,516	2,084,074	7,020,590
Restricted for:			-
Community development	1,086,437	-	1,086,437
Streets and roads	2,379,001	-	2,379,001
Unrestricted	1,069,085	380,536	1,449,621
Prior period adjustment	<u>(154,124)</u>	<u>(128)</u>	<u>(154,252)</u>
Total net position	<u><u>\$ 9,316,915</u></u>	<u><u>\$ 2,464,482</u></u>	<u><u>\$ 11,781,397</u></u>

See accountants' compilation report

CITY OF WESTMORLAND
STATEMENT OF ACTIVITIES
June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 885,906	\$ -	\$ 106,210	\$ -	\$ (779,696)	\$ -	\$ (779,696)
Public safety	156,813	52,143	-	-	(104,670)	-	(104,670)
Culture and leisure	50,863	-	-	-	(50,863)	-	(50,863)
Community development	73,741	12,440	-	-	(61,301)	-	(61,301)
Streets and roads	119,588	-	-	996,395	876,807	-	876,807
Trash services	217,608	227,064	-	-	9,456	-	9,456
Total governmental services	1,504,519	291,647	106,210	996,395	(110,267)	-	(110,267)
Business-type Activities							
Water	493,968	370,349	-	-	-	(123,619)	(123,619)
Wastewater	224,884	250,544	-	-	-	25,660	25,660
Total business-type activities	718,852	620,893	-	-	-	(97,959)	(97,959)
Total primary government	\$ 2,223,371	\$ 912,540	\$ 106,210	\$ 996,395	(110,267)	(97,959)	(208,226)
General Revenues:							
Taxes:							
Transient lodging taxes					59,563	-	59,563
Franchise taxes					17,177	-	17,177
Business license taxes					244,382	-	244,382
Property taxes					138,881	-	-
Sales and use taxes					7,658	-	7,658
License and permits					24,517	-	24,517
Fines and forfeitures					9,217	-	9,217
Other					177,356	-	177,356
Use of money and property					209,630	-	209,630
Total general revenues					888,381	-	888,381
Change in net position					778,114	(97,959)	680,155
Net position - BOY					8,692,925	2,562,441	11,255,366
Prior period adjustment					(154,124)	-	(154,124)
Net position - EOY					\$ 9,316,915	\$ 2,464,482	\$ 11,781,397

See accountants' compilation report

CITY OF WESTMORLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	TDA	Street Projects	Revolving Loans	Other Govt Funds	Total Govt Funds
ASSETS						
Cash and investments	\$ 1,823,519	\$ 935,195	\$ -	\$ 304,835	\$ 635,833	\$ 3,699,382
Due from other funds	597,766	908,606	-	-	-	1,506,372
Notes receivable	-	-	-	680,075	942	681,017
Total assets	\$ 2,421,285	\$ 1,843,801	\$ -	\$ 984,910	\$ 636,775	\$ 5,886,771
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ 908,606	\$ -	\$ 550,413	\$ -	\$ 47,353	\$ 1,506,372
Total liabilities	908,606	-	550,413	-	47,353	1,506,372
Fund balances:						
Restricted for:						
Streets and roads	-	1,843,753	-	-	535,248	2,379,001
Community development	-	-	-	984,910	101,527	1,086,437
Unassigned	1,666,851	-	(550,413)	-	(47,353)	1,069,085
Prior period adjustment	(154,172)	48	-	-	-	(154,124)
Total fund balances	1,512,679	1,843,801	(550,413)	984,910	589,422	4,380,399
Total liabilities and fund balances	\$ 2,421,285	\$ 1,843,801	\$ -	\$ 984,910	\$ 636,775	\$ 5,886,771

See accountants' compilation report

CITY OF WESTMORLAND
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSTION
June 30, 2018

Fund balances of governmental funds	\$	4,380,399
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of accumulated depreciation have not been included as financial resources in the governmental funds.		<u>4,936,516</u>
Net position of governmental activities	\$	<u><u>9,316,915</u></u>

See accountants' compilation report

CITY OF WESTMORLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
June 30, 2018

	General	TDA	Street Projects	Revolving Loans	Other Governmental Funds	Totals
Revenues:						
Taxes:						
Transient lodging	\$ 59,563	\$ -	\$ -	\$ -	\$ -	\$ 59,563
Franchise	17,177	-	-	-	-	17,177
Business license	244,382	-	-	-	-	244,382
Sales and use	7,658	-	-	-	-	7,658
Property	138,881	-	-	-	-	138,881
Licenses and permits	24,517	-	-	-	-	24,517
Fines and forfeitures	9,217	-	-	-	-	9,217
Use of money and property	146,670	-	-	60,509	2,451	209,630
Intergovernmental	106,210	275,261	666,411	-	54,723	1,102,605
Charges for services	291,647	-	-	-	-	291,647
Miscellaneous	177,356	-	-	-	-	177,356
Total revenues	1,223,278	275,261	666,411	60,509	57,174	2,282,633
Expenditures						
Current:						
General government	813,641	-	-	-	-	813,641
Public safety	156,813	-	-	-	-	156,813
Culture and leisure	50,863	-	-	-	-	50,863
Community development	16,466	-	-	32,576	24,699	73,741
Streets and roads	1,101	74,913	25,312	-	18,262	119,588
Trash services	217,608	-	-	-	-	217,608
Capital outlay	-	-	219,738	-	-	219,738
Total expenditures	1,256,492	74,913	245,050	32,576	42,961	1,651,992
Net Change in fund balance	(33,214)	200,348	421,361	27,933	14,213	630,641
Fund balance - July 1, 2017	1,700,065	1,643,405	(971,774)	956,977	575,209	3,903,882
Prior period adjustment	(154,172)	48	-	-	-	(154,124)
Fund balance - June 30, 2018	\$ 1,512,679	\$ 1,843,801	\$ (550,413)	\$ 984,910	\$ 589,422	\$ 4,380,399

See accountants' compilation report

CITY OF WESTMORLAND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
June 30, 2018

Net change in fund balances - total governmental funds \$ 630,641

Amounts reported for governmental activities in the statement of activities differ because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.

147,473

Change in net position of governmental activities

\$ 778,114

See accountants' compilation report

CITY OF WESTMORLAND
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-type Activities		
	Enterprise Funds		
	Water	Wastewater	Totals
ASSETS			
Current Assets			
Cash and investments	\$ -	\$ 434,736	\$ 434,736
Due from other funds	-	88,521	88,521
Total current assets	-	523,257	523,257
Noncurrent assets:			
Capital assets not being depreciated	202,212	755,201	957,413
Capital assets, net of accumulated depreciation	1,126,661	-	1,126,661
Total noncurrent assets	1,328,873	755,201	2,084,074
Total assets	1,328,873	1,278,458	2,607,331
LIABILITIES			
Current Liabilities:			
Due to other funds	88,521	-	88,521
Deposits payable	54,200	-	54,200
Total liabilities	142,721	-	142,721
NET POSITION			
Net investment in capital assets	1,328,873	755,201	2,084,074
Unrestricted	(142,721)	523,257	380,536
Prior period adjustment	-	(128)	(128)
Total net position	\$ 1,186,152	\$ 1,278,330	\$ 2,464,482

See accountants' compilation report

CITY OF WESTMORLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
June 30, 2018

	Business-Type Activities		
	Enterprise Funds		
	Water	Wastewater	Totals
Operating Revenues:			
Charges for services (net of refunds)	\$ 370,349	\$ 250,544	\$ 620,893
Total operating revenues	370,349	250,544	620,893
Operating Expenses:			
Salary and benefits	157,343	100,759	258,102
Admin	245,918	27,847	273,765
Supplies and services	4,040	96,278	100,318
Depreciation	86,667	-	86,667
Total operating expenses	493,968	224,884	718,852
Changes in net position	(123,619)	25,660	(97,959)
Total Net Position - beginning	1,309,771	1,252,670	2,562,441
Total Net Position - ending	\$ 1,186,152	\$ 1,278,330	\$ 2,464,482

See accountants' compilation report

CITY OF WESTMORLAND
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
June 30, 2018

	Business-Type Activities Enterprise Funds		
	Water	Wastewater	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ 370,349	\$ 250,544	\$ 620,893
Cash payments to suppliers for goods and services	(249,958)	(124,125)	(374,083)
Cash payments for employees and benefit programs	(157,343)	(100,759)	(258,102)
Net cash provided (used) by operating activities	(36,952)	25,660	(11,292)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(36,952)	25,660	(11,292)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	36,899	409,129	446,028
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ (53)	\$ 434,789	\$ 434,736
Reconciliation to Statement of Net Position			
Cash and investments	\$ (53)	\$ 434,789	\$ 434,736
CASH AND CASH EQUIVALENTS	\$ (53)	\$ 434,789	\$ 434,736
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (123,619)	\$ 25,660	\$ (97,959)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	86,667	-	86,667
Total adjustments	86,667	-	86,667
Net cash provided by (used by) operating activities	\$ (36,952)	\$ 25,660	\$ (11,292)

See accountants' compilation report

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Westmorland, California was incorporated June 30, 1934, under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City of Westmorland, California, operates under a Council form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The City is governed by a five member Council, elected at large for four years on staggered schedules. The Council selects the Mayor from its members, generally for a one year term. The City has a City Council form of governance with seven publicly elected officials, consisting of five City Council members, a city clerk and a city treasurer.

A key element of the City's financial management process is the preparation of the annual budget. Each year the City Council proposes budget, which includes all current balances and expected revenues and other financing sources of the City and describes by department how those resources will be utilized. Under terms of various grant and financing agreements, the budget is to be adopted by the end of May, prior to the beginning of each fiscal year. The budget is adopted by motion of the City Council, and if amended, generally is done by resolution.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of government authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (City). These statements include the financial activities of the overall City government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental activities. Direct expenses are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational need of a particular program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds.

Proprietary fund financial statements include a Statement of Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

C. Major Funds

GASB Statement No. 34, defines major funds and requires that the City's major governmental funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund

This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

TDA Special Revenue Fund

To account for revenue received from the State under the Articles of the Transportation Development Act (Section 99400(a) of the Public Utilities Code). Uses are restricted to local streets and roads.

Street Projects Special Revenue Fund

To account for streets projects funded by intergovernmental grants and local sources.

Revolving Loans Special Revenue Fund

To account for loans given by the City to individuals and local businesses.

The City reported the following major proprietary funds:

Water Fund

This fund accounts for the costs of treatment and distribution of drinking water to the community.

Wastewater Fund

This fund accounts for the costs of collection, treatment and disposal of sewage generated in the community,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Accounting Policies

The City of Westmorland records transactions, and accordingly, these financial statements were prepared, using the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The following are some of the ways that the modified cash basis of accounting differs from accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require all governmental funds to use the modified accrual basis of accounting. Revenues should be recognized when they become measurable and available as net current assets. The City of Westmorland, however, recognizes revenue when it is received by the City.

Taxpayer-assessed income, gross receipts, and sales taxes are recognized when the revenue is received by the City. Refunds of such taxes are recognized when they are paid. Under accounting principles generally accepted in the United States of America, these taxes are considered "measurable" when in the hands of intermediary collecting governments and should be recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable, and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is that principal and interest on long-term debt is recognized when due. The modified cash basis of accounting recognizes all expenditures when they are paid.

Accounting principles generally accepted in the United States of America require all proprietary funds and government-wide reporting to use the accrual basis of accounting. Revenues should be recognized when they are earned, and their expenses should be recognized when they are incurred. The modified cash basis of accounting recognizes revenues when received and expenses when paid.

The purchase of capital items in the proprietary funds should be recorded as capital assets and depreciated under accounting principles generally accepted in the United States of America; however, the City records these items as expenses when they are paid.

The purchase of capital assets should be capitalized and depreciated in the Statement of Net Position and Statement of Activities under GASB Statement No. 34, however, under the modified cash basis of accounting, the City records these items as expenditures when paid.

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Accounting principles generally accepted in the United States of America require all governmental funds to use the modified accrual basis of accounting and all proprietary fund types to use the accrual basis of accounting. The City of Westmorland uses the modified cash basis of accounting for all fund types.

The modified cash basis of accounting recognizes all monies received as revenues at the time of receipt and all amounts paid as expenditures at the time of payment with the exception of the following:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Long-term notes and loans receivable are set up as assets and unearned revenue and note/loan payments received by the City are recorded as reductions of the asset and liability and program income when received.
2. Long term payables are set up as liabilities in the proprietary funds. Principal payments are recorded as reductions of the liabilities when made.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds. Cash equivalents have an original maturity date of three months or less from the date of purchase.

G. Cash and Investments

Most cash balances of the City's funds and some of its component units are pooled and invested by the City Treasurer. Unless otherwise dictated by legal or contractual requirements, income earned or losses arising from the investment pooled cash are allocated on a monthly basis to the participating funds and component units based on their proportionate shares of the average weekly cash balance.

Investments are stated at fair value. Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool and restricted, non-pooled investments with initial maturities of three months or less.

H. Interfund Transactions

Activities between funds that are representative of lending/borrowing outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

With Council approval, resources may be transferred from one City fund to another. Transfers are used to (1) move revenues from one fund that statute or budget requires collecting them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budget authorizations.

I. Property Tax

The City's property taxes are levied on the first day of January by the County assessor, and are payable to the County tax collector in two installments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The first installment is due November 1st, and is delinquent after December 10th the second installment is due February 1st and is delinquent after April 10th. Taxes become a lien on the property on January 1st, and on the date of the transfer of the title, and the date of new construction.

The minimum property value which is taxed is \$2,000; however, tax bills are prepared for properties valued at less than \$2,000 if there is a special assessment to be collected.

Article 13A of the California Constitution states: "The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent tax is to be collected by the Counties and appointed according to law to the districts within the counties."

The City has elected under State law (TEETER) to receive all of the annual property assessments in three installments as follows:

December	55%
April	40%
June	5%
	100%

J. Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 for property, plant, and equipment and \$25,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the City are depreciated using the straight line method over their estimated lives of 2 to 50 years.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits and sick leave. All vacation and sick leave benefits are accrued as earned by employees. All vacation and sick leave pay are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignation and retirements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Insurance

The City is self-insured for general liability, auto liability, and certain other risks. The City is insured for worker's compensation through the State Compensation Insurance Fund of California. Financial statements for the Fund can be found on their website at www.statefundca.com.

N. Net Position and Fund Equity

In the government-wide financial statements and proprietary fund financial statements, net position is reported in three categories under GASB Statement No. 34. These captions apply only to net position, which are determined only at the government-wide level and proprietary funds are described below.

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, redevelopment funds restricted for low-and-moderate income purposes, and gas tax funds for street construction.

Unrestricted describes the portion of net position which is not restricted as to use.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

O. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the AICPA, require management to make assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

P. Fiscal Year

The fiscal year of the City begins on July 1 and ends on June 30.

Q. Use of Restricted Resources

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

R. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Nonspendable fund balance - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, granters, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance - amounts that can only be used for specific purposes determined by formal action of the City's highest level of decision-making authority (the City Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- Assigned fund balance - amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.
- Unassigned fund balance - the residual classification for the City's funds that include amounts not contained in the other classifications.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

The City Council is required to adopt an annual budget resolution by July 1st of each fiscal year for the General Fund, special revenue, capital projects, debt service, and enterprise funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The City Council made several supplemental budgetary appropriations throughout the fiscal year.

B. Deficit Fund Balances

At June 30, 2018, the following funds had an accumulated deficit:

<u>Fund</u>	<u>Amount</u>
<u>Major Governmental Fund:</u>	
Street Projects Fund	550,413
<u>Nonmajor Governmental Funds:</u>	
HOME Fund	47,353

This fund balance deficit is primarily due to the City incurring costs in excess of revenues. The Funds should alleviate this deficit as revenues are received.

CITY OF WESTMORLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2018, the following funds had excess of expenditures over appropriations:

Fund	Final Appropriation	Expenditures	Excess
<u>Major Fund:</u>			
<u>General Fund:</u>			
General government	\$ 746,756	\$ 813,641	\$ 66,885
Public safety	62,617	156,813	94,196
Culture and leisure	39,027	50,863	11,884
Community development	4,019	16,466	12,447
Streets and roads	350	1,101	751
Trash services	216,842	217,608	766
TDA Special Revenue Fund	18,268	74,913	56,645
Street Projects Fund	108,193	245,050	136,857
Revolving Loans Fund	18,900	32,576	13,676

CITY OF WESTMORLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2018 are classified in the accompanying financial statements as follows:

Primary Government:

Statement of Net Position:

Cash and investments \$ 4,134,118

Total cash and investments, Statement of Net Position \$ 4,134,118

Cash and investments as of June 30, 2018 consist of the following:

Deposits with financial institutions \$ 4,134,118

Total cash and investments \$ 4,134,118

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Government Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	10%	None
U.S. Government Agency Issues	5 years	10%	None
Banker's Acceptances	270 days	40%	30%
Commercial Paper, Prime Quality	180 days	40%	10%
Time Certificates of Deposit	3 years	25%	None
Negotiable Certificates of Deposit	3 years	30%	None
Repurchase and Reverse Repurchase Agreements	1 year	20%	None
Medium Term Notes	5 years	30%	15%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (State Pool)	N/A	None	\$ 50 Million

B. Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Mortgage backed Securities	3 years	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds	N/A	None	None
Local Agency Investment Fund (State Pool)	N/A	None	None

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

C. Disclosures Relating to Interest Rate Risk

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

D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments including investments held by bond trustees that are highly sensitive to interest rate fluctuations.

E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There was no investment in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total City investments.

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**CITY OF WESTMORLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivables and Payables

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." The following presents a summary of current interfund balances at June 30, 2018.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:		Major Governmental Fund:	
General Fund	\$ 597,766	General Fund	\$ 908,606
TDA Special Revenue Fund	<u>908,606</u>	Street Projects Fund	550,413
Total	<u>\$ 1,506,372</u>	Nonmajor Governmental Funds:	
		HOME Fund	<u>47,353</u>
		Total	<u>\$ 1,506,372</u>

NOTE 5 - LOANS RECEIVABLE

Loans receivable amounts primarily represent loans made for redevelopment, economic development, and property rehabilitation.

Revolving Loans Special Revenue Fund

Deferred notes receivable. No installment payments of principal or interest are required until the loans reach their maturity or underlying property is sold.

Secured by deeds of trust. \$ 680,075
\$ 680,075

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance as of July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2018</u>
Governmental Activities				
Nondepreciable capital assets				
Land	\$ 221,496	\$ -	\$ -	\$ 221,496
Construction in progress	1,832,950	219,738	-	2,052,688
Total nondepreciable capital assets	<u>2,054,446</u>	<u>219,738</u>	<u>-</u>	<u>2,274,184</u>
Depreciable capital assets				
Equipment	475,900	-	-	475,900
Improvements	2,850,327	-	-	2,850,327
Buildings	2,950,000	-	-	2,950,000
Total depreciable capital assets	<u>6,276,227</u>	<u>-</u>	<u>-</u>	<u>6,276,227</u>
Less accumulated depreciation				
Equipment	(583,630)	(68,265)	-	(651,895)
Buildings	(2,958,000)	(4,000)	-	(2,962,000)
Total accumulated depreciation	<u>(3,541,630)</u>	<u>(72,265)</u>	<u>-</u>	<u>(3,613,895)</u>
Net depreciable capital assets	<u>2,734,597</u>	<u>(72,265)</u>	<u>-</u>	<u>2,662,332</u>
Net capital assets	<u>\$ 4,789,043</u>	<u>\$ 147,473</u>	<u>\$ -</u>	<u>\$ 4,936,516</u>

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

C. Disclosures Relating to Interest Rate Risk

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

D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments including investments held by bond trustees that are highly sensitive to interest rate fluctuations.

E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There was no investment in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total City investments.

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2018, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

**CITY OF WESTMORLAND
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivables and Payables

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." The following presents a summary of current interfund balances at June 30, 2018.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:		Major Governmental Fund:	
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TDA Special Revenue Fund	<u>908,606</u>	Street Projects Fund	550,413
Total	<u>\$ 1,506,372</u>	Nonmajor Governmental Funds:	
		HOME Fund	<u>47,353</u>
		Total	<u>\$ 1,506,372</u>

NOTE 5 - LOANS RECEIVABLE

Loans receivable amounts primarily represent loans made for redevelopment, economic development, and property rehabilitation.

Revolving Loans Special Revenue Fund

Deferred notes receivable. No installment payments of principal or interest are required until the loans reach their maturity or underlying property is sold.

Secured by deeds of trust. \$ 680,075
\$ 680,075

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance as of July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2018</u>
Governmental Activities				
Nondepreciable capital assets				
Land	\$ 221,496	\$ -	\$ -	\$ 221,496
Construction in progress	1,832,950	219,738	-	2,052,688
Total nondepreciable capital assets	<u>2,054,446</u>	<u>219,738</u>	<u>-</u>	<u>2,274,184</u>
Depreciable capital assets				
Equipment	475,900	-	-	475,900
Improvements	2,850,327	-	-	2,850,327
Buildings	2,950,000	-	-	2,950,000
Total depreciable capital assets	<u>6,276,227</u>	<u>-</u>	<u>-</u>	<u>6,276,227</u>
Less accumulated depreciation				
Equipment	(583,630)	(68,265)	-	(651,895)
Buildings	(2,958,000)	(4,000)	-	(2,962,000)
Total accumulated depreciation	<u>(3,541,630)</u>	<u>(72,265)</u>	<u>-</u>	<u>(3,613,895)</u>
Net depreciable capital assets	<u>2,734,597</u>	<u>(72,265)</u>	<u>-</u>	<u>2,662,332</u>
Net capital assets	<u>\$ 4,789,043</u>	<u>\$ 147,473</u>	<u>\$ -</u>	<u>\$ 4,936,516</u>

**CITY OF WESTMORLAND
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018**

NOTE 6 - CAPITAL ASSETS (Continued)

	<u>Balance as of July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of June 30, 2018</u>
Business-type Activities				
Nondepreciable capital assets				
Land	\$ 957,413	\$ -	\$ -	\$ 957,413
Total nondepreciable capital assets	957,413	-	-	957,413
Depreciable capital assets				
Buildings	5,900,000	-	-	5,900,000
Total depreciable capital assets	5,900,000	-	-	5,900,000
Less accumulated depreciation				
Buildings	(4,686,672)	(86,667)	-	(4,773,339)
Total accumulated depreciation	(4,686,672)	(86,667)	-	(4,773,339)
Net depreciable capital assets	1,213,328	(86,667)	-	1,126,661
Net capital assets	\$ 2,170,741	\$ (86,667)	\$ -	\$ 2,084,074

Depreciation expense was charged to functions/programs of the business-types activities as follows:

Water	\$ 86,667
Total Depreciation Expense - Business-type Activities	\$ 86,667

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. The City was a defendant in various lawsuits. Although the outcome of these lawsuits was not presently determinable in fiscal year 2018, in the opinion of the City Attorney the legal matters have been resolved and did not have a materially adverse effect on the financial position of the City.

NOTE 8 – PRIOR PERIOD ADJUSTMENTS

The City has not had a government wide audit performed since fiscal year 2015 nor has the City prepared government wide financial statements since then. As a result, the aggregate cash balance from the trial balance provided to Hutchinson and Bloodgood LLP did not tie out with the aggregate cash balance per the bank statements. As a result, the adjustment is a balancing entry to tie out the balance sheet.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WESTMORLAND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Transient lodging	\$ 108,428	\$ 108,428	\$ 59,563	\$ (48,865)
Franchise	13,210	13,210	17,177	3,967
Business license	8,100	8,100	244,382	236,282
Sales and use	149,100	149,100	7,658	(141,442)
Property	205,060	205,060	138,881	(66,179)
Licenses and permits	8,900	8,900	24,517	15,617
Fines and forfeitures	13,000	13,000	9,217	(3,783)
Use of money and property	11,120	11,120	146,670	135,550
Intergovernmental	228,757	228,757	106,210	(122,547)
Charges for services	287,753	287,753	291,647	3,894
Miscellaneous	115,000	115,000	177,356	62,356
Total revenues	<u>1,148,428</u>	<u>1,148,428</u>	<u>1,223,278</u>	<u>74,850</u>
EXPENDITURES				
Current:				
General government	746,756	746,756	813,641	(66,885)
Public safety	62,617	62,617	156,813	(94,196)
Culture and leisure	39,027	39,027	50,863	(11,836)
Community development	4,019	4,019	16,466	(12,447)
Streets and roads	350	350	1,101	(751)
Trash services	216,842	216,842	217,608	(766)
Total expenditures	<u>1,069,611</u>	<u>1,069,611</u>	<u>1,256,492</u>	<u>(186,881)</u>
Net change in fund balance	78,817	78,817	(33,214)	(112,031)
Fund balance - July 1, 2017	1,700,065	1,700,065	1,700,065	-
Prior period adjustment	(154,253)	(154,253)	(154,172)	-
Fund balance - June 30, 2018	<u>\$ 1,624,629</u>	<u>\$ 1,624,629</u>	<u>\$ 1,512,679</u>	<u>\$ (111,950)</u>

CITY OF WESTMORLAND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TDA SPECIAL REVENUE FUND
June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 275,651	\$ 275,651	\$ 275,261	\$ (390)
Total revenues	275,651	275,651	275,261	(390)
EXPENDITURES				
Current:				
Streets and roads	18,268	18,268	74,913	(56,645)
Total expenditures	18,268	18,268	74,913	(56,645)
Net change in fund balance	257,383	257,383	200,348	(57,035)
Fund Balance - July 1, 2017	1,643,452	1,643,452	1,643,405	-
Prior period adjustment	-	-	48	-
Fund Balance - June 30, 2018	<u>\$ 1,900,835</u>	<u>\$ 1,900,835</u>	<u>\$ 1,843,801</u>	<u>\$ (57,034)</u>

CITY OF WESTMORLAND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET PROJECTS SPECIAL REVENUE FUND
June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Intergovernmental	\$ 743,164	\$ 743,164	\$ 666,411	\$ (76,753)
Miscellaneous	24,980	24,980	-	(24,980)
Total revenues	<u>768,144</u>	<u>768,144</u>	<u>666,411</u>	<u>(101,733)</u>
EXPENDITURES				
Current:				
Streets and roads			25,312	(25,312)
Capital outlay	<u>108,193</u>	<u>108,193</u>	<u>219,738</u>	<u>(111,545)</u>
Total expenditures	<u>108,193</u>	<u>108,193</u>	<u>245,050</u>	<u>(136,857)</u>
Net change in fund balance	659,951	659,951	421,361	(238,590)
Fund Balance (deficits) - July 1, 2017	<u>(971,774)</u>	<u>(971,774)</u>	<u>(971,774)</u>	-
Fund Balance (deficits) - June 30, 2018	<u>\$ (311,823)</u>	<u>\$ (311,823)</u>	<u>\$ (550,413)</u>	<u>\$ (238,590)</u>

CITY OF WESTMORLAND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REVOLVING LOANS SPECIAL REVENUE FUND
June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
REVENUES				
Use of money and property	\$ 29,000	\$ 29,000	\$ 60,509	\$ 31,509
Total revenues	29,000	29,000	60,509	31,509
EXPENDITURES				
Current:				
Community development	18,900	18,900	32,576	(13,676)
Total expenditures	18,900	18,900	32,576	(13,676)
Net change in fund balance	10,100	10,100	27,933	17,833
Fund Balance - July 1, 2017	956,977	956,977	956,977	-
Fund Balance - June 30, 2018	\$ 967,077	\$ 967,077	\$ 984,910	\$ 17,833

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes.

Gas Tax Fund - To account for City's share of state gas tax revenue restricted for street improvements and maintenance.

HOME Fund - To account for revenue and expenditure related to the HOME program.

OTC Applications Fund - To account for OTC Applications.

CIRP Fund - To account for CIRP.

CITY OF WESTMORLAND
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2018

	Special Revenue Funds				Total
	Gas Tax	HOME	OTC Applications	CIRP	Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$ 535,248	\$ -	\$ 3,275	\$ 97,310	\$ 635,833
Notes receivable	-	-	-	942	942
Total assets	<u>\$ 535,248</u>	<u>\$ -</u>	<u>\$ 3,275</u>	<u>\$ 98,252</u>	<u>\$ 636,775</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	\$ 47,353	\$ -	\$ -	\$ 47,353
Total liabilities	<u>-</u>	<u>47,353</u>	<u>-</u>	<u>-</u>	<u>47,353</u>
Fund balances:					
Restricted for:					
Streets and roads	535,248	-	-	-	535,248
Community development	-	-	3,275	98,252	101,527
Unassigned	-	(47,353)	-	-	(47,353)
Total fund balances (deficits)	<u>535,248</u>	<u>(47,353)</u>	<u>3,275</u>	<u>98,252</u>	<u>589,422</u>
Total liabilities and fund balances	<u>\$ 535,248</u>	<u>\$ -</u>	<u>\$ 3,275</u>	<u>\$ 98,252</u>	<u>\$ 636,775</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue Funds				Total
	Gas Tax	HOME	OTC Applications	CIRP	Nonmajor Governmental Funds
REVENUES					
Use of money and property	\$ -	\$ -	\$ -	\$ 2,451	\$ 2,451
Intergovernmental	54,723	-	-	-	54,723
Total revenues	54,723	-	-	2,451	57,174
EXPENDITURES					
Current:					
Community development	-	4,101	20,598	-	24,699
Streets and roads	18,262	-	-	-	18,262
Total expenditure	18,262	4,101	20,598	-	42,961
Net change in fund balances	36,461	(4,101)	(20,598)	2,451	14,213
Fund balances (deficits) - beginning of fiscal year	498,787	(43,252)	23,873	95,801	575,209
Fund balances (deficits) - end of fiscal year	\$ 535,248	\$ (47,353)	\$ 3,275	\$ 98,252	\$ 589,422