

# CITY OF WEST HOLLYWOOD

## Comprehensive Annual Financial Report

West Hollywood, California

► Fiscal Year Ending June 30, 2012



*“What Do You Like Most About WEHO?”*

Read the responses to this question by West Hollywood's residents on the back of each divider.

PHOTOGRAPHY | Cover: Sierra Bonita Housing Project by Art Gray,  
Cover: Hancock Housing Project by Eric Staudenmaier,  
Introduction Tab: City Hall at Night by Ryan Gierach  
Contributing City of West Hollywood Photographers:  
Joshua Barash, Jonathan Moore, Richard Settle ,and Brett White.



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2012

PREPARED BY THE CITY'S:  
DEPARTMENT OF FINANCE & TECHNOLOGY SERVICES  
(ELECTRONIC VERSION AVAILABLE AT: [www.weho.org/financials](http://www.weho.org/financials))

(This page intentionally left blank)

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal ..... i

Finance Policies ..... ix

Government Finance Officers Association Award ..... x

Directory of City Officials ..... xi

Organizational Chart ..... xii

FINANCIAL SECTION

Independent Auditors' Report..... 1

Management's Discussion and Analysis .....3

Basic Financial Statements

    Government-Wide Financial Statements:

        Statement of Net Assets.....31

        Statement of Activities.....32

    Fund Financial Statements:

        Balance Sheet - Governmental Funds.....34

        Reconciliation of the Balance Sheet of Government Funds  
        to the Statement of Net Assets .....37

        Statement of Revenues, Expenditures and Changes in  
        Fund Balances - Governmental Funds.....38

        Reconciliation of the Statement of Revenues, Expenditures  
        and Changes in Fund Balances of Governmental  
        Funds to the Statement of Activities.....40

	<u>Page Number</u>
Budget Comparison Statement	
General Fund .....	41
Statement of Net Assets - Proprietary Funds .....	43
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	44
Statement of Cash Flows – Proprietary Funds .....	45
Statement of Fiduciary Net Assets – Fiduciary Funds .....	46
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds.....	47
Notes to Financial Statements.....	49
Combining And Individual Fund Statements And Schedules:	
Combining Balance Sheet – Non-major Governmental Funds .....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds .....	92
Budgetary Comparison Schedules – Special Revenue Funds:	
Description of Special Revenue Funds.....	99
Special Grant.....	102
Proposition A .....	103
Proposition C.....	104
Gas Tax.....	105
Air Quality Improvement .....	106
Traffic .....	107
Public Beautification and Art.....	108
Quimby Act.....	109
City Lighting.....	110
Public Access .....	111

	<u>Page Number</u>
Parking Improvement .....	112
Permit Parking.....	113
Community Development Block Grant (CDBG).....	114
Housing Trust .....	115
Sunset Mitigation.....	116
Avenues of Art and Design.....	117
Measure R.....	118
 Budgetary Comparison Schedules - Capital Project Funds	
Description of Capital Project Funds .....	119
Debt Funded Capital Projects.....	120
Santa Monica Boulevard .....	121
General Reserves Capital Projects.....	122
Redevelopment Agency Capital Projects .....	123
Redevelopment Agency Low and Moderate Housing.....	124
 Budgetary Comparison Schedules - Debt Service Funds:	
Description of Debt Service Funds .....	125
Capital Projects Debt Service.....	126
Redevelopment Agency Debt Service .....	127
 Fund Financial Statements- Proprietary Funds	
Description of Proprietary Funds .....	129
 Combining Statement of Net assets – Non-major	
Proprietary Funds.....	130
 Combining Statement of Revenues, Expense and Changes in	
Fund Net Assets – Non-major Proprietary Funds.....	131

	<u>Page Number</u>
Combining Statement of Cash Flows –	
Non-major Proprietary Funds .....	132
Fund Financial Statements- Fiduciary Funds	
Description of Fiduciary Funds .....	133
Combining Balance Sheet – All Agency Funds .....	134
Combining Statement of Changes in Assets and	
Liabilities – All Agency Funds.....	135

## STATISTICAL SECTION

Table of Contents .....	137
Financial Trends Information	
Table 1: Net Assets by Component .....	140
Table 2: Changes in Net Assets .....	142
Table 3: Fund Balances of Governmental Funds .....	146
Table 4: Changes in Fund Balances of Governmental Funds ..	148
Table 5: General Fund Tax Revenues by Source.....	150
Revenue Capacity Information	
Table 6: Assessed Value and Estimated Actual Value of	
Taxable Property .....	151
Table 7: Direct and Overlapping Property Tax Rates .....	152
Table 8: Principal Property Owners .....	153
Table 9: Property Tax Levies and Collections .....	154
Debt Capacity Information	
Table 10: Ratios of Outstanding Debt by Type.....	155
Table 11: Direct and Overlapping Debt .....	156
Table 12: Legal Debt Margin Information .....	158

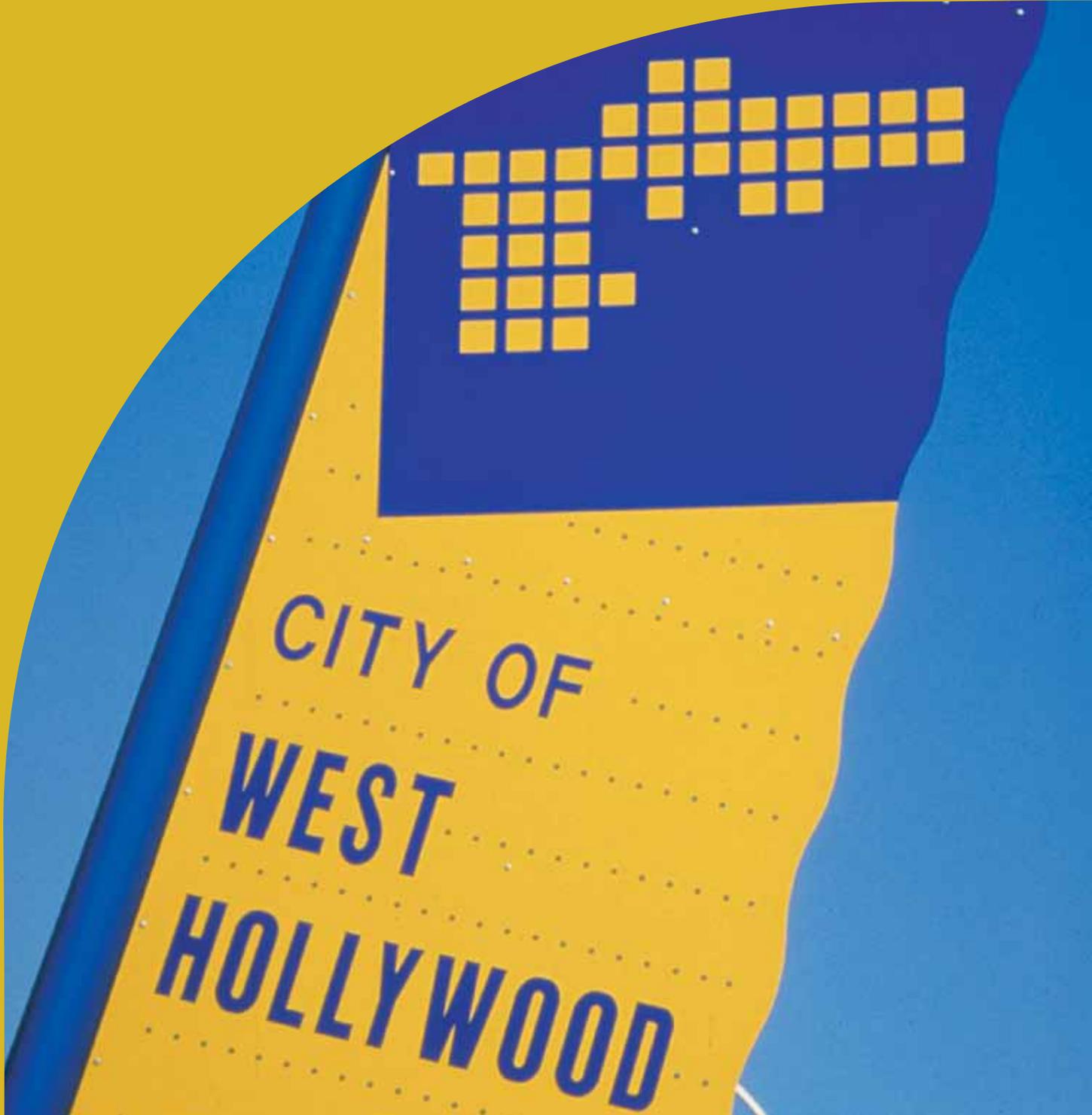
	<u>Page Number</u>
Table 13: East Side Project Area Bonds Coverage .....	160
Demographic and Economic Information	
Table 14: Demographic and Economic Statistics .....	161
Table 15: Principal Employers .....	162
Operating Information	
Table 16: Full-time Equivalent City Government Employees By Function .....	164
Table 17: Operating Indicators by Function .....	165
Table 18: Capital Asset Statistics by Function.....	166
East Side Project Information	
Table 19: East Side Project Area - Property Summary.....	167
Table 20: East Side Project Area - Top Ten Tax Payers .....	168
Table 21: East Side Project Area - Historical Taxable and Tax Increments .....	169
Table 22: East Side Project Area - Settled Assessment Appeals .....	170
Table 23: East Side Project Area - Pending Assessment Appeals .....	171
Table 24: East Side Project Area – Projected Tax Revenues and Estimated Debt Service Coverage .....	172

(This page intentionally left blank)

# INTRODUCTION



“Tolerances, great restaurants and shops, accessible City Hall staffed by nice people, feels like part of a real community, not just big, nebulous LA”





# CITY OF WEST HOLLYWOOD

CITY HALL  
8300 SANTA MONICA BLVD  
WEST HOLLYWOOD, CA  
90069-4314  
TEL: (323) 848-6400  
FAX: (323) 848-6575

**DEPARTMENT  
OF FINANCE  
& TECHNOLOGY  
SERVICES**

January 8, 2013

Honorable Mayor, Members of the City Council,  
and Citizens of West Hollywood

Subject: Comprehensive Annual Financial Report

Dear Honorable Mayor, City Council and Citizens of West Hollywood:

It is with great pleasure that we present to you the City of West Hollywood's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

## INTERNAL CONTROLS & RESPONSIBILITY

This report presents management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh the benefits, the City'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. The concept of reasonable assurance recognizes that: (1) the cost of a control structure should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.



## Independent Audit

The City requires an annual audit by independent certified public accountants. Lance Soll & Lunghard, LLP, a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California, has audited the City's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditors' report is presented as the first component of the financial section of this report.

## SINGLE AUDIT

The federally mandated "Single Audit" is also performed by Lance, Soll & Lunghard, and is 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. The Single Audit report is separately issued and can be obtained at City Hall.

## BUDGETARY CONTROLS

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of all governmental-type funds and enterprise-type funds are included in the annual appropriated budget. The level of budgetary control (expenditures cannot legally exceed the appropriated amount) is the department level in the General Fund and the function level in other governmental fund types. Formal budgetary integration is employed as a management control device. The City maintains an encumbrance accounting system for all governmental-type funds. Encumbrances and appropriations for unfinished capital projects will generally be re-appropriated (carried over) to the following fiscal year.

## MANAGEMENT DISCUSSION & ANALYSIS

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

## PROFILE OF WEST HOLLYWOOD - A BRIEF HISTORY OF CREATIVITY

Spurred by a desire for greater local control, residents of West Hollywood joined together to fight the threat to end rent control under Los Angeles County government. As a result West Hollywood was incorporated as a city in 1984. Centrally located, West Hollywood is bordered by Beverly Hills on the west and Hollywood on the east. West Hollywood has an estimated population of almost 35,000 within a 1.9 square mile border. The City utilizes a Council/City Manager form of government. The City Manager is responsible for running the day to day operations of the City. Each of the five City Council members is elected at large to serve staggered four-year terms.

The City operates as a "contract city," using private firms and other governmental agencies to provide some of the traditional municipal services to the community. The City provides general governmental services, community development, public works, rent stabilization and recreation services. The County continues to provide library services and fire services, independent of the City. Police services are provided by contract with the Los Angeles County Sheriff's Department, and are administered by the Public Safety division of the City.

West Hollywood is affectionately known as "The Creative City" – and for good reason. More than 40 percent of the businesses located in West Hollywood comprise such creative fields as entertainment, interior design, fashion, art, and communications. The City has a dynamic retail, nightlife, and tourist trade that entices travelers from around the world. West Hollywood has 18 luxury hotels with some 2,000 rooms offering world-class accommodations. Dining is available at more than 200 restaurants, some of the most famous in the world. Tourists can also shop at more than 100 clothing stores, peruse thirty-six art galleries, and participate in or just observe an eclectic and ever-evolving nightlife centered on the world-famous Sunset Strip and Santa Monica Boulevard. As the home of the Pacific Design Center (PDC) and the surrounding "Avenues of Art and Design," West Hollywood is acknowledged as the West Coast's center of interior design.

## ECONOMIC CONDITION

Although the focus of this Comprehensive Annual Financial Report is the economic condition of the City at June 30, 2012, the local economy is of such relevance that it is incumbent on us to provide some information in this report. The City of West Hollywood has maintained an implied general obligation rating 'AAA' with a stable outlook.

The City of West Hollywood continues to be a vibrant, livable, and successful community for both its residents and businesses. Its stable outlook reflects the expectation that the City will continue to benefit from its diverse revenue base. The City's sales tax receipts have been trending upwards. The sales tax base, which is highly diversified given its small geographic area, generated \$12.3 million in 2012. With both occupancy rates and room rates inching upward, the City's transient occupancy tax increased during 2012 to \$15.4 million. Property tax revenues also increased in 2012 to \$11.9 million.

The City is dedicated to maintaining a balance between the quality of residential life and the desire for continued development. This is evident in its strong area median household income levels of \$49,494 in the 2010 Census, and extremely strong assessed property values. The City has recently entered a number of development agreements for major improvements to hotel properties and will soon experience a large increase in office space as the Pacific Design Center's, Red Building nears completion. Though the local economic drivers for the City of West Hollywood are in positive territory, one has to be mindful that the national economy is still fragile and any unforeseen event, domestic or global, can destabilize the fragile recovery.

Even with the City's strong and varied economic base, it is still very vulnerable due to the State of California's fiscal woes. The State's ongoing structural budget deficit and history of balancing its budget with funds from local governments is West Hollywood's largest economic threat. In an attempt to balance the 2011-12 State budget deficit and receive \$1.7 billion in funds, the State dissolved redevelopment agencies effective January 31, 2012. However, the \$1.7 billion was not realized by the State and recent Legislative Analyst Office reports have indicated additional unanticipated funding shortfalls. In addition to the State not realizing these revenues, cities have lost future opportunities for redevelopment that were previously available to the redevelopment agency.

#### LONG TERM FINANCIAL PLANNING

The City actively monitors revenue sources for both compliance and economic developments. The Department of Finance and Technology Services oversees the fiscal compliance aspects of the City's municipal code. The Economic Development Division addresses strategic issues pertaining to the City's revenue base. These issues include commercial revitalization, developing local business improvement districts and administering the Visitors and Convention Bureau contract.

During periods of strong economic growth, the City accumulated significant reserves. By capturing and designating the accumulated reserves, it is able to attract development that improves commercial and residential neighborhoods thus improving the local economy.

## DEBT ADMINISTRATION

The City does face fiscal challenges, especially in the area of capital improvements. To address this, the City maintains a five year capital improvement plan and has designated portions of the revenue growth for capital projects. These capital improvement demands require the City Council and Management to remain committed to restraining expenditures. In addition, The City of West Hollywood utilizes long-term financing to facilitate the acquisition and construction of capital assets. This allows for the matching of resource utilization to the useful life of the asset being purchased. Descriptions of past City financings are below with detailed schedules in the Financial Section of this report.

Redevelopment Agency Tax Allocation Bonds 2003 - In September 2003, the Redevelopment Agency issued Tax Allocation Bonds of \$11,500,000 to finance the Eastside Redevelopment Project, including activities that increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area.

Lease Revenue Bonds Series 'A' 2009 - In July 2009, Lease Revenue Bonds Series 'A' 2009 were issued for \$22,160,000 to prepay the outstanding principal balance of the 1998 Refunding Certificates of Participation in the amount of \$20,420,000.

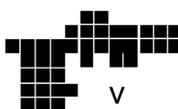
Lease Revenue Bonds Series 'B' 2009 - In July 2009, Lease Revenue Bonds Series 'B' 2009 were issued for \$34,780,000 to finance the acquisition, construction and improvements to the City's West Hollywood Park, including a new Public Library, a 90 space underground parking facility, a 337 space above ground parking facility and a 2.5 acre landscape park expansion.

Tax Allocation Bonds Series 'A' 2011 – In March of 2011, Tax Allocation Bonds Series 'A' 2011 were issued for \$30,560,000 to finance redevelopment improvements to Plummer Park, including renovation and construction of buildings; enhancement and addition of green space; and creation of a central park promenade and interactive water feature.

Tax Allocation Bonds Series 'B' 2011 – In March of 2011, Tax Allocation Bonds Series 'B' 2011 were issued for \$9,420,000 to increase, improve or preserve the supply of low- and moderate-income housing within the East Side Redevelopment Project Area.

## MAJOR ACCOMPLISHMENTS FOR THE YEAR

- Completed and adopted the City's updated General Plan, Climate Action Plan and Housing Element.
- Prepared and adopted the Bicycle Task Force Recommendations Report and installed thirty bike racks across the City.



- Developed and implemented a Smoking Ordinance and a Plastic Bag Ban Ordinance.
- Completed construction by West Hollywood Community Housing Corporation of 48 units of affordable senior housing at 1234 Hayworth Avenue.
- Partnered with the West Hollywood Community Housing Corporation to obtain financing for the development of 32 units of affordable housing on the property located at 1145-1151 La Brea Avenue and with Alternative Living for the Aging (ALA) to obtain financing for the development of 17 units of affordable senior housing at 937 Fairfax Avenue.
- Awarded the Municipal Information Systems Association of California's Excellence Award for outstanding practices, earned by only 21 Cities and agencies statewide.
- Began final design of City Hall Automated Garage and Community Plaza Project.
- Developed and implemented a Parking Credits Program and Ordinance.
- Completed construction of the new West Hollywood Library and Council Chambers, a building which achieved LEED Gold status, and approximately 1.5 acres of green space on the north side of West Hollywood Park.
- Facilitated placement of 15 people who were homeless into permanent, supportive housing through the Shelter + Care program in partnership with PATH, the LA Gay and Lesbian Center, the Greater West Hollywood Food Coalition, Housing Works, and the West Hollywood Housing Corporation.
- Developed a strategy for a marketing and public relations campaign for "PST . . . It All Started Here," a celebration of the Getty's Pacific Standard Time initiative for those projects taking place in West Hollywood.
- Installed "Elemental," an exhibit of seven large scale bronze sculptures on the Santa Monica Boulevard median at Doheny and three large scale murals on the parking structure of the New West Hollywood Library by artists Shepard Fairey, Kenny Scharf and RETNA.
- Piloted paperless agenda packets including the revision and successful implementation of optimizing files for speed and usability.
- Won Web Marketing Association's WebAward for Outstanding Achievement in Web Development as Best Government Website; received numerous awards from the California Association of Public Information Officials (CAPIO) including

the 2011 Award of Excellence for the City's New Media Strategy, the 2011 Award of Distinction for the City's Website, the 2011 Award of Distinction for the City's Highlights Newsletter and the CAPIO 2012 Excellence in Communications Award of Merit New Media.

## VISION 2020

The City's strategic plan, Vision 2020, will continue to guide the City in developing and accomplishing these future initiatives:

- ***Maintain the City's unique urban balance with emphasis on residential neighborhood livability*** - Recognize diverse and competing interests, and work to find balance.
- ***Affordable housing*** - Protect and enhance affordable housing opportunities, with emphasis on Rent Stabilization laws.
- ***Fiscal sustainability*** - Monitor, protect and increase City resources.
- ***Develop parking opportunities*** - Explore the creation of off-street parking opportunities near all business districts.
- ***Move forward on City parks and library and expand and enhance the City's green and public spaces*** - Complete the Park(s) Master Plan process and Library Project, and create and encourage more public open spaces wherever feasible.

## AWARDS

### GFOA Award Program - Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Hollywood for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This is the eighteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We are confident that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility.

GFOA and CSMFO Budget Award Program

The City also received the GFOA Distinguished Budget Presentation Award and CSMFO Excellence in Operational Budgeting Award for its biennial budget document. To qualify for the GFOA award, a governmental unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and as a communications device. The CSMFO award reflects excellence in the budget document and the underlying budget process that results in the implementation of the budget.

ACKNOWLEDGMENTS

Preparation of this report was accomplished through the combined efforts of the City's Staff. The following staff deserves special recognition for their contribution to this project: David Hatcher - Revenue Manager, Lorena Quijano - Accounting Services Manager, Angel Chiriboga - Accounting Coordinator, Beth Rosen - Information Technology Management Analyst, Norma Coronado – Accountant and Odette Miranda - Compensation & Benefits Analyst.

We thank the members of the City Council for their continued interest and support in the development of this report. Without their leadership, the preparation of this document would not be possible.

Respectfully submitted,



Paul Arevalo  
City Manager



David Wilson  
Director of Finance and  
Technology Services

## Finance Policies

The following is a summary of the Fiscal Policies adopted by the City Council. These policies will have a substantial impact on the operations, service levels, and finances of the City. Major emphasis will be on conserving and increasing fund balances to ensure for the long-term fiscal health of the City, rather than limiting the City's focus to day-to-day operational issues. All proposals for new or expanded services or projects forwarded by departments will have to identify new sources of funding or recommend reallocation of existing funds. Special Districts will strive to bear the full cost, both direct and indirect, of their operations. The policies commit to the development of and adherence to a five-year plan for capital improvements and to long-term financing when appropriate, rather than merely focusing on current funding issues.

### *SUMMARY OF POLICIES*

- I. We will comply with all the requirements of generally accepted accounting principles (GAAP).
- II. We will maintain a balanced operating budget for all governmental funds, ensuring that ongoing revenues are equal to or greater than ongoing expenditures.
- III. We will require that all proprietary funds be self-supporting.
- IV. We will maintain an appropriated General Fund working reserve equivalent to 20.0% of the General Fund budget and an appropriated emergency reserve equivalent to 5.0% of the General Fund budget.
- V. We will assume that normal revenue inflation will go to pay normal inflation expenses. Any new or expanded programs will be required to identify funding sources or will be offset by cost reductions through cutting back or eliminating other programs.
- VI. We will maintain a long-range fiscal perspective through the use of a five-year capital improvement plan and revenue forecast.
- VII. Major capital improvements or acquisitions will be made using long-term financing methods rather than out of operating revenue.
- VIII. We will maintain sound budgeting practices ensuring that service delivery is provided in an efficient and effective manner.
- IX. We will require each appropriation request to include a fiscal impact analysis and be submitted to the Finance Committee prior to Council agendaing.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Hollywood  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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

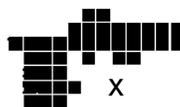


*Linda C. Davidson*

President

*Jeffrey R. Emswiler*

Executive Director



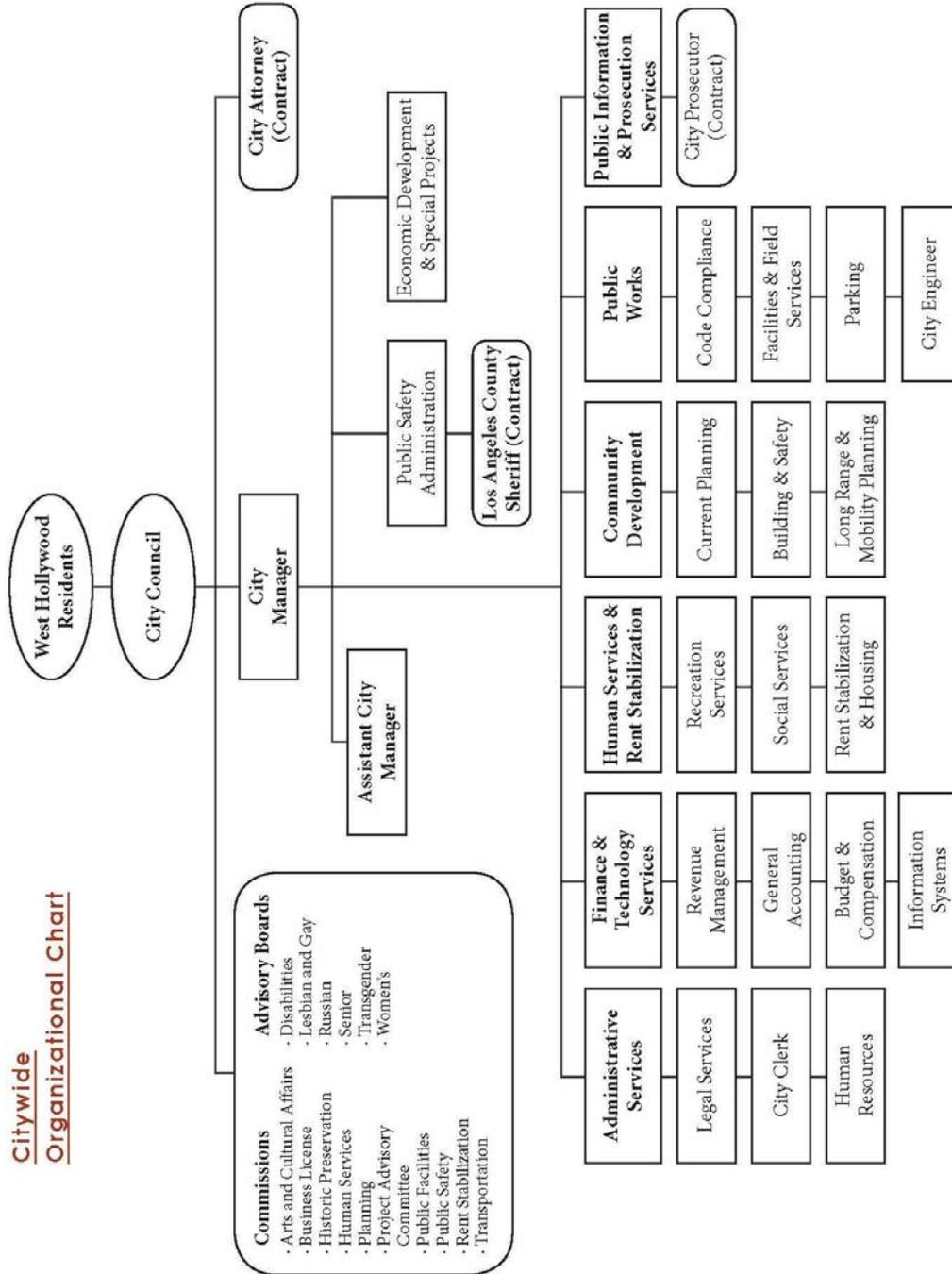
## DIRECTORY OF CITY OFFICIALS

### Mayor and City Council

Mayor ..... *Jeffrey Prang*  
 Mayor Pro Tempore ..... *Abbe Land*  
 Council Member ..... *John D’Amico*  
 Council Member ..... *John Duran*  
 Council Member ..... *John Heilman*

### Administration

City Manager ..... *Paul Arevalo*  
 City Attorney ..... *Michael Jenkins*  
 Assistant City Manager ..... *Sam Baxter*  
 City Clerk ..... *Corey Schaffer*  
 Director of Administrative Services ..... *Vivian Love*  
 Director of Community Development ..... *Stephanie DeWolfe*  
 Director of Human Services ..... *Sam Baxter*  
 Director of Public Information & Legal Services ..... *Helen Goss*  
 Director of Public Works ..... *Oscar Delgado*  
 Department of Finance & Technology Services  
     Director ..... *David Wilson*  
     Accounting Services Manager ..... *Lorena Quijano*  
     Revenue Manager ..... *David Hatcher*  
     Budget & Compensation Manager ..... *David Wilson*  
     Information Technology Manager ..... *Brian Ganley*



# FINANCIAL SECTION



“All the daily necessities are within a one mile radius, the parks and recreation programs, farmer’s market and special events”





CERTIFIED PUBLIC ACCOUNTANTS

- David E. Hale, CPA, CFP
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

*Brandon W. Burrows, CPA, Retired*

## INDEPENDENT AUDITORS' REPORT

To The Honorable Mayor and Members of the City Council  
The City of West Hollywood, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of West Hollywood, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of West Hollywood's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of West Hollywood, California, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 17 – "Successor Agency Trust for Assets of Former Redevelopment Agency". The note provides information on the dissolution of the Redevelopment Agency and the new formed Successor Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2013, on our consideration of the City of West Hollywood's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



To The Honorable Mayor and Members of the City Council  
The City of West Hollywood, California

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

*Lance, Soll & Luyhard, LLP*

Brea, California  
January 8, 2013

# MANAGEMENT AND DISCUSSION ANALYSIS



“Concern by City Officials to meet the needs of citizens and great improvement in general appearance”



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of West Hollywood ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2012. We encourage the readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal and the accompanying Basic Financial Statements. Comparative data on the government-wide financial statements is only presented in Management's Discussion and Analysis (hereafter MD&A).

### FINANCIAL HIGHLIGHTS

#### Government-Wide

- Total assets of the City were \$322.4 million and total liabilities were \$76.2 million at June 30, 2012. The assets exceeded liabilities by \$246.3 million (*net assets*). Of this amount, \$62.1 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2012, total net assets increased by \$12.1 million from the prior year. Total revenues from all sources were \$94.4 million and total expenses for all functions/programs were \$82.8 million.
- Of total revenues, program revenues were \$30.4 million and general revenues were \$64.0 million. Program revenues are separated into three categories: Charges for Services, \$24.4 million; Operating Contributions and Grants \$4.4 million; and Capital Contributions and Grants, \$1.7 million. General revenues are separated into ten categories: Property Taxes, \$15.5 million; Transient Occupancy Taxes, \$15.4 million; Sales Taxes \$14.0 million; Franchise Taxes, \$2.4 million; Business License Taxes, \$2.6 million; Motor Vehicle In-Lieu \$3.4 million; Use of Money & Property \$8.0 million; Other, \$2.5 million; Extraordinary Gain/(Loss) of RDA, \$0.2 million; and Transfers, negative \$0.1 million.

#### Fund Based

- For fiscal year ending June 30, 2012, total Fund Balance of the General Fund was \$75.7 million, or 106 percent of total General Fund expenditures of \$71.0 million. The non-spendable Fund Balance was \$0.2 million. Committed Fund Balance was \$7.7 million while assigned Fund Balance was \$58.6 million and unassigned Fund Balance was \$9.3 million.
- For the General Fund, actual resources available for appropriation during the year were \$146.7 million; this consists of \$74.5 million in fund balance and \$72.2 million in revenue inflows which was \$6.7 million over budget. Actual charges (outflows) of

\$71.0 million were \$2.2 million more than the budget of \$68.7 million; however, this included a planned drawdown from reserves for the 25<sup>th</sup> Anniversary Capital Project. Capital projects, not completed during the fiscal year, were \$1.6 million and will be carried forward to FY 2012-13. These are included in the \$7.7 million committed in the fund balance.

## 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 supplementary information in addition to the basic financial statements.

### Government-Wide Financial Statements

These statements are designed to provide information about the activities of the City as a whole and present a long-term view of the City's finances. They are prepared using the accrual basis of accounting, which is similar to the accounting used by most private sector companies.

The *Statement of Net Assets* (page 31) presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. In time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* (pages 32-33) presents information on how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; (e.g., uncollected taxes or earned but unused leaves). *Program Revenues* are revenues that derive directly from the program itself. *General Revenues* are revenues primarily generated from taxes.

In both the *Statement of Net Assets* and *Statement of Activities*, we divide the City into three kinds of activities:

*Governmental activities* – Account for most of the City's basic services which consists of: *General Government*, made up of the following departments: City Manager, Administrative Services, Finance and Information Technology and Public Information and Prosecution Services. *Public Safety* is made up of Sheriff's costs and Public Safety Administrative services. *Public Service* includes the departments of Human Services, Rent Stabilization & Housing, Community Development, and

Public Works. Governmental activities are financed mostly by: property taxes, transient occupancy taxes, sales taxes, parking fines, charges for services, franchise taxes, and state and federal grants.

*Business-type activities* – The City charges a fee to customers to help it cover all or most of the costs of providing these services. The City's solid waste, sewer, landscape, and street maintenance districts are reported here.

*Component units* – The City has included several legally separate entities in this report – the West Hollywood Housing Authority (Housing Authority), the West Hollywood Public Facilities Corporation (Public Facilities Corporation), the West Hollywood Community Development Commission (Redevelopment Agency), the West Hollywood Community Foundation (Community Foundation), the West Hollywood Public Financing Authority, the West Hollywood Library Fund and the West Hollywood Marketing Corporation. Although legally separate, these *component units* are important because the City is financially accountable for them.

The *government-wide financial statements* report both the City, as the *primary government*, and the legally separate *component units*. The Housing Authority, Public Facilities Corporation, Redevelopment Agency, Community Foundation, the Public Financing Authority and the West Hollywood Library Fund are known as *Blended Component Units* and all function for practical purposes, as part of the City, and, therefore, have been included (blended) as an integral part of the primary government. Only the Marketing Corporation has been presented separately from the *primary government*, as it is known as a *Discretely Presented Component Unit*.

#### Fund Financial Statements.

The *Fund Financial Statements* provide detailed information about the most significant funds—not the City as a whole. A *fund* is a group 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 and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City uses all three types, each using different accounting methods.

*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 financing requirements.

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

The City maintains twenty-eight individual governmental funds. These funds report financial transactions using an accounting method called modified accrual accounting. Information is presented separately in the Governmental Funds – Balance Sheet and in the Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Debt Funded Capital Projects and Eastside Capital Improvement Fund. These three funds are considered to be major funds. Data from other governmental funds (non-major) are combined into a single presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 83 of this report. The City adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 34-40.

*Proprietary funds* – *Proprietary funds* are primarily used to account for City charges for the services it provides, whether to outside customers or to other units of the City. These funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities, using an accrual basis of accounting. In fact, the City's *enterprise funds* (a component of proprietary funds) are the same as the business-type activities we report in the *government-wide financial statements* but provide more detail and additional information, such as the statement of cash flows. The City uses *internal service funds* (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the Information Systems Master Plan Fund. Since these activities predominantly benefit governmental rather than business-type functions, they are included within the governmental activities in the *government-wide financial statements*. The basic proprietary fund financial statements can be found on pages 43-45.

*Fiduciary funds* – *Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as a *trustee*. The *Statement of Fiduciary Net Assets*

separately reports all of the City's fiduciary activities. The City excludes these activities from the City's other financial statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on page 46-47.

*Notes to the Financial Statements* – Notes provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The *Notes to the Financial Statements* can be found from pages 49-81.

*Supplementary Information* – In addition to the basic financial statements and accompanying notes, this report also presents certain combining statements referred to earlier in connection with non-major governmental and proprietary funds. These combining and individual fund statements and schedules can be found immediately following the *Notes to the Financial Statements*. See pages 83-135.

**GOVERNMENT - WIDE FINANCIAL ANALYSIS**

This analysis will focus on the fiscal year ending June 30, 2012, for net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities. These tables are summarizing the statements located on page 31 to 33. Management has included comparative data from fiscal year ending June 30, 2011 in its analysis.

Net Assets (Table 1)  
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 122.6	\$ 171.1	\$ 0.4	\$ 0.9	\$ 123.0	\$ 171.9
Capital assets	188.8	182.8	10.6	10.6	199.4	193.4
<b>Total assets</b>	<b>311.4</b>	<b>353.9</b>	<b>11.0</b>	<b>11.4</b>	<b>322.4</b>	<b>365.3</b>
Long-term debt outstanding	60.1	107.9	-	-	60.1	107.9
Other liabilities	15.9	22.6	0.2	0.7	16.1	23.3
<b>Total liabilities</b>	<b>76.0</b>	<b>130.5</b>	<b>0.2</b>	<b>0.7</b>	<b>76.2</b>	<b>131.2</b>
Net assets:						
Invested in capital assets, net of debt	141.1	123.6	10.6	10.6	151.7	134.2
Restricted	32.5	74.3	-	-	32.5	74.3
Unrestricted	61.9	25.5	0.3	0.2	62.1	25.7
<b>Total net assets</b>	<b>\$ 235.4</b>	<b>\$ 223.4</b>	<b>\$ 10.8</b>	<b>\$ 10.7</b>	<b>\$ 246.3</b>	<b>\$ 234.1</b>

The City's Government-Wide total net assets were \$246.3 million, with assets of \$322.4 million and liabilities of \$76.2 million. The net investment in capital assets of \$151.7 million represents 61.6 percent of the City's total net assets. Investment in capital assets (e.g., infrastructure, land, buildings, machinery and equipment) for this purpose is reduced by any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$32.5 million (13 percent) represents resources that are subject to external restrictions in how they may be used. There is a decrease of \$41.8 million in restricted net assets mainly related to a decrease of \$39.9 million restricted to Capital Projects. The remaining balance of \$62.1 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors within the programs areas.

Changes in Net Assets (Table 2)  
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 21.5	\$ 20.4	\$ 2.9	\$ 2.6	\$ 24.4	\$ 23.0
Operating Contributions & Grants	4.4	4.3	-	-	4.4	4.3
Capital Contributions & Grants	1.7	4.3	-	-	1.7	4.3
Sub-total Program Revenues	27.6	28.9	2.9	2.6	30.4	31.5
General Revenues:						
Property taxes	15.5	18.0	-	-	15.5	18.0
Transient occupancy taxes	15.4	14.1	-	-	15.4	14.1
Sales taxes	14.0	12.8	-	-	14.0	12.8
Franchise taxes	2.4	2.4	-	-	2.4	2.4
Business license taxes	2.6	2.5	-	-	2.6	2.5
Motor Vehicle in lieu	3.4	3.3	-	-	3.4	3.3
Use of money and property	8.0	7.3	0.00	0.00	8.0	7.3
Other	2.6	0.8	-	-	2.6	0.8
Sub-total General Revenues	64.0	61.2	0.00	0.00	64.0	61.2
<b>Total Revenues</b>	<b>91.6</b>	<b>90.1</b>	<b>2.9</b>	<b>2.6</b>	<b>94.4</b>	<b>92.7</b>

Changes in Net Assets (Table 2) – continued  
(in millions)

<b>Expenses</b>												
General Government	\$	23.2	\$	19.9	\$	-	\$	-	\$	23.2	\$	19.9
Public Safety		14.0		14.7		-		-		14.0		14.7
Public Services		39.4		42.4		-		-		39.4		42.4
Solid Waste		-		-		1.3		1.3		1.3		1.3
Sewer District		-		-		0.4		0.3		0.4		0.3
Landscape		-		-		0.2		0.2		0.2		0.2
Sewer		-		-		0.6		0.6		0.6		0.6
Interest on Long-Term Debt		3.2		4.0		-		-		3.2		4.0
Street Maintenance		-		-		0.4		0.4		0.4		0.4
<b>Total Expenses</b>		<b>79.9</b>		<b>81.0</b>		<b>2.9</b>		<b>2.9</b>		<b>82.8</b>		<b>83.8</b>
Increase (decrease) in Net Assets Before Transfers	\$	11.7	\$	9.1	\$	(0.0)	\$	(0.3)	\$	11.7	\$	8.9
Transfers		(0.12)		(0.12)		0.12		0.12		-		-
<b>Net Assets at July 1</b>		<b>223.4</b>		<b>214.4</b>		<b>10.7</b>		<b>10.9</b>		<b>234.1</b>		<b>225.3</b>
<b>Restatements</b>		<b>0.4</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>0.4</b>		<b>-</b>
<b>Net Assets, June 30</b>	<b>\$</b>	<b>235.4</b>	<b>\$</b>	<b>223.4</b>	<b>\$</b>	<b>10.8</b>	<b>\$</b>	<b>10.7</b>	<b>\$</b>	<b>246.3</b>	<b>\$</b>	<b>234.1</b>

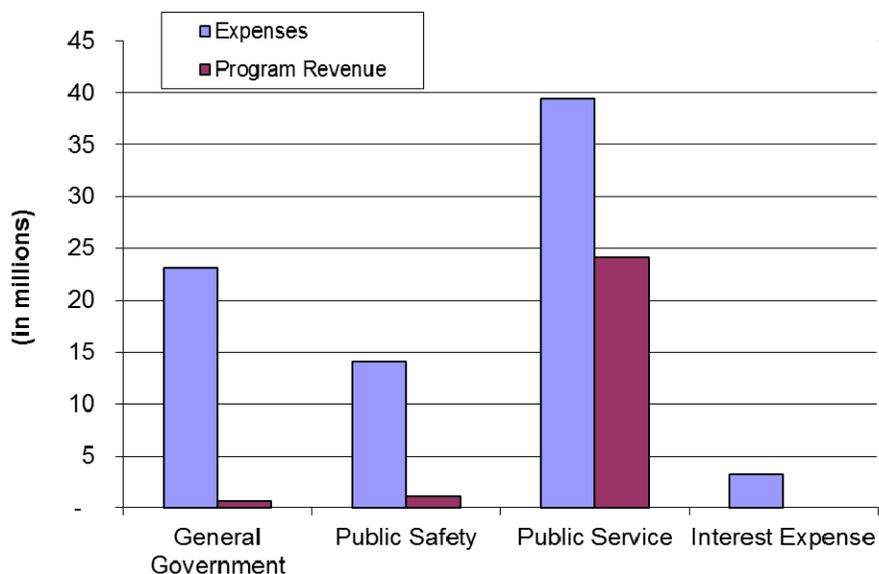
The government's net assets increased \$12.1 million (Table 2), with total revenues of \$94.4 million and total expenses of \$82.8 million. The change in Net Assets is approximately five percent of the total Net Assets of \$246.3 million which is insignificant. Program revenues were \$30.4 million and general revenues were \$64.0 million, funding the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$24.4 million, which is a *program revenue*. Other program revenues which are applied directly against the costs of providing these services are Operating Contributions and Grants, and Capital Contributions & Grants, at \$4.4 million and \$1.7 million respectively. Property tax was the second largest revenue at \$15.5 million, followed by Transient Occupancy Tax at \$15.4 million. The fourth largest revenue source was Sales Tax at \$14.0 million. These last three sources are all general revenues.

In comparison to the prior fiscal year, the government's total revenues increased by \$1.7 million; while Program revenue decreased by \$1.1 million, General Revenues increased by \$2.8 million. For Program revenues, Charges for Services increased \$1.4 million and Operating Contributions and Grants increased by \$0.1 million and Capital Contributions and Grants decreased in the amount of \$2.6 million (primarily due to the

recession). For General Revenue, the major increases were Transient Occupancy Tax by \$1.3 million, Sales Tax by \$1.2 million and Use of Property & Money by \$0.7 million. The only decrease was Property Tax by \$2.5 million due to the elimination of redevelopment as a governmental activity. Compared to the prior year, the government’s total expenditures decreased \$1.0 million. This decrease occurred in Governmental Activities, with the decreases in Public Services by \$3.0 million, Interest on Long-Term Debt by \$0.8 million and Public Safety by \$0.7 million being offset by increases in General Government by \$3.3 million and the Sewer District in the Business-Type Activities by \$0.1 million.

Governmental Activities. Governmental activities increased the City’s *net assets* by \$12.0 million (Table 2). The cost of all governmental activities this year was \$79.9 million or 96.0 percent of the *primary government* expenditures and was a decrease of \$1.0 million from the prior year. As shown in the *Statement of Activities* on pages 32-33, the amount that taxpayers financed through City taxes was \$49.9 million. The other portion of the costs was paid by those who directly benefited from the programs (\$21.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6.1 million). The City used part of the \$64.0 million in general revenues to cover the remaining “public benefit” portion of governmental activities. These general revenues are derived mostly from tax revenues (some of which could only be used for certain programs). Financial analysis of the Governmental Funds is further explained on pages 13 through 17.

Expenses and Program Revenues – Governmental Activities (Graph 1)

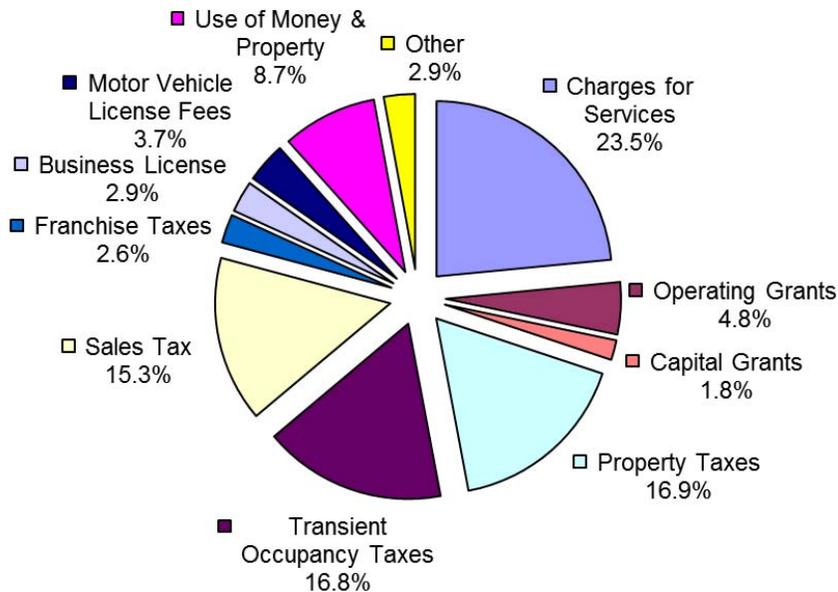


Graph 1 presents the costs of each of the City’s three functions – General Government, Public Safety, Public Service, plus Interest on long-term debt as well as the program’s revenues. The net cost (total cost less *program revenues*) is the amount that was paid from *general revenues*.

*General Government* had expenses of \$23.2 million with program revenues of \$0.7 million, while *Public Safety* had expenses of \$14.0 million with program revenues of \$1.1 million. From the prior year, *General Government* had a \$3.3 million increase and *Public Safety* had a \$0.7 million decrease. Expenses in *Public Services* represented \$39.4 million or 49 percent of total expenses for Governmental Activities. Of this amount, \$25.8 million was funded by *program revenues* and the remaining \$13.6 million was funded by *general revenues*. Interest on long term debt was \$3.2 million which was funded by general revenues.

Graph 2 presents revenues by source for Governmental Activities. Similar to the government-wide activities, *Charges for Services* is the largest at \$21.5 million or 23.5 percent. *Charges for Service’s* consist of Parking Fines at \$9.3 million, Licenses and Permits at \$5.7 million, Rent Stabilization Fees at \$1.9 million, Vehicle Code Fines at \$1.0 million and other miscellaneous charges of \$3.6 million.

Revenues by Source – Governmental Activities (Graph 2)



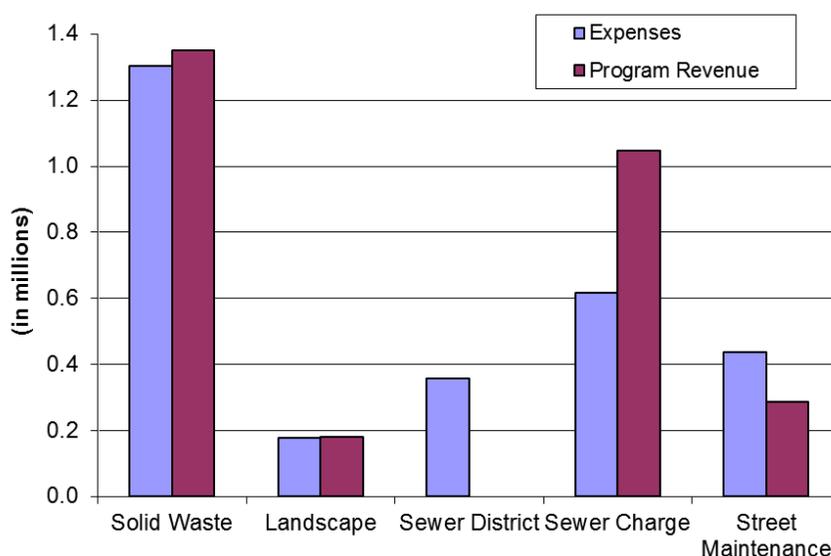
Other program revenues include operating and capital grants that together represented 6.6 percent of the total, or \$6.1 million. Operating and capital grants includes: \$4.2 million in various Federal, State, & County grants, \$1.1 million in Gas Tax and Contributions for the Library Fund of \$.8 million.

For General Revenues, the four major categories were Property Tax at \$15.5 million, Transient Occupancy Tax at \$15.4 million, Sales Tax at \$14.0 million, and Use of Money and Property at \$8.0 million. These four sources represented 57.8 percent of the Governmental Activities.

Business-type Activities. *Net assets* at June 30, 2012, were \$10.8 million, with assets equaling \$11.0 million and liabilities of \$0.2 million. Unrestricted net assets represented \$0.3 million of net assets; this may be used to meet the government’s ongoing obligations to citizens and creditors (page 31). Investment in capital assets represented the largest portion of net assets at 96 percent or \$10.6 million. The change in Business-type activities net assets was nominal in 2012 (Table 2). Revenues of the City’s business-type activities were \$ 2.9 million, while the expenses were \$2.9 million.

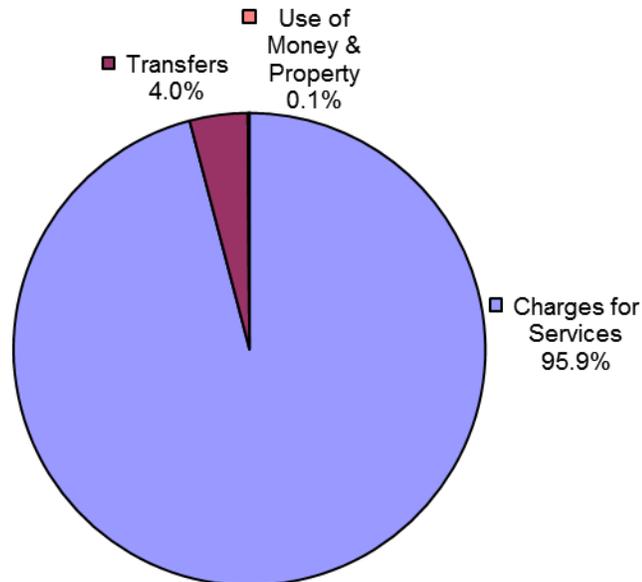
Graph 3 presents the costs of each of the City’s business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs and represent the major funding source for these activities. The sewer district activity includes depreciation expense on the City’s sewer infrastructure. The only source of revenue is the interest earnings on the investments which was insignificant. The sewer district activity includes assessments for sewer to recoup the cost of maintenance.

Expenses and Program Revenues – Business-type Activities (Graph 3)



Graph 4 presents revenues by source for Business-type Activities. Similar to government-wide activities, *Charges for Services* is the largest at \$2.9 million or 95.9 percent. Total General Revenues were \$0.1 million and represented by Transfers at 4 percent and Use of Money and Property, or interest earnings, at less than 1% and not visible on the graph.

Revenues by Source – Business-type Activities (Graph 4)



### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

The City has three major governmental funds: the General Fund, Debt Funded Capital Projects Fund and the Eastside Capital Improvement Fund. All funds are discussed in depth later in the MD&A. Each major fund is also discussed further in the *Notes to the Financial Statements*. The other twenty-six Governmental Funds are reported as non-major and combined in a single presentation in the *Basic Financial Statements* and individually in the *Supplementary Information*.

Governmental Fund Balances – As of the end of the current fiscal year, governmental funds (page 35) reported combined ending fund balances of \$103.0 million.

Fund Balance designations are as follows: Non-Spendable Fund Balance was \$0.2 million, Restricted Fund Balance was \$33.6 million, Committed Fund Balance was \$7.7 million, Assigned Fund Balance was \$58.5 million and lastly Unassigned Fund Balance was \$3.0 million.

Governmental Revenues – Table 3 presents a summary of governmental fund revenues for the fiscal year ended June 30, 2012, compared to prior year revenues.

### Comparison of Governmental Revenues (Table 3)

#### Fiscal Years 2011-12 and 2010-11

	Amount	% of Total	Amount	% of Total	Variance	% Increase/
	FY 11-12	Revenues	FY 10-11	Revenues	Over/(Under) FY 10-11	(Decrease) FY 10-11
Property Tax	\$ 15,515,421	17.0%	\$ 18,002,980	19.3%	\$ (2,487,559)	-13.8%
Transient Tax	15,414,055	16.9%	14,089,667	15.1%	1,324,388	9.4%
Sales Tax	14,004,171	15.4%	12,775,378	13.7%	1,228,793	9.6%
Fines and Forfeitures	10,443,347	11.5%	10,033,205	10.8%	410,142	4.1%
Intergovernmental	8,459,564	9.3%	9,340,661	10.0%	(881,097)	-9.4%
Use of Money & Property	7,934,591	8.7%	9,794,397	10.5%	(1,859,806)	-19.0%
Other Taxes	4,674,723	5.1%	4,988,069	5.4%	(313,346)	-6.3%
License & Permits	5,520,319	6.1%	4,718,357	5.1%	801,962	17.0%
Charges for Services	3,551,985	3.9%	3,389,975	3.6%	162,010	4.8%
Contributions	1,500,348	1.6%	2,947,907	3.2%	(1,447,559)	-49.1%
Miscellaneous	2,603,628	2.9%	2,154,698	2.3%	448,930	20.8%
Developers Fees	1,530,782	1.7%	834,235	0.9%	696,547	83.5%
<b>TOTAL</b>	<b>\$ 91,152,934</b>	<b>100.0%</b>	<b>\$ 93,069,529</b>	<b>100.0%</b>	<b>\$ (1,916,595)</b>	<b>-2.1%</b>

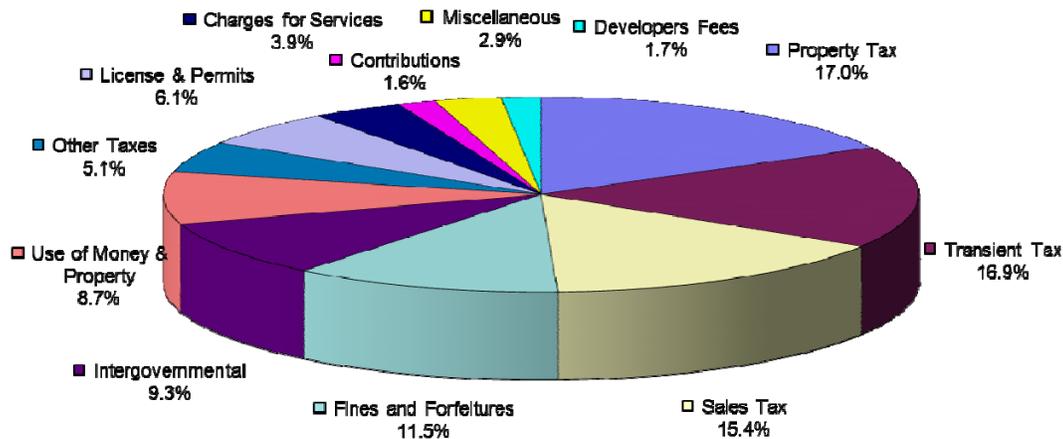
Revenues of governmental funds for fiscal year 2011-12 were \$91.2 million, with a decrease of \$1.9 million or 2.1% from the prior fiscal year. *There were several significant changes in revenue sources for the City attributed to various causes.* The following are key points and graphs of the Governmental Fund revenues.

- Property Tax Revenue at \$15.5 million had a decrease of 13.8%, or \$2.5 million. The loss of redevelopment resulted in a reduction in property taxes and a change in the reporting of funds received by the former redevelopment agency.
- Transient Occupancy Tax Revenue at \$15.1 million had an increase of 9.4% over prior year. With the economy recovering and tourism picking up, both occupancy and room rates have been increasing at most of the City's hotels, resulting in increased hotel tax revenues.
- Sales Tax Revenue at \$14.0 million increased \$1.2 million or 9.6% over prior

year. The local economy is recovering from downturn in the economy. Many of the major sectors increased in FY 2012 as the business economy continues to improve.

- Fines and Forfeitures Revenues at \$10.4 million had an increase of \$0.4 million, or 4.1 % over prior year. The increase is attributed primarily to increased Parking Fees associated with parking citations. The fee was implemented to be consistent with neighboring cities parking fee schedules. The increases occurred over a two year period.
- Intergovernmental Revenue at \$8.5 million had a decrease of \$0.9 million, or 9.4% over the prior year. The net decrease was due to a decrease in grant funded programs and projects such as CDBG, and some one-time funding that was received in FY 2011 as part of the federal stimulus package.
- Use of Money and Property at \$7.9 million had a decrease of \$1.9 million, or 19.0%. The major component of the decrease was the redevelopment agency repaid a loan to the General Fund that included \$2.5 million in interest in the prior year before the State dissolved redevelopment.
- Other Tax Revenues at \$4.7 million had a 6.3% decrease from the prior year, or \$0.3 million, an insignificant change from prior year.
- License and Permit Revenue at \$5.5 million had an increase of \$0.8 million, or 17%. The increase is attributed to building permit fees with a number of projects beginning development as the building and construction industry improved.
- Charges for Services Revenue at \$3.6 million had a negligible increase of 4.8% or \$0.2 million over prior year.
- Contributions at \$1.5 million demonstrated the largest percentage decline from last year at 49.1 percent. This was due to a one-time transfer of \$2.5 million from the County of Los Angeles to the City for the West Hollywood Library in the prior fiscal year. Even though the economic recovery began some time ago, fewer donations are still being received compared to a few years ago.
- Miscellaneous Revenues at \$2.6 million increased by \$0.5 million over prior year. This was mostly due to receipt funding for public benefits as part of development agreements for major projects.
- Developer Fees at \$1.5 million had an increase of \$0.7 million, or 83.5%, again due to the recovery of the building and construction industry.

Governmental Fund Revenues – Fiscal Year 2011-12 (Graph 5)



Governmental Expenditures – Table 4 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2012, compared to prior year amounts.

Operating expenditures for 2011-12 were \$69.6 million, a decrease of 5.0 percent or \$3.7 million from the prior fiscal year, with Public Safety and Public Services having a combined decrease of \$4.3 million.

In General Government, there was an increase of \$0.6 million or 3.3 percent compared with the prior year. The City cut some expenditures in prior years due to the recession and began to restore some of those cuts as the economy recovered.

Public Safety expenditures were decreased by \$0.6 million, or 3.8 percent. The decrease was due to a budgeted reorganization of the Community Impact Team and Los Angeles County reducing the contract pricing associated with the Los Angeles County Sheriff’s Department to assist cities while many were struggling financially.

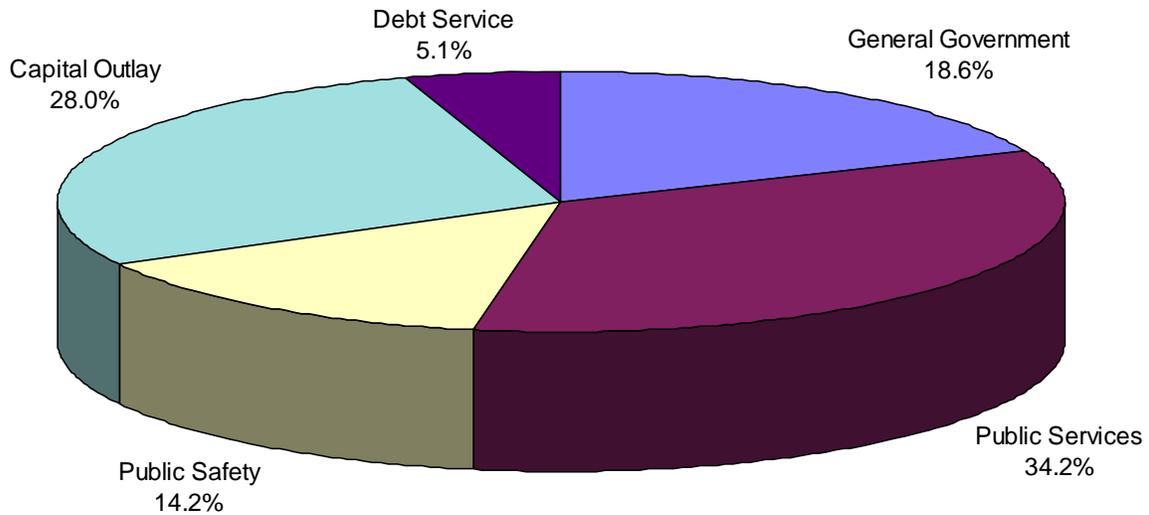
Public service decreased by \$3.8 million and totaled \$35.7 million. A large portion of the decrease was due to one-time Rent Subsidy and Social Services grants for the Sierra Bonita Project in the prior fiscal year.

Capital Outlay expenditures were \$12.5 million, a decrease of \$12.3 million from the prior year due to the expenditure related to the construction for the West Hollywood Park Master Plan Phases I Implementation Project, including the Library, winding down.

Comparison of Major Governmental Expenditures (Table 4)  
Fiscal Years 2011-12 and 2010-11

	Amount FY 11-12	% of Total Expenditures	Amount FY 10-11	% of Total Expenditures	Variance Over/(Under) FY 10-11	% Increase/ (Decrease) FY 10-11
General Government	\$ 19,874,229	22.0%	\$ 19,233,560	18.5%	\$ 640,669	3.3%
Public Safety	14,068,721	15.6%	14,619,971	14.1%	(551,250)	-3.8%
Public Services	35,669,727	39.5%	39,455,917	37.9%	(3,786,190)	-9.6%
<b>Total Operating Expenditures</b>	<b>69,612,677</b>	<b>77.1%</b>	<b>73,309,448</b>	<b>70.5%</b>	<b>(3,696,771)</b>	<b>-5.0%</b>
Capital Outlay	12,477,205	13.8%	24,746,798	23.8%	(12,269,593)	-49.6%
Debt Service	8,147,546	9.0%	5,953,994	5.7%	2,193,552	36.8%
<b>TOTAL</b>	<b>\$ 90,237,428</b>	<b>100.0%</b>	<b>\$ 104,010,240</b>	<b>100.0%</b>	<b>\$ (13,772,812)</b>	<b>-13.2%</b>

Governmental Fund Expenditures – Fiscal Year 2010-11 (Graph 6)



Proprietary Funds consist of one major fund, Sewer District (Construction), and four non-major Enterprise Funds, along with one Internal Service Fund (pages 43-45). The non-major Enterprise Funds are combined into an aggregate presentation in the Proprietary Funds financial statements. Individual fund data is provided in the form of *combining statements* starting on page 129.

Revenues for Enterprise Funds include assessments and other charges for services. Total operating revenues for all Enterprise Funds are \$2.9 million, while non-operating revenues and transfers represent \$0.1 million. Operating expenses for the fiscal year were \$2.9 million. The City also has one Internal Service Fund to allocate costs of the City's information systems infrastructure to the various departments. The interdepartmental charge for services (revenues) in the fiscal year was \$0.4 million with general government expenses of \$0.2 million.

Fiduciary Funds account for resources held for the benefit of parties outside the City, in which the City is acting as trustee (pages 46-47). The *Statement of Fiduciary Net Assets* reports the activities for which the City has a fiduciary responsibility. The City administers a Hotel Marketing Benefit Zone that primarily accounts for the receipt of 1.5 percent of the Transient Occupancy Tax (Hotel Tax) collected by the City on behalf of the West Hollywood Marketing Corporation (WHMC). The purpose of the WHMC is to promote the City of West Hollywood as a travel destination and convention site. The City also administers a Community District Debt Service Fund which accounts for the collection of special taxes on the property tax rolls to pay interest and principal on bonds issued for seismic retrofitting of 11 buildings within the City. The City also administers the Business Improvement District to promote retail stores, restaurants and art galleries near the Pacific Design Center.

Lastly, in accordance with Sate Assembly Bill 1X 26, the City administers the Successor Agency to the former redevelopment agency. The bill required that all redevelopment agencies in the State of California dissolve and cease to operate as legal entities as of February 1, 2012. Prior to that date, the redevelopment agency was reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in the fiduciary fund (private-purpose trust fund) in the financial statements of the City. The Successor Agency cannot enter into new projects, obligations or commitments; it is only allocated revenue in the amount this is necessary to pay the enforceable obligations of the redevelopment agency at the time of dissolution until all enforceable obligations have been paid in full and all assets have been liquidated.

## MAJOR FUNDS-ANALYSIS

### DEBT FUNDED CAPITAL PROJECTS FUND-ANALYSIS

Debt Funded Capital Projects is a major fund and accounts for receipts and disbursements of monies used for the construction of major capital projects in the City. At present, the fund is accounting for the West Hollywood Park Master Plan. The Master Plan is comprised of the Library, Parking and Open Space. (Pages 34 to 40)

Fund Balance - The Fund Balance decreased by \$0.9 million during the year due to capital outlay for the project. The deficit fund balance at year-end was \$5.9 million. The deficit will be eliminated through designated transfers from the General Fund and the Library Fund.

Revenue – The Fund received a \$250,000 grant from the County of Los Angeles for project related costs and \$8.3 million in transfers from other funds. The Library Foundation transferred \$500,000 to the Debt Funded Capital Projects Fund from contributions from donors. This is the fourth year of contributions from the Library Foundation, which continues to solicit donations and receive donor commitments for the construction of the new library. There was also a Transfer In of \$7.8 million from the General Fund as part of the planned General Fund contribution to the project.

Expenditures - The Debt Fund Capital Project incurred \$9.5 of capital expenditures in the current year. All these expenditures related to the construction of the West Hollywood Park Master Plan.

### EASTSIDE CAPITAL IMPROVEMENT FUND - ANALYSIS

Eastside Capital Improvement Fund was a major fund and accounted for the project improvements for the capital projects in the Eastside of the City. These projects were to be funded by the Redevelopment Agency Debt Service Fund and the General Fund (Pages 34 to 40). Since the Redevelopment Agency was dissolved on January 31, 2012, the Fund presents the seven months of activity before all assets and activities were transferred to the fiduciary fund.

Fund Balance- The fund balance decreased to \$0 on February 1, 2012 when the redevelopment agency was dissolved.

Revenue – There was no revenue received in the Eastside Capital Improvement Fund.

Expenditures- There were no expenditures in the Eastside Capital Improvement Fund.

**GENERAL FUND – FUND BALANCE ANALYSIS**

The General Fund is the chief operating fund of the City (pages 34 to 40). The fund balance had an increase of \$1.2 million, with an ending fund balance of \$75.7 million (Table 5). Fund Balance designations are as follows: Non-Spendable Fund Balance was \$0.2 million, Committed Fund Balance was \$7.7 million, Assigned Fund Balance was \$58.6 million and lastly Unassigned Fund Balance was \$9.3 million.

Table 5 shows the opening balance, operating surplus/(deficit), restatements and ending balance.

General Fund – Changes to Fund Balance – Five Year Trend (Table 5)

	<b>FY 11-12</b>	<b>FY 10-11</b>	<b>FY 09-10</b>	<b>FY 08-09</b>	<b>FY 07-08</b>
Fund Balance					
Reserved			\$ 8,737,738	\$ 12,483,127	\$ 11,088,861
Designated Unreserved			52,692,076	52,692,076	52,692,076
Undesignated Unreserved			7,134,832	11,335,257	18,490,794
Nonspendable	186,823	783,625			
Committed	7,735,781	18,787,130			
Assigned	58,557,142	40,500,000			
Unassigned	9,295,313	15,077,764			
<b>Total Fund Balance</b>	<b>\$ 75,775,059</b>	<b>\$ 75,148,519</b>	<b>\$ 68,564,646</b>	<b>\$ 76,510,460</b>	<b>\$ 82,271,731</b>
Beginning Balance	\$ 75,148,519	\$ 68,564,646	\$ 76,510,460	\$ 82,271,731	\$ 69,366,018
Operating Surplus /(Deficit)	1,246,735	6,583,873	(7,945,814)	(6,087,297)	12,905,713
Restatement	(620,195)			326,026	
<b>Ending Balance</b>	<b>\$ 75,775,059</b>	<b>\$ 75,148,519</b>	<b>\$ 68,564,646</b>	<b>\$ 76,510,460</b>	<b>\$ 82,271,731</b>

**GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS**

**Revenues** – For fiscal year 2011-12, General Fund Revenues and Other Financing Sources were \$72.2 million, an increase of 5.1 percent due to the various significant increasing revenues. Following are key points and graphs of General Fund Revenues:

General Fund Revenues and Other Financing Sources (Table 6)  
Fiscal Years 2011-12 and 2010-11

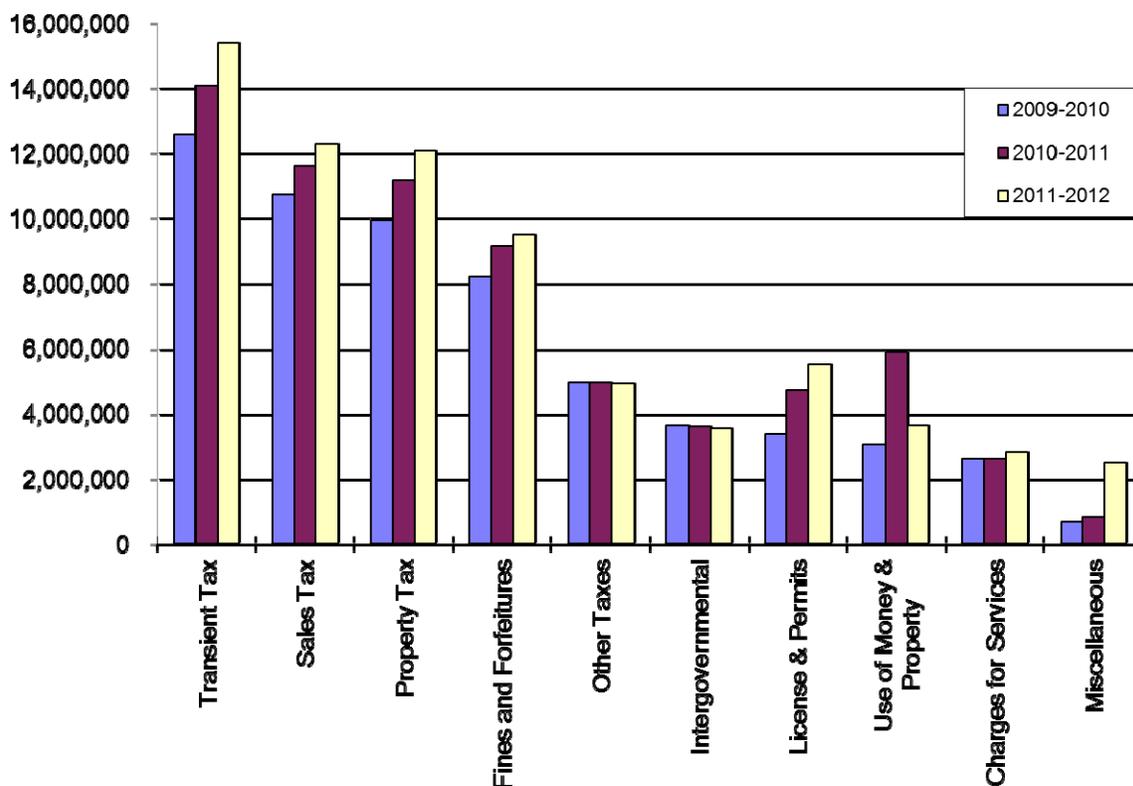
	2011-2012	2010-2011	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
<b>Transient Tax</b>	\$ 15,414,055	\$ 14,089,667	\$ 1,324,388	9.4%	21.3%
<b>Sales Tax</b>	12,279,783	11,642,605	637,178	5.5%	17.0%
<b>Property Tax</b>	12,071,755	11,191,866	879,889	7.9%	16.7%
<b>Fines and Forfeitures</b>	9,510,907	9,151,893	359,014	3.9%	13.2%
<b>Other Taxes</b>	4,916,183	4,960,385	(44,202)	-0.9%	6.8%
<b>Intergovernmental</b>	3,549,966	3,628,029	(78,063)	-2.2%	4.9%
<b>License &amp; Permits</b>	5,520,319	4,718,357	801,962	17.0%	7.6%
<b>Use of Money &amp; Property</b>	3,658,718	5,912,187	(2,253,469)	-38.1%	5.1%
<b>Charges for Services</b>	2,815,640	2,603,050	212,590	8.2%	3.9%
<b>Miscellaneous</b>	2,477,533	824,927	1,652,606	200.3%	3.4%
<b>Totals</b>	<u>\$ 72,214,859</u>	<u>\$ 68,722,966</u>	<u>\$ 3,491,893</u>	<u>5.1%</u>	<u>100.0%</u>

- Transient Occupancy Tax Revenue at \$15.4 million had an increase of 9.4% over prior year. With the economy recovering and tourism picking up, both occupancy and room rates have been increasing at most of the City's hotels, resulting in increased hotel tax revenues.
- Sales Tax Revenue at \$12.3 million increased \$.6 million or 5.5% over the prior year. The local economy is recovering from downturn in the economy. Many of the major sectors increased in FY 2012 as the business economy continues to improve.
- Property tax revenue at \$12.1 million had an increase of 7.9% or \$0.9 million. The loss of redevelopment resulted in a reduction in property taxes and a change in the reporting of funds received by the former redevelopment agency.
- Fines and Forfeitures Revenues at \$9.5 million had an increase of \$0.4 million, or 3.4% over the prior year. The increase is attributed primarily to increased Parking Fees associated with parking citations. Fees were implemented to be consistent with neighboring cities parking fee schedules. The increases occurred over a two year period.
- Other Taxes Revenues at \$4.9 million and Intergovernmental Revenue at \$3.5 million each had an insignificant change over prior year.
- License and Permits Revenue at \$5.5 million had an increase of \$.8 million, or 17.0% over the prior year. The increase is attributed to building permit fees with a number of projects beginning development as the building and construction industry

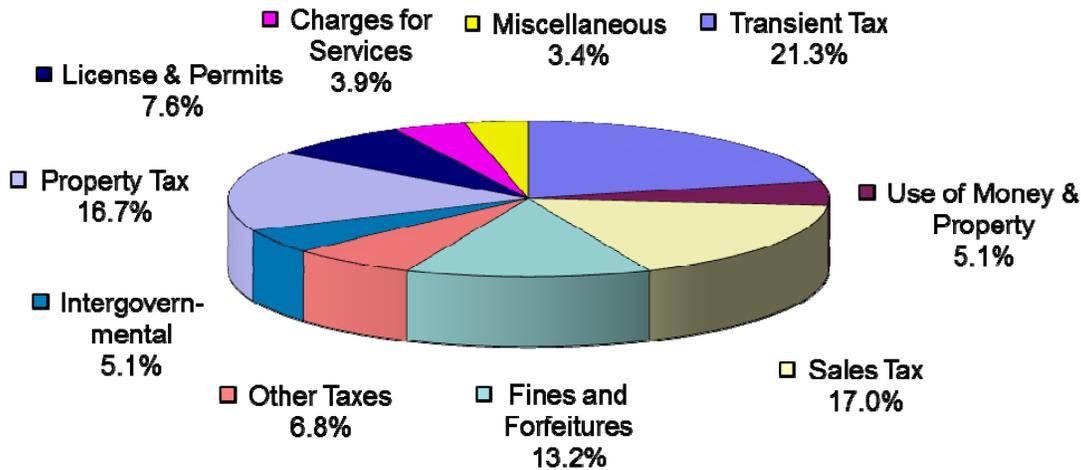
improved.

- Use of Money and Property Revenue at \$3.7 million had a decrease of \$2.3 million, or 38.1%. The major component of the decrease was the redevelopment agency repaid a \$2.5 million in the prior year before the State dissolved redevelopment.
- Charges for Services Revenue at \$2.6 million had an insignificant change over prior year.
- Miscellaneous revenue at \$2.5 million increased by 200.3%. This was mostly due to receipt funding for public benefits as part of development agreements for major projects.

Comparison of General Fund Revenues (Graph 7)  
Fiscal Years 2011-12, 2010-11 and 2009-10



General Fund Revenues - Fiscal Year 2011-12 (Graph 8)



Expenditures – For fiscal year 2011-12, total General Fund expenditures were \$71.0 million, an increase of 14.2% or \$8.8 million from the prior year. The following are key points and graphs of General Fund expenditures. For detailed information, please refer to pages 38 to 42.

General Fund Expenditures (Table 7)  
Fiscal Years 2011-12 and 2010-11

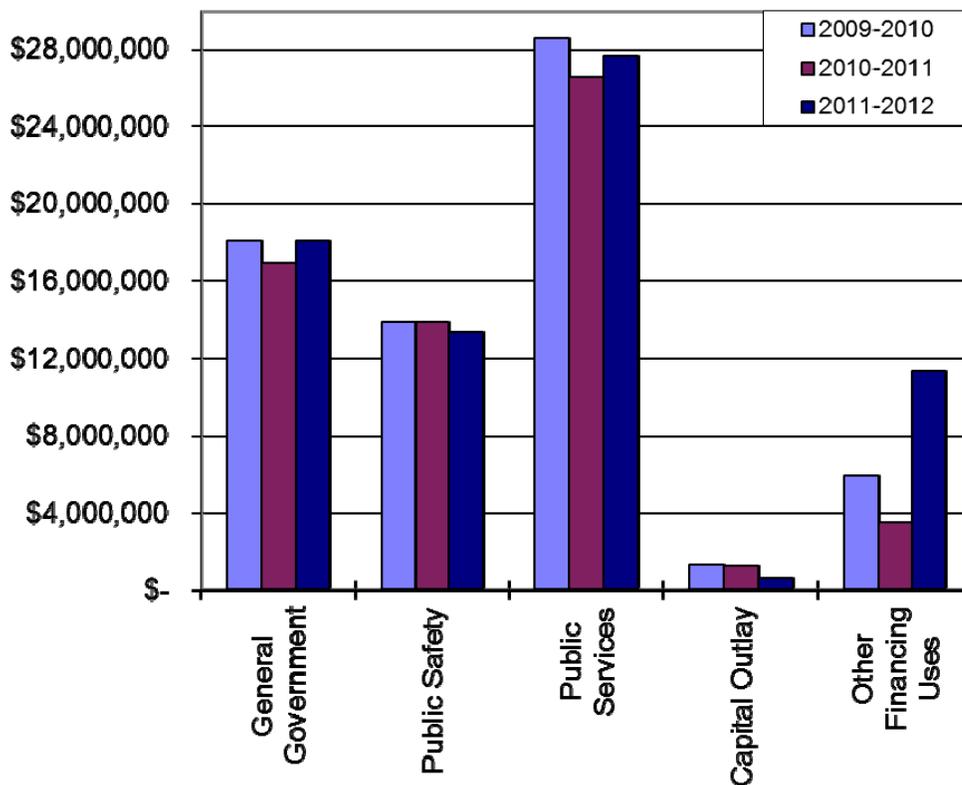
	2011-2012	2010-2011	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
<b>General Government</b>	\$ 18,042,465	\$ 16,951,984	\$ 1,090,481	6.4%	25.4%
<b>Public Safety</b>	13,316,763	13,879,155	(562,392)	-4.1%	18.8%
<b>Public Services</b>	27,660,364	26,529,331	1,131,033	4.3%	39.0%
<b>Capital Outlay</b>	620,698	1,263,956	(643,258)	-50.9%	0.9%
<b>Other Financing Uses</b>	11,327,834	3,514,667	7,813,167	222.3%	16.0%
<b>Total Expenditures</b>	<u>\$ 70,968,124</u>	<u>\$ 62,139,093</u>	<u>\$ 8,829,031</u>	<u>14.2%</u>	<u>100.0%</u>

- General Government expenditures were \$18.0 million, an increase of \$1.1 million or 6.4%. The significant change was a purchase of Traded Funds in the current fiscal year for \$0.8 million. In the prior year, the City did not purchase any Prop 'A' Funds.
- Public Safety expenditures were \$13.3 million, a decrease of 4.1 percent. There was no change in amount of Public Safety provided by the City. The contract pricing associated with the Los Angeles County Sheriff's Department decreased compared

with prior years and there was a budgeted reorganization of the Community Impact Team.

- Public Service expenditures were \$27.7 million and resulted in a 4.3 percent increase. Public Service is the largest function in the General Fund with the following five (5) major program areas: 1) Facilities & Field Services at \$5.3 million, 2) Social Services at \$5.0 million, 3) Recreation Services at \$4.1 million, 4) Parking Services at \$3.6 million, and 5) Current & Historic Preservation Planning at \$1.8 million. The minor increase is primarily attributed reviving some of the Contractual Services that were reduced due to budget cuts during the recession.
- Capital Outlay expenditures were \$0.6 million, a decrease of \$0.6 million from the prior year. The decrease was due to a reduction in some of the general capital projects while the City focused on the major capital improvements included in the 25<sup>th</sup> Anniversary Capital Project.
- Other Financing Uses were \$11.3 million, which is an increase of \$7.8 million from the prior year. The increase was due to a planned contribution of General Funds to the West Hollywood Park Phase I Implementation Project.

Comparison of General Fund Expenditures (Graph 9)  
Fiscal Years 2011-12, 2010-11 and 2009-10



## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget several times. Budget revisions fall into three categories. The first category includes carry-forward encumbrances and capital projects that are approved shortly after the beginning of the year. The second category includes changes that the Council makes during the mid-year budget process. Finally, the Council approves supplemental appropriations throughout the year based on individual items that are brought forward by various departments. The General Fund budgetary comparison statement is located on pages 41-42.

Resources (Inflows) –The budgeted amount for *revenues* (resources available for appropriation) had an increase of \$1.8 million between the original budget of \$63.1 million and the final amended budget of \$65.5 million. The increase was primarily due to a mid-year adjustment of Taxes at \$0.4 million and an increase to Miscellaneous Revenue of \$1.7 million for the public benefits included in a development agreement. Actual revenues exceeded the final amended budget by \$6.7 million. The significant difference in actual revenues was primarily due to actual Taxes exceeding budget by \$4.8 million and Licenses and Permits exceeding budget by \$1.8 million. Overall the budget was adopted with conservative estimates due to the unstable economy.

Charges to Appropriations (Outflows) – The difference between the original budget and the final budget was an increase of \$5.6 million in appropriations. The major increase was in Capital Projects in the amount of \$1.7 million. For the other functions, General Government had a \$2.5 million increase and Public Service had an increase of \$1.3 million, while Public Safety's increase was nominal. In all instances actual expenditures were less than the final adopted budget; the remaining appropriations were either partially encumbered or re-appropriated in the next fiscal year. The reason for the variance is due to timing of the initiation and the completion of projects.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets (Table 8) for its governmental and business-type activities as of June 30, 2012, is \$199.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure. Additional information about the City's capital assets can be found in the Notes to the Financial Statements on pages 62-64.

**Capital Assets (Table 8)**  
(net of depreciation)  
(in thousands)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2012	2011	2012	2011	2012	2011
Land	\$ 50,086	\$ 51,233	\$ -	\$ -	\$ 50,086	\$ 51,233
Buildings and systems	68,914	24,434	-	-	68,914	24,434
Improvements other than buildings	9,086	8,579	-	-	9,086	8,579
Machinery and Equipment	4,840	2,146	-	-	4,840	2,146
Infrastructure	51,579	51,352	10,576	9,142	62,156	60,494
Construction in progress	4,258	45,102	73	1,410	4,331	46,512
<b>Total Capital Assets</b>	<b>\$ 188,764</b>	<b>\$ 182,846</b>	<b>\$ 10,650</b>	<b>\$ 10,552</b>	<b>\$ 199,413</b>	<b>\$ 193,398</b>

**Long-Term Debt.** At year end, the City had \$59.6 million in outstanding long-term debt for Governmental Activities. These consisted of Compensated Absences, OPEB obligations, Lease Revenue Series A and B Bonds and CJPIA General Liability and Worker's Compensation Retrospectives.

Compensated Absences has a decrease of \$43,500 with an outstanding balance of \$3.0 million at year end. The decrease was due to a number of long time employees retiring.

The City's OPEB obligation at year end was \$1.4 million. The City has assigned funds in its Fund Balance to cover this obligation.

On July 15, 2009, Lease Revenue Bonds Series A were issued for \$22,160,000 to prepay the outstanding principal balance of the 1998 Refunding Certificates of Participation in the amount of \$20,420,000. Also on July 15 2009, Lease Revenue Bonds Series B were issued in the amount of \$34,780,000 to finance the acquisition, construction and improvements to the City's West Hollywood Park, including a new Public Library, a 90 space underground parking facility, a 337 space above ground parking facility and a 2.5 acre landscape park expansion. Additional information about the City's long-term debt can be found in the *Notes to the Financial Statements* on page 68; Note Number 9.

CJPIA has temporarily deferred the payment of retrospective deposits for General Liability and Workers' Compensation owed to the Authority by members. The payment

deferral period was extended until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program.

Long-Term Debt (Table 9)  
(in thousands)

	Governmental Activities			
	2012	2011	Variance Over/(Under) last year	% of increase (decrease) over last year
Compensated Absences	3,047.3	3,090.8	(43.5)	-1.4%
OPEB Obligation	1,392.5	1,099.5	293.0	26.6%
Lease Revenue - Series A	17,640.0	19,235.0	(1,595.0)	-8.3%
Lease Revenue - Series B	34,780.0	34,780.0	-	0.0%
CJPIA General Liability Retrospective	2,502.4	-	2,502.4	N/A
CJPIA Workers' Comp Retrospective	278.6	-	278.6	N/A
Tax Allocation Bonds - 2003	-	10,005.0	(10,005.0)	-100.0%
Tax Allocation Bonds - 2011 Series A	-	30,560.0	(30,560.0)	-100.0%
Tax Allocation Bonds - 2011 Series B	-	9,420.0	(9,420.0)	-100.0%
<b>Total Long-term Debt</b>	<b>\$ 59,640.8</b>	<b>\$ 108,190.3</b>	<b>\$ (48,549.5)</b>	<b>-44.9%</b>

Due to the dissolution of redevelopment, the following long-term debt is no longer reported as Governmental Activities. At year end, the City had \$47.8 million in outstanding long-term debt for Successor Agency Activities. These consisted of 2003 Tax Allocation Bonds, 2011 Tax Allocation Bonds Series 'A' and 2011 Tax Allocation Bonds Series 'B'.

The 2003 Tax Allocation Bonds were issued in September 2003 and the proceeds financed redevelopment activities within the East-Side Project Area, including activities that increase, improve and preserve the supply of low and moderate income housing.

In March of 2011, Tax Allocation Bonds Series 'A' 2011 were issued for \$30,560,000 to finance redevelopment improvements to Plummer Park.

In March of 2011, Tax Allocation Bond Series 'B' 2011 were issued for \$9,420,000 to increase, improve or preserve the supply of low and moderate income housing within the East Side Redevelopment Area.

Long-Term Debt (Table 10)  
(in thousands)

	Successor Agency Activities			
	2012	2011	Variance Over/(Under) last year	% of increase (decrease) over last year
Tax Allocation Bonds - 2003	9,770.0	-	9,770.0	N/A
Tax Allocation Bonds - 2011 Series A	29,120.0	-	29,120.0	N/A
Tax Allocation Bonds - 2011 Series B	8,895.0	-	8,895.0	N/A
<b>Total Long-Term Debt</b>	<b>\$ 47,785.0</b>	<b>\$ -</b>	<b>\$ 47,785.0</b>	N/A

### ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

Although the focus of this report is based on the economic condition of the City prevailing as of June 30, 2012, there are always local, state, federal and global issues that require consideration in this report because of their future economic impact to the City.

The nation, after enduring the longest and deepest recession since 1930's, is finally recovering. The recovery has been rather mixed for households and businesses. Although the federal government recently avoided the "fiscal cliff", the tax increases and federal budget cuts that were agreed upon by lawmakers will have an impact on the City's residents and the still very fragile economy.

At the State level, the City will continue to monitor the State's budget as the State's efforts to balance its budget over the past few years have deeply impacted local governments. The California Legislature has recently passed balanced budgets by eliminating redevelopment and establishing automatic reductions in expenditures that would be triggered if the revenue expectations were not met; however, there is still great uncertainty with the State budget because the primary revenue source is personal income taxes. The expenditure reductions being made to public schools, higher education, health care and services for seniors and those in need of assistance will have an impact on our local community and may require greater social service resources. The City is currently conducting a community study to assess the social service needs of the community.

The forecast for the City of West Hollywood in the challenging economic environment is optimistic. The City, with the use of its Long Range Financial Planning Model, continues

to maintain its ability to fund current levels of service to the City's residents without the need to use reserves for operations. Management is confident that the City can sustain and build upon its current reserves while satisfying the funding needs of future capital projects and operations. The City has been able to maintain its service delivery at its pre-recession level by its prudent fiscal management and economic development. This was further validated by Standard & Poor's and Fitch assigning its "AAA" issuer credit rating, with a stable outlook, to the City of West Hollywood.

Taking this information into account, the City's adopted General Fund budget for fiscal year 2012-2013 reflects pragmatic optimism about the City's financial future. Budget projections for key revenues over the next year will anticipate that they will grow as the economic base expands. Higher costs for public safety, housing & social services, wages, retirement and health care counter in significant part the anticipated revenue expansion. The City continues to use its strategic plan, Vision 2020, in guiding its decisions during the budget process.

#### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the funds it receives and expends. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance & Technology Services, City of West Hollywood, 8300 Santa Monica Blvd., West Hollywood, California 90069. This report is also available online at <http://www.weho.org/index.aspx?page=261>.

(This page intentionally left blank)



# BASIC FINANCIAL STATEMENTS



“The vibrancy, the fact that life is in the streets after dark, the spirit of tolerance and acceptance of all people”



## CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS  
JUNE 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	West Hollywood Marketing Corp.
<b>Assets:</b>				
Cash and investments	\$ 102,032,468	\$ 688,786	\$ 102,721,254	\$ 276,699
Receivables:				
Accounts	3,862,189	18,661	3,880,850	8,139
Taxes	1,909,253	-	1,909,253	432,856
Notes and loans	23,028,017	-	23,028,017	-
Allowance for loan forgiveness	(22,414,578)	-	(22,414,578)	-
Accrued interest	682,461	729	683,190	-
Internal balances	442,194	(442,194)	-	-
Prepaid costs	97,525	186	97,711	18,732
Deposits	39,000	-	39,000	-
Due from other governments	6,913,039	132,817	7,045,856	-
Unamortized debt issuance costs	676,302	-	676,302	-
Restricted assets:				
Cash with fiscal agent	5,365,926	-	5,365,926	-
Capital assets not being depreciated	54,343,694	73,417	54,417,111	-
Capital assets, net of depreciation	134,420,212	10,576,124	144,996,336	39,198
<b>Total Assets</b>	<b>311,397,702</b>	<b>11,048,526</b>	<b>322,446,228</b>	<b>775,624</b>
<b>Liabilities:</b>				
Accounts payable	6,662,659	180,653	6,843,312	50,627
Accrued liabilities	1,346,953	32,134	1,379,087	37,867
Accrued interest	1,070,255	-	1,070,255	-
Unearned revenue	3,320,373	-	3,320,373	-
Deposits payable	2,908,926	1,108	2,910,034	-
Due to other governments	613,439	-	613,439	-
Noncurrent liabilities:				
Due within one year	4,692,307	-	4,692,307	6,786
Due in more than one year	55,366,361	-	55,366,361	18,179
<b>Total Liabilities</b>	<b>75,981,273</b>	<b>213,895</b>	<b>76,195,168</b>	<b>113,459</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	141,101,458	10,649,541	151,750,999	39,198
Restricted for:				
Public works	1,798,372	-	1,798,372	-
Capital projects	19,428,110	-	19,428,110	-
Debt service	11,223,600	-	11,223,600	-
Unrestricted	61,864,889	185,090	62,049,979	622,967
<b>Total Net Assets</b>	<b>\$ 235,416,429</b>	<b>\$ 10,834,631</b>	<b>\$ 246,251,060</b>	<b>\$ 662,165</b>

CITY OF WEST HOLLYWOOD

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 23,165,824	\$ 563,320	\$ 120,983	\$ -
Public safety	14,049,362	980,518	133,040	-
Public services	39,406,297	19,947,996	4,143,486	1,676,294
Interest on long-term debt	3,235,260	-	-	-
<b>Total Governmental Activities</b>	<b>79,856,743</b>	<b>21,491,834</b>	<b>4,397,509</b>	<b>1,676,294</b>
Business-Type Activities:				
Sewer District	358,189	-	-	-
Sewer Charge	617,710	1,046,131	-	-
Solid Waste	1,303,572	1,350,986	-	-
Landscape District	176,687	179,821	-	-
Street Maintenance	437,763	286,854	-	-
<b>Total Business-Type Activities</b>	<b>2,893,921</b>	<b>2,863,792</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>82,750,664</b>	<b>24,355,626</b>	<b>4,397,509</b>	<b>1,676,294</b>
<b>Component Units:</b>				
West Hollywood Marketing Corporation	\$ 2,069,854	\$ -	\$ -	\$ -

**General Revenues:**

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Motor vehicle in lieu - unrestricted
- Use of money and property
- Other

**Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)**

**Transfers**

**Total General Revenues, Contributions, Extraordinary Items and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

**Net Assets at End of Year**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Marketing Corporation</b>
\$ (22,481,521)	\$ -	\$ (22,481,521)	\$ -
(12,935,804)	-	(12,935,804)	-
(13,638,521)	-	(13,638,521)	-
(3,235,260)	-	(3,235,260)	-
<b>(52,291,106)</b>	<b>-</b>	<b>(52,291,106)</b>	<b>-</b>
-	(358,189)	(358,189)	-
-	428,421	428,421	-
-	47,414	47,414	-
-	3,134	3,134	-
-	(150,909)	(150,909)	-
-	<b>(30,129)</b>	<b>(30,129)</b>	<b>-</b>
<b>(52,291,106)</b>	<b>(30,129)</b>	<b>(52,321,235)</b>	<b>-</b>
-	-	-	(2,069,854)
15,515,421	-	15,515,421	-
15,414,055	-	15,414,055	1,849,306
14,004,171	-	14,004,171	-
2,408,295	-	2,408,295	-
2,637,647	-	2,637,647	-
3,382,436	-	3,382,436	-
7,999,846	3,265	8,003,111	379
2,454,053	-	2,454,053	121,639
185,683	-	185,683	-
(118,700)	118,700	-	-
<b>63,882,907</b>	<b>121,965</b>	<b>64,004,872</b>	<b>1,971,324</b>
11,591,801	91,836	11,683,637	(98,530)
223,383,283	10,742,795	234,126,078	760,695
441,345	-	441,345	-
<b>\$ 235,416,429</b>	<b>\$ 10,834,631</b>	<b>\$ 246,251,060</b>	<b>\$ 662,165</b>

## CITY OF WEST HOLLYWOOD

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	General	Capital Projects Funds	
		Debt Funded Capital Projects	Eastside Capital Improvement
<b>Assets:</b>			
Pooled cash and investments	\$ 74,384,123	\$ -	\$ -
Receivables:			
Accounts	494,221	7,806	-
Taxes	1,909,253	-	-
Notes and loans	-	-	-
Allowance for forgiveness	-	-	-
Accrued interest	44,470	-	-
Prepaid costs	48,392	-	-
Deposits	39,000	-	-
Due from other governments	5,807,927	-	-
Due from other funds	7,789,744	-	-
Advances to other funds	99,430	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	133,369	-
<b>Total Assets</b>	<b>\$ 90,616,560</b>	<b>\$ 141,175</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 5,106,932	\$ 257,815	\$ -
Accrued liabilities	1,261,032	-	-
Deferred revenues	2,951,932	-	-
Unearned revenues	2,848,401	-	-
Deposits payable	2,673,204	133,369	-
Due to other governments	-	-	-
Due to other funds	-	5,699,273	-
Advances from other funds	-	-	-
<b>Total Liabilities</b>	<b>14,841,501</b>	<b>6,090,457</b>	<b>-</b>
<b>Fund Balances:</b>			
<b>Nonspendable:</b>			
Prepaid costs	48,393	-	-
Advances to other funds	99,430	-	-
Deposits	39,000	-	-
<b>Restricted for:</b>			
Public services	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
<b>Committed to:</b>			
Emergency contingency	3,404,709	-	-
Continuing appropriations	4,331,072	-	-
<b>Assigned to:</b>			
Self-insurance	500,000	-	-
Capital projects	35,000,000	-	-
Accrued leave liability	3,047,307	-	-
Working reserve	13,618,835	-	-
Unfunded pension costs	6,391,000	-	-
<b>Unassigned</b>	<b>9,295,313</b>	<b>(5,949,282)</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>75,775,059</b>	<b>(5,949,282)</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 90,616,560</b>	<b>\$ 141,175</b>	<b>\$ -</b>

## CITY OF WEST HOLLYWOOD

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>		
Pooled cash and investments	\$ 27,083,021	\$ 101,467,144
Receivables:		
Accounts	3,360,162	3,862,189
Taxes	-	1,909,253
Notes and loans	23,028,017	23,028,017
Allowance for forgiveness	(22,414,578)	(22,414,578)
Accrued interest	637,991	682,461
Prepaid costs	8,856	57,248
Deposits	-	39,000
Due from other governments	1,105,112	6,913,039
Due from other funds	-	7,789,744
Advances to other funds	-	99,430
Restricted assets:		
Cash and investments with fiscal agents	5,232,557	5,365,926
<b>Total Assets</b>	<b>\$ 38,041,138</b>	<b>\$ 128,798,873</b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 1,270,726	\$ 6,635,473
Accrued liabilities	85,921	1,346,953
Deferred revenues	598,630	3,550,562
Unearned revenues	471,972	3,320,373
Deposits payable	102,353	2,908,926
Due to other governments	613,439	613,439
Due to other funds	1,632,433	7,331,706
Advances from other funds	99,430	99,430
<b>Total Liabilities</b>	<b>4,874,904</b>	<b>25,806,862</b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Prepaid costs	8,856	57,249
Advances to other funds	-	99,430
Deposits	-	39,000
<b>Restricted for:</b>		
Public services	14,764,382	14,764,382
Capital projects	6,462,100	6,462,100
Debt service	12,293,855	12,293,855
<b>Committed to:</b>		
Emergency contingency	-	3,404,709
Continuing appropriations	-	4,331,072
<b>Assigned to:</b>		
Self-insurance	-	500,000
Capital projects	-	35,000,000
Accrued leave liability	-	3,047,307
Working reserve	-	13,618,835
Unfunded pension costs	-	6,391,000
<b>Unassigned</b>	(362,959)	2,983,072
<b>Total Fund Balances</b>	<b>33,166,234</b>	<b>102,992,011</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 38,041,138</b>	<b>\$ 128,798,873</b>

(This page intentionally left blank)

## CITY OF WEST HOLLYWOOD

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2012**

Fund balances of governmental funds		\$ 102,992,011
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		188,763,906
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.		676,302
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Lease Revenue Bonds Payable	\$ (52,420,000)	
Unamortized bond premiums/discounts	(417,848)	
CJPIA General Liability and Workers' Compensation Retrospective Payable	(2,780,972)	
Compensated Absences	<u>(3,047,307)</u>	(58,666,127)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net assets any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		(1,392,541)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.		(1,070,255)
Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		3,550,562
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.		<u>562,571</u>
<b>Net assets of governmental activities</b>		<b><u>\$ 235,416,429</u></b>

## CITY OF WEST HOLLYWOOD

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

	General	Capital Projects Funds	
		Debt Funded Capital Projects	Eastside Capital Improvement
<b>Revenues:</b>			
Taxes	\$ 44,681,776	\$ -	\$ -
Licenses and permits	5,520,319	-	-
Intergovernmental	3,549,966	250,000	-
Charges for services	2,815,640	-	-
Use of money and property	3,658,718	-	-
Fines and forfeitures	9,510,907	-	-
Contributions	650	-	-
Developer participation	-	-	-
Miscellaneous	2,476,883	81,884	-
<b>Total Revenues</b>	<b>72,214,859</b>	<b>331,884</b>	<b>-</b>
<b>Expenditures:</b>			
Current:			
General government	18,042,465	2,459	-
Public safety	13,316,763	-	-
Public services	27,660,364	-	-
Capital outlay	620,698	9,514,033	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
<b>Total Expenditures</b>	<b>59,640,290</b>	<b>9,516,492</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	12,574,569	(9,184,608)	-
<b>Other Financing Sources (Uses):</b>			
Transfers in	-	8,300,000	-
Transfers out	(11,327,834)	-	(32,239,747)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,327,834)</b>	<b>8,300,000</b>	<b>(32,239,747)</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-
<b>Net Change in Fund Balances</b>	<b>1,246,735</b>	<b>(884,608)</b>	<b>(32,239,747)</b>
Fund Balances, Beginning of Year, as previously reported	75,148,519	(5,064,674)	32,239,747
Restatements	(620,195)	-	-
Fund Balances, Beginning of Year, as restated	74,528,324	(5,064,674)	32,239,747
<b>Fund Balances, End of Year</b>	<b>\$ 75,775,059</b>	<b>\$ (5,949,282)</b>	<b>\$ -</b>

## CITY OF WEST HOLLYWOOD

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>		
Taxes	\$ 4,926,594	\$ 49,608,370
Licenses and permits	-	5,520,319
Intergovernmental	4,659,598	8,459,564
Charges for services	736,345	3,551,985
Use of money and property	4,275,873	7,934,591
Fines and forfeitures	932,440	10,443,347
Contributions	1,499,698	1,500,348
Developer participation	1,530,782	1,530,782
Miscellaneous	44,861	2,603,628
<b>Total Revenues</b>	<b>18,606,191</b>	<b>91,152,934</b>
<b>Expenditures:</b>		
Current:		
General government	1,829,305	19,874,229
Public safety	751,958	14,068,721
Public services	8,009,363	35,669,727
Capital outlay	2,342,474	12,477,205
Debt service:		
Principal retirement	3,795,000	3,795,000
Interest and fiscal charges	4,352,546	4,352,546
<b>Total Expenditures</b>	<b>21,080,646</b>	<b>90,237,428</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,474,455)	915,506
<b>Other Financing Sources (Uses):</b>		
Transfers in	36,675,210	44,975,210
Transfers out	(1,526,329)	(45,093,910)
<b>Total Other Financing Sources (Uses)</b>	<b>35,148,881</b>	<b>(118,700)</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	(43,536,799)	(43,536,799)
<b>Net Change in Fund Balances</b>	<b>(10,862,373)</b>	<b>(42,739,993)</b>
Fund Balances, Beginning of Year, as previously reported	42,967,067	145,290,659
Restatements	1,061,540	441,345
Fund Balances, Beginning of Year, as restated	44,028,607	145,732,004
<b>Fund Balances, End of Year</b>	<b>\$ 33,166,234</b>	<b>\$ 102,992,011</b>

CITY OF WEST HOLLYWOOD

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012**

Net change in fund balances - total governmental funds \$ (42,739,993)

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

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

Capital outlay	\$ 12,006,900	
Depreciation expense	<u>(3,660,949)</u>	8,345,951

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt repayments	3,795,000	
Bond discount/premium amortization	37,190	
Bond issuance cost amortization	(57,823)	
CJPIA General Liability and Workers' Compensation Retrospective Payable	<u>(2,780,972)</u>	993,395

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 1,137,919

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 43,447

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense. (293,000)

Revenues reported as deferred revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 228,622

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 152,978

Extraordinary gains and losses relating to capital assets and long term liabilities transferred to the Successor Agency are reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.

Capital assets	(2,427,834)	
Long-term liabilities	47,785,000	
Unamortized bond discount/premium	(749,496)	
Unamortized bond issuance costs	<u>(885,188)</u>	<u>43,722,482</u>

**Change in net assets of governmental activities \$ 11,591,801**

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2012**

Page 1 of 2

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary Fund Balance, July 1, as restated	\$ 74,528,324	\$ 74,528,324	\$ 74,528,324	\$ -
<b>Resources (Inflows):</b>				
Taxes	39,503,061	39,903,761	44,681,776	4,778,015
Licenses and permits	3,706,685	3,706,685	5,520,319	1,813,634
Intergovernmental	3,567,925	3,567,925	3,549,966	(17,959)
Charges for services	2,493,602	2,637,552	2,815,640	178,088
Use of money and property	3,617,400	3,617,400	3,658,718	41,318
Fines and forfeitures	9,710,500	9,740,500	9,510,907	(229,593)
Contributions	-	-	650	650
Miscellaneous	512,508	2,349,060	2,476,883	127,823
<b>Amounts Available for Appropriations</b>	<b>137,640,005</b>	<b>140,051,207</b>	<b>146,743,183</b>	<b>6,691,976</b>
<b>Charges to Appropriations (Outflow):</b>				
General government				
City Council	1,122,965	1,144,965	1,139,001	5,964
City Manager	682,565	663,617	629,153	34,464
Economic Development	844,133	1,023,095	880,708	142,387
Assistant City Manager	369,252	881,902	358,417	523,485
Public Safety Administration	1,262,729	1,272,256	1,266,368	5,888
City Attorney	883,000	1,033,000	876,975	156,025
Administrative Services Administration	923,437	875,686	862,324	13,362
Legal Services	1,053,984	1,073,516	1,072,403	1,113
City Clerk	1,122,994	1,189,274	1,123,419	65,855
Human Resources	1,338,137	1,434,875	1,416,915	17,960
Finance Administration	2,367,916	2,572,806	2,542,087	30,719
Revenue Management	807,181	1,700,151	1,688,910	11,241
General Accounting	590,063	631,459	625,699	5,760
Budget & Compensation	491,182	510,930	501,513	9,417
Organizational Services	-	222,720	35,199	187,521
Information Technology	1,424,073	1,457,456	1,414,753	42,703
Public Info & Prosecution Services	1,535,093	1,628,790	1,608,621	20,169
Sub-total General Government	16,818,704	19,316,498	18,042,465	1,274,033
Public safety				
City Police/Protective Services	15,070,763	15,088,160	13,316,763	1,771,397
Sub-total Public Safety	15,070,763	15,088,160	13,316,763	1,771,397

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON STATEMENT BY DEPARTMENT  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2012**

Page 1 of 2

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public services				
Human Services Administration	447,216	447,216	445,236	1,980
Recreation Services	4,049,915	4,167,749	4,132,480	35,269
Social Services	4,757,695	5,272,301	5,049,677	222,624
Facilities & Field Services	5,504,147	5,614,777	5,272,007	342,770
Housing & Rent Stabilization Administration	328,844	413,443	361,531	51,912
Rent Information & Records	1,290,649	1,315,649	1,311,326	4,323
Housing & Residential Code Compliance	414,705	474,750	396,234	78,516
Community Development Administration	518,632	541,205	539,593	1,612
Current & Historic Preservation Planning	2,221,796	1,922,991	1,840,091	82,900
Building & Safety	1,296,986	1,425,637	1,419,733	5,904
Long Range & Mobility Planning	293,786	780,490	741,290	39,200
Public Works Administration	539,873	539,873	536,767	3,106
Commercial Code Compliance	1,128,252	1,133,902	1,116,197	17,705
Parking	3,447,920	3,558,349	3,556,197	2,152
City Engineering	1,039,431	996,758	942,005	54,753
Sub-total Public Services	<u>27,279,847</u>	<u>28,605,090</u>	<u>27,660,364</u>	<u>944,726</u>
Capital outlay				
Capital Projects	400,000	2,184,394	620,698	1,563,696
Nondepartmental				
Transfers out	<u>3,527,834</u>	<u>3,527,834</u>	<u>11,327,834</u>	<u>(7,800,000)</u>
<b>Total Charges to Appropriations</b>	<b><u>63,097,148</u></b>	<b><u>68,721,976</u></b>	<b><u>70,968,124</u></b>	<b><u>(2,246,148)</u></b>
<b>Budgetary Fund Balance, June 30</b>	<b><u>\$ 74,542,857</u></b>	<b><u>\$ 71,329,231</u></b>	<b><u>\$ 75,775,059</u></b>	<b><u>\$ 4,445,828</u></b>

## CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities- Internal Service Fund</u>
	<u>Sewer District</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
<b>Assets:</b>				
Current:				
Cash and investments	\$ -	\$ 688,786	\$ 688,786	\$ 565,324
Receivables:				
Accounts	-	18,661	18,661	-
Accrued interest	2	727	729	-
Prepaid costs	-	186	186	40,277
Due from other governments	-	132,817	132,817	-
<b>Total Current Assets</b>	<b>2</b>	<b>841,177</b>	<b>841,179</b>	<b>605,601</b>
Noncurrent:				
Construction in progress	37,400	36,017	73,417	-
Capital assets - net of accumulated depreciation	8,926,093	1,650,031	10,576,124	-
<b>Total Noncurrent Assets</b>	<b>8,963,493</b>	<b>1,686,048</b>	<b>10,649,541</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 8,963,495</b>	<b>\$ 2,527,225</b>	<b>\$ 11,490,720</b>	<b>\$ 605,601</b>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 6,594	\$ 174,059	\$ 180,653	\$ 27,186
Accrued liabilities	-	32,134	32,134	-
Deposits payable	-	1,108	1,108	-
Due to other funds	26,965	431,073	458,038	-
<b>Total Current Liabilities</b>	<b>33,559</b>	<b>638,374</b>	<b>671,933</b>	<b>27,186</b>
<b>Total Liabilities</b>	<b>33,559</b>	<b>638,374</b>	<b>671,933</b>	<b>27,186</b>
<b>Net Assets:</b>				
Invested in capital assets	8,963,493	1,686,048	10,649,541	-
Unrestricted	(33,557)	202,803	169,246	578,415
<b>Total Net Assets</b>	<b>8,929,936</b>	<b>1,888,851</b>	<b>10,818,787</b>	<b>578,415</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,963,495</b>	<b>\$ 2,527,225</b>	<b>\$ 11,490,720</b>	<b>\$ 605,601</b>

**Reconciliation of Net Assets to the Statement of Net Assets**

Net Assets per Statement of Net Assets - Proprietary Funds	\$ 10,818,787
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	11,261
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	4,583
<b>Net Assets per Statement of Net Assets</b>	<b>\$ 10,834,631</b>

## CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Sewer District	Other Enterprise Funds	Totals	
<b>Operating Revenues:</b>				
Sales and service charges	\$ -	\$ 2,693,711	\$ 2,693,711	\$ 407,469
Fines and forfeitures	-	13,161	13,161	-
Miscellaneous	-	156,920	156,920	-
<b>Total Operating Revenues</b>	<b>-</b>	<b>2,863,792</b>	<b>2,863,792</b>	<b>407,469</b>
<b>Operating Expenses:</b>				
Administration and general	-	234,268	234,268	249,963
Treatment	-	2,274,566	2,274,566	-
Depreciation expense	358,189	31,481	389,670	-
<b>Total Operating Expenses</b>	<b>358,189</b>	<b>2,540,315</b>	<b>2,898,504</b>	<b>249,963</b>
Operating Income (Loss)	(358,189)	323,477	(34,712)	157,506
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	40	3,225	3,265	5
<b>Total Nonoperating Revenues (Expenses)</b>	<b>40</b>	<b>3,225</b>	<b>3,265</b>	<b>5</b>
Income (Loss) Before Transfers	(358,149)	326,702	(31,447)	157,511
Transfers in	-	118,700	118,700	-
Changes in Net Assets	(358,149)	445,402	87,253	157,511
<b>Net Assets:</b>				
Beginning of Year	9,288,085	1,443,449	10,731,534	420,904
<b>End of Fiscal Year</b>	<b>\$ 8,929,936</b>	<b>\$ 1,888,851</b>	<b>\$ 10,818,787</b>	<b>\$ 578,415</b>
<b>Reconciliation of Changes in Net Assets to the Statement of Activities:</b>				
Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds			\$ 87,253	
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds			4,583	
<b>Changes in Net Assets of Business-Type Activities per Statement of Activities</b>			<b>\$ 91,836</b>	

## CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Fund
	Sewer District	Other Enterprise Funds	Totals	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ -	\$ 2,883,752	\$ 2,883,752	\$ 407,469
Cash received from/(paid to) interfund service provided	-	-	-	(249,963)
Cash paid to suppliers for goods and services	(44,810)	(2,651,432)	(2,696,242)	(13,091)
Cash paid to employees for services	-	(202,134)	(202,134)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(44,810)</b>	<b>30,186</b>	<b>(14,624)</b>	<b>144,415</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers in	-	118,700	118,700	-
Cash paid due to/from other funds	26,965	315,803	342,768	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>26,965</b>	<b>434,503</b>	<b>461,468</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(37,400)	(449,862)	(487,262)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(37,400)</b>	<b>(449,862)</b>	<b>(487,262)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	154	4,309	4,463	5
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>154</b>	<b>4,309</b>	<b>4,463</b>	<b>5</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(55,091)</b>	<b>19,136</b>	<b>(35,955)</b>	<b>144,420</b>
Cash and Cash Equivalents at Beginning of Year	55,091	669,650	724,741	420,904
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ -</b>	<b>\$ 688,786</b>	<b>\$ 688,786</b>	<b>\$ 565,324</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (358,189)	\$ 323,477	\$ (34,712)	\$ 157,506
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	358,189	31,481	389,670	-
(Increase) decrease in accounts receivable	-	128,568	128,568	-
(Increase) decrease in due from other governments	-	(46,383)	(46,383)	-
(Increase) decrease in prepaid expense	-	(186)	(186)	(40,277)
Increase (decrease) in accounts payable	(38,617)	(376,680)	(415,297)	27,186
Increase (decrease) in accrued liabilities	-	32,134	32,134	-
Increase (decrease) in deposits payable	(6,193)	(62,225)	(68,418)	-
<b>Total Adjustments</b>	<b>313,379</b>	<b>(293,291)</b>	<b>20,088</b>	<b>(13,091)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (44,810)</b>	<b>\$ 30,186</b>	<b>\$ (14,624)</b>	<b>\$ 144,415</b>

**Non-Cash Investing, Capital, and Financing Activities:**

There were no non-cash investing, capital or financing activities.

## CITY OF WEST HOLLYWOOD

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the Former RDA
<b>Assets:</b>		
Pooled cash and investments	\$ 178,019	\$ 13,327,710
Receivables:		
Accounts	213,185	7,350
Taxes	229,069	-
Accrued interest	46	770
Prepaid costs	-	-
Due from other governments	3,322	250,000
Deferred charges	-	871,873
Restricted assets:		
Cash and investments with fiscal agents	-	31,258,151
Capital assets:		
Capital assets, not being depreciated	-	1,914,115
Capital assets, net of accumulated depreciation	-	508,344
<b>Total Assets</b>	<b>\$ 623,641</b>	<b>\$ 48,138,313</b>
<b>Liabilities:</b>		
Accounts payable	\$ 472,090	\$ 2,103,301
Accrued liabilities	-	15,844
Accrued interest	-	1,133,779
Due to other governments	98,951	573,954
Due to bondholders	52,600	-
Long-term liabilities:		
Due in one year	-	595,000
Due in more than one year	-	46,451,297
<b>Total Liabilities</b>	<b>\$ 623,641</b>	<b>50,873,175</b>
<b>Net Assets:</b>		
Held in trust for other purposes		(2,734,862)
<b>Total Net Assets</b>		<b>\$ (2,734,862)</b>

## CITY OF WEST HOLLYWOOD

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2012

	<b>Private- Purpose Trust Fund Successor Agency of the Former RDA</b>
<b>Additions:</b>	
Taxes	\$ 2,696,448
Use of money and property	26,366
Miscellaneous	33,333
<b>Total Additions</b>	<b>2,756,147</b>
<b>Deductions:</b>	
Administrative expenses	294,541
Contractual services	52,013
Interest expense	2,885,910
Depreciation expense	5,375
Reimbursement of prior taxes to County	2,067,487
<b>Total Deductions</b>	<b>5,305,326</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	(185,683)
<b>Changes in Net Assets</b>	<b>(2,734,862)</b>
Net Assets - Beginning of the Year	-
<b>Net Assets - End of the Year</b>	<b>\$ (2,734,862)</b>

(This page intentionally left blank)

# NOTES TO FINANCIAL SECTION



“The creativity and open-minded nature of the city; It’s very clean and well cared for”



**CITY OF WEST HOLLYWOOD  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the Reporting Entity**

The City of West Hollywood was incorporated on November 29, 1984, under the laws of the State of California and is entitled to all the rights and privileges applicable to a general law city. It is governed by an elected five-member board. As required by generally accepted accounting principles, these financial statements present the City of West Hollywood (the primary government) and its component units. The component units discussed below are included in the reporting entity because of their operational or financial relationships with the City of West Hollywood.

**Blended Component Units:**

The following six component units, although legally separate entities are, in substance, part of the City's operations, so data from these units are combined with the data of the City of West Hollywood, the primary government. All except the West Hollywood Library Fund are governed by the City Council of the City of West Hollywood. The West Hollywood Library Fund is governed by a separate board of directors, however its activities exclusively benefit the City of West Hollywood. Therefore, all the entities mentioned below are included in this financial presentation using the blending method.

The West Hollywood Housing Authority (also referred to as the "Housing Trust" fund) was established on December 17, 1990, pursuant to Section 34240 of the California Health and Safety Code. The Authority is governed by a five-member board that is the City Council of the City of West Hollywood. Although it is legally separate from the City of West Hollywood, the West Hollywood Housing Authority is reported as if it were part of the primary government because the Authority's governing body is the same as the governing body of the primary government, and the Authority's sole purpose is to increase low and moderate housing with the City of West Hollywood.

The West Hollywood Public Facilities Corporation was formed November 20, 1995, pursuant to the Non-Profit Public Benefit Corporation Law of the State of California for the purpose of assisting the City in financing the acquisition, construction and improvement for public benefit within the City limits. The Corporation is governed by a five-member board that is the City Council of the City of West Hollywood.

The West Hollywood Community Development Commission (also referred as the "Redevelopment Agency") was formed on April 1, 1996, pursuant to Section 33000 of the California Health and Safety Code for the purpose of preparing and carrying out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of West Hollywood. The Commission is governed by a five-member board that is the City Council of the City of West Hollywood. The Commission was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 16 for more information on the dissolution.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

The West Hollywood Community Foundation was formed on July 13, 1998, pursuant to the Non-Profit Public Benefit Corporation Law of the State of California for the purpose of fundraising for projects related to the enhancement of the arts, cultural and educational programs in the City. The foundation is governed by a five-member board, which is the City Council of the City of West Hollywood. The Foundation has obtained tax-exempt status under Section 501(c) (3) of the Internal Revenue Code.

The West Hollywood Public Financing Authority was formed on August 18, 2003, by a joint exercise of powers agreement between the City Council of West Hollywood and the West Hollywood Community Development Commission under Article 1 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The Authority was established for the purpose of issuing debt.

The West Hollywood Library Foundation Fund was formed on March 21, 2008, as a nonprofit corporation that sponsors benefits and solicits funds from private donors and the public for the capital campaign for the rebuilding of the West Hollywood Library.

**Discretely Presented Component Unit:**

The West Hollywood Marketing Corporation was formed in October 1986, as a nonprofit public benefit corporation. It was created in order to promote and market the City of West Hollywood and its major industries. Providing advice to the City Council, Commissions and staff and enhancing their understanding of the unique business dynamics enables them to better affect policy and create a business-friendly climate within the City.

The Corporation has a separate governing board. It is included as a discretely presented component unit because the City Council of West Hollywood determines the hotel assessment rates, which are the corporation's major source of revenue.

The component unit financial statements for the Marketing Corporation and the Library Fund have separately issued financial statements. The Marketing Corporation's and Library Fund's statements may be obtained at their offices.

**b. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

program revenues are reported instead as general revenues. Certain indirect costs are included in program expenses reported for individual functions and activities.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**c. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is 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 eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and of the Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**The City reports the following major governmental funds:**

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Debt Funded Capital Projects Fund accounts for the receipt and disbursement of monies used for the construction of the mixed use parking facilities, City Hall acquisition, Homeless Shelter, Fire Station No. 7, new parking meters, and the West Hollywood Library, which generally require more than one budgetary cycle to complete. These projects are funded by the General Fund, bond proceeds and donations obtained by the West Hollywood Library Fund.
- Eastside Capital Improvement Fund accounts for the project improvements for the Plummer Park Rehabilitation and Parking project. The project will be funded by the Redevelopment Agency Debt Service Fund which is in the Redevelopment Agency's project area.

**The City reports the following major proprietary fund:**

- The Sewer District Fund charges assessments for the sewers that are determined by the City Engineer based on the type of dwellings and their usage. These assessments are attached to the property tax bill and then distributed to the City by the County of Los Angeles. Use of this fund is for all engineering costs, mileage, overhead and maintenance cost related to the sewers.

**Additionally the government reports the following fund types:**

- The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- The Permanent Fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.
- The Information Systems Master Plan Internal Service Fund accounts for all costs incurred in the process of designing, purchasing and implementing a new information systems infrastructure. The project includes costs for design, hardware and software acquisition and systems conversion. Costs are recovered from all operating units over a five-year period.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

- The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments. These funds are reported on the accrual basis. The Business Improvement Fund accounts for assessments which are levied for the Avenues of Art and Design. The Community District Debt Service Fund accounts for special taxes which are levied by the City on behalf of the Community Facilities District to pay debt service on the seismic project bonds, which are not a debt of the City. The Hotel Marketing Benefit Zone Fund accounts for a portion of the transient occupancy tax which is paid to the West Hollywood Marketing Corporation for use in marketing the City.

**d. Assets, Liabilities and Net Assets or Equity****1. Deposits and Investments and Cash and Cash Equivalents**

The City's cash and cash equivalents for the statement of cash flows are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool 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.

**2. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the purchases method.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	30-50
Public domain infrastructure	30-50
Construction-in-progress	N/A
Vehicles	5
Office equipment	5
Machinery and equipment	3-10
Equipment under lease purchase	3
Furniture and Fixtures	7

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation time accrued is transferable from one year to the next with the exception that no more than 360 hours of vacation time may be carried over to the next year. Employees may exchange unused vacation time for monetary compensation provided that they have taken at least two weeks of earned vacation in the prior year.

Employees are entitled to unlimited accumulation of sick leave. Employees may elect to receive compensation at 50% of their regular hourly rate of pay for each hour of sick leave accumulated in excess of 96 hours up to 200 hours. Employees may elect to receive full compensation at their regular hourly rate of pay for each hour of sick leave accumulated over 200 hours.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**6. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities, business type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**7. Fund Equity**

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the City is bound to honor constraints on the specific purposes for which amounts can be spent.

**Non-spendable Fund Balance** - The portion of fund balance that cannot be spent due to form such as inventories, prepaid amounts, long-term loans, notes receivable, and property held for resale, unless the proceeds are restricted, committed or assigned. Also, amounts that must be maintained intact legally or contractually, such as the principal of a permanent fund would be reported as non-spendable.

**Restricted Fund Balance** - The portion of fund balance that is subject to externally enforceable limitations by law, enabling legislation or limitations imposed by creditors or grantors.

**Committed Fund Balance** - The portion of fund balance that is subject to self-imposed constraints on spending due to the formal action of the highest level of decision making authority (the City Council). By resolution, the City Council approved for the General Fund to commit 5% of its fund balance for Emergency Contingency.

**Assigned Fund Balance** - The portion of fund balance that is constrained by the City's intent to utilize fund balance for a specific purpose. By resolution, the City Council has designated the Director of Finance & Technology Services as the City official to determine and define the amounts of those components of fund balance that are classified as "Assigned Fund Balance".

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)**

Unassigned Fund Balance - The portion of fund balance that is available for any purpose.

Flow Assumptions - The spending prioritization policy (the flow assumption) is to use restricted amounts. Committed resources are then used followed by Assigned resources, and finally Unassigned resources.

**II. STEWARDSHIP**

**Note 2: Stewardship, Compliance and Accountability**

**a. General Budget Policies**

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The budget is prepared on a GAAP basis. The budget period is the same as the fiscal period. The legal level of budgetary control is the department level for the General Fund and the function level for the other governmental fund types. During the year, several supplementary appropriations were necessary.

At fiscal year-end, all operating budget appropriations lapse. No budget was adopted for the West Hollywood Library Fund, Eastside Capital Improvement Fund, the Community Facilities Capital Projects Fund or for the Laurel Avenue Trust Permanent Fund.

**b. Encumbrances**

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue, and similar governmental funds. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

**c. The following funds contained deficit fund balances or net assets:**

<b>Special Revenue Funds:</b>	<b><u>Amount</u></b>
Permit Parking	\$123,386
Sunset Mitigation	225,457
<b>Capital Projects Funds:</b>	
Debt Funded Capital Projects	\$5,949,282
<b>Permanent Fund:</b>	
Laurel Avenue Trust	\$6,587
<b>Enterprise Fund:</b>	
Street Maintenance	\$43,069

The City expects to eliminate these deficits from future revenues.

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

As of June 30, 2012, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 107,398,394
Business-type activities	688,786
Component unit	276,699
Fiduciary funds	<u>44,763,880</u>
Total Cash and Investments	<u>\$ 153,127,759</u>

The City of West Hollywood maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

**Deposits**

At June 30, 2012, the carrying amount of the City's deposits was \$17,180,673 and the bank balance was \$18,797,007. The \$1,616,334 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental.

A provision of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction account at all FDIC-insured institutions. This provision was effective from December 31, 2010 and will remain effective until December 31, 2012. Noninterest-bearing transaction accounts is defined as an account (1) with respect to which interest is neither accrued nor paid; (2) on which the depositor or account holder is permitted to make withdrawals by negotiable or transferable instrument, payment orders of withdrawal, telephone or other electronic media transfers, or other similar items for the purpose of making payments or transfers to third parties or others; and (3) on which the FDIC-insured depository institutions does not reserve the right to require advance notice of an intended withdrawal. As of June 30, 2012, the City maintains cash deposits that are temporary covered by this provision.

**Note 3: Cash and Investments (Continued)****Investments Authorized by the City's Investment Policy**

The list below identifies the investment types that are authorized by the City's investment policy in accordance with the California Government Code. The list does not address investments of debt proceeds held by bond trustees that are governed by the provisions of the City's debt agreements, rather than the general provisions of the City's investment policy.

1. Demand deposits in any FDIC insured institution.
2. Los Angeles County Treasury Pool ("LACT") administered by the Treasurer and Tax Collector of Los Angeles County.
3. The Local Agency Investment Fund ("LAIF") administered by the Treasurer of the State of California.
4. Investment in Joint Powers Authorities: The City may invest in investment joint powers authorities provided that the City is a member, that the pool provides comprehensive, timely, monthly reports which include transaction listings, reports gains and losses, provides market values for securities, provides a quality rating for investment securities, takes delivery of securities prior to payment, third-party safekeeping of all investments, for whom an audit is conducted annually by an independent authority other than the local agency's internal auditors, the weighted average maturity of not greater than two years, and that leveraging be not more than twenty-five percent of the portfolio.
5. Certificates of Deposit with a maturity of two years or less and fully insured by the Federal Deposit Insurance Corporation up to the limit established under the Investment Guidelines.
6. Securities issued by the United States Government which mature in two years or less up to the limit established under the Investment Guidelines.
7. Money Market Savings Accounts, provided that no deposit made pursuant to this paragraph in any one institution shall exceed the amount insured by the Federal Deposit Insurance Corporation.

The City shall not invest more than the lesser of \$3,000,000 or 15% of all deposits in investment instruments with a life that exceeds one year.

**Investments Authorized by Debt Agreements**

Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the City's investment policy. The list below identifies the investment types that are authorized for investments held by the bond trustee:

1. Federal Securities.
2. Bonds, debentures, notes or other evidence of indebtedness of the following Federal Agencies: U.S. Export-Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, General Services Administration, GNMA, U.S. Maritime Administration, U.S. public housing notes and bonds of the U.S. Department of HUD

**Note 3: Cash and Investments (Continued)**

3. Bonds, debentures, notes or other evidence of indebtedness of the following Federal Agencies: FHLB, FNMA, FHLMC, SLMA, Resolution Funding Corporation, Farm Credit System.
4. Money Market Funds.
5. Certificates of Deposit secured by collateral.
6. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are FDIC insured.
7. Investment Agreements.
8. Commercial Papers.
9. State and Local Bonds.
10. Federal Funds or Bankers Acceptances with a maximum term of one year.
11. Repurchase Agreements.
12. Pre-refunded Municipal Bonds.
13. Local Agency Investment Fund of the State of California.

Monies in the Reserve Funds shall not be invested in any investment having a maturity greater than five years. There are no restrictions regarding the maximum percentage allowed per investment type nor regarding the maximum investment in one issuer.

**Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Board, which consists of five members, in accordance with state statute. The State's Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

**GASB Statement No. 31**

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

**Credit Risk**

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. The City does not have a formal policy relating to a specific deposit or investment risk. As of June 30, 2012, the City's investments in external investment pools and money market mutual funds are unrated.

**Note 3: Cash and Investments (Continued)**

**Custodial Credit Risk**

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside 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. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2012, none of the City's deposits or investments were exposed to custodial credit risk.

**Concentration of Credit Risk**

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. With respect to concentration risk, as of June 30, 2012, the City has not invested more than 5% of its total investments in any one issuer. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising for interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2012, the City had the following investments and original maturities:

Investment Type:	Remaining Investment Maturities			Fair Value
	6 Months or Less	1 to 3 years	More than 5 years	
California Local Agency Investment Fund	\$ 49,809,537	\$ -	\$ -	\$ 49,809,537
Los Angeles County Investment Pool	49,513,472	-	-	49,513,472
Cash with fiscal agents				
Money Market Mutual Funds	7,177,665	-	-	7,177,665
Certificate of Deposit	8,000	-	-	8,000
Investment agreements	-	27,445,877	1,992,535	29,438,412
<b>Total</b>	<b>\$ 106,508,674</b>	<b>\$ 27,445,877</b>	<b>\$ 1,992,535</b>	<b>\$ 135,947,086</b>

**Note 4: Loans Receivable**

**Housing Loans**

The City has established the Citywide Affordable Housing Trust Fund, accounted for as a special revenue fund to assist non-profit housing and community development corporations in preserving and expanding the supply of low and moderate income housing in the City of West Hollywood. Loans in the amount of \$22,414,578 were outstanding at June 30, 2012, to qualified developers and properties at annual interest rates ranging from 3% to 6%.

All principal and interest payments on the loans are payable thirty years from the date of the loans. For certain loans included above, the City will forgive and waive all amounts due under the loans if at the date of expiration the borrowers have performed under the terms of related agreements. The loans are offset by an allowance for forgiveness as the City does not expect repayment.

**Note 5: Changes in Governmental Activities Capital Assets**

	Beginning Balance	Adjustments **	Adjusted Beginning Balance	Transfers to Successor Agency *	Increases	Decreases	Transfers	Balance
<b>Governmental Activities:</b>								
Capital assets, not being depreciated:								
Land	\$ 51,233,390	\$ 184,771	\$ 51,418,161	\$ (1,338,057)	\$ 5,670	\$ -	\$ -	\$ 50,085,774
Construction-in-progress	45,101,676	(2,537,789)	42,563,887	(576,058)	1,592,194	-	(39,322,103)	4,257,920
<b>Total Capital Assets, Not Being Depreciated</b>	<b>96,335,066</b>	<b>(2,353,018)</b>	<b>93,982,048</b>	<b>(1,914,115)</b>	<b>1,597,864</b>	<b>-</b>	<b>(39,322,103)</b>	<b>54,343,694</b>
Capital assets, being depreciated:								
Buildings	31,461,367	329,413	31,790,780	-	6,997,262	-	37,941,641	76,729,683
Improvements other than buildings	9,720,445	794,296	10,514,741	(575,077)	443,223	-	-	10,382,887
Machinery and equipment	6,321,054	-	6,321,054	-	1,444,709	-	-	7,765,763
Furniture and fixtures	80,590	-	80,590	-	899,596	-	779,427	1,759,613
Office equipment	1,239,472	-	1,239,472	-	327,951	-	-	1,567,423
Infrastructure	88,561,612	1,229,309	89,790,921	-	296,295	-	601,035	90,688,251
<b>Subtotal - Depreciable Assets</b>	<b>137,384,540</b>	<b>2,353,018</b>	<b>139,737,558</b>	<b>(575,077)</b>	<b>10,409,036</b>	<b>-</b>	<b>39,322,103</b>	<b>188,893,620</b>
<b>Total Capital Assets</b>	<b>233,719,606</b>	<b>-</b>	<b>233,719,606</b>	<b>(2,489,192)</b>	<b>12,006,900</b>	<b>-</b>	<b>-</b>	<b>243,237,314</b>
Less accumulated depreciation:								
Buildings	7,027,305	-	7,027,305	-	788,081	-	-	7,815,386
Improvements other than buildings	1,141,639	-	1,141,639	(61,358)	216,175	-	-	1,296,456
Machinery and equipment	4,180,052	-	4,180,052	-	516,605	-	-	4,696,657
Furniture and fixtures	76,894	-	76,894	-	217,968	-	-	294,862
Office equipment	1,238,325	-	1,238,325	-	22,919	-	-	1,261,244
Infrastructure	37,209,602	-	37,209,602	-	1,899,201	-	-	39,108,803
<b>Total Accumulated Depreciation</b>	<b>50,873,817</b>	<b>-</b>	<b>50,873,817</b>	<b>(61,358)</b>	<b>3,660,949</b>	<b>-</b>	<b>-</b>	<b>54,473,408</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>86,510,723</b>	<b>2,353,018</b>	<b>88,863,741</b>	<b>(513,719)</b>	<b>6,748,087</b>	<b>-</b>	<b>39,322,103</b>	<b>134,420,212</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 182,845,789</b>	<b>\$ -</b>	<b>\$ 182,845,789</b>	<b>\$ (2,427,834)</b>	<b>\$ 8,345,951</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 188,763,906</b>

\* As a result of the dissolution of the redevelopment agency, capital assets of the former redevelopment agency were transferred to the Successor Agency. See Note 17 for additional information.

\*\* Adjustments were made to reclassify capital asset types.

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

Governmental Activities:	
General government	\$ 298,248
Public safety	70,262
Public services	3,292,439
<b>Total Depreciation Expense</b>	<b>\$ 3,660,949</b>

**Note 6: Proprietary Fund Capital Assets**

	Balance at July 1, 2011	Adjustments	Adjusted Balance	Additions	Deletions	Balance at June 30, 2012
<b>Business-type Activities:</b>						
<b>Solid Waste Fund</b>						
Capital Assets, being depreciated:						
Machinery and Equipment	\$ 32,183	\$ -	\$ -	\$ -	\$ -	\$ 32,183
Office Equipment	34,734	-	-	-	-	34,734
Subtotal	<u>66,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,917</u>
Less accumulated depreciation:						
Machinery and Equipment	32,183	-	-	-	-	32,183
Office Equipment	34,734	-	-	-	-	34,734
Subtotal	<u>66,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,917</u>
Total Solid Waste	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Sewer District Fund</b>						
Capital Assets, not being depreciated:						
Construction in progress	\$ 1,410,355	\$ (1,410,355)	\$ -	\$ 37,400	\$ -	\$ 37,400
Capital Assets, being depreciated:						
Improvements	16,385,253	1,410,355	17,795,608	-	-	17,795,608
Subtotal	<u>17,795,608</u>	<u>-</u>	<u>17,795,608</u>	<u>37,400</u>	<u>-</u>	<u>17,833,008</u>
Less accumulated depreciation:						
Improvements	8,511,326	-	8,511,326	358,189	-	8,869,515
Subtotal	<u>8,511,326</u>	<u>-</u>	<u>8,511,326</u>	<u>358,189</u>	<u>-</u>	<u>8,869,515</u>
Total Sewer District	<u>\$ 9,284,282</u>	<u>\$ -</u>	<u>\$ 9,284,282</u>	<u>\$ (320,789)</u>	<u>\$ -</u>	<u>\$ 8,963,493</u>
<b>Sewer Charge Fund</b>						
Capital Assets, not being depreciated:						
Construction in progress	\$ -	\$ -	\$ -	\$ 36,017	\$ -	\$ 36,017
Capital Assets, being depreciated:						
Improvements	1,284,143	-	1,284,143	413,845	-	1,697,988
Subtotal	<u>1,284,143</u>	<u>-</u>	<u>1,284,143</u>	<u>449,862</u>	<u>-</u>	<u>1,734,005</u>
Less accumulated depreciation:						
Improvements	16,476	-	16,476	31,481	-	47,957
Subtotal	<u>16,476</u>	<u>-</u>	<u>16,476</u>	<u>31,481</u>	<u>-</u>	<u>47,957</u>
Total Sewer Charge	<u>\$ 1,267,667</u>	<u>\$ -</u>	<u>\$ 1,267,667</u>	<u>\$ 418,381</u>	<u>\$ -</u>	<u>\$ 1,686,048</u>

Depreciation expense was charged to functions/programs of the primary government in the Business-Type Activities as follows:

Business-Type Activities:	
Sewer District	\$ 358,189
Sewer Charges	31,481
Total Business-Type Activities	<u>\$ 389,670</u>

**Note 6: Proprietary Fund Capital Assets (Continued)**

A summary of the component unit property, plant and equipment is presented below:

	<u>Balance at July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2012</u>
Component Unit				
West Hollywood Marketing				
Capital assets, being depreciated:				
Furniture and Equipment	\$ 100,827	\$ 10,094	\$ 17,469	\$ 93,452
Furniture and Equipment under capital lease	<u>36,398</u>	<u>-</u>	<u>-</u>	<u>36,398</u>
Subtotal	<u>137,225</u>	<u>10,094</u>	<u>17,469</u>	<u>129,850</u>
Less accumulated depreciation:				
Furniture and Equipment	83,986	9,575	17,469	76,092
Furniture and Equipment under capital lease	<u>7,280</u>	<u>7,280</u>	<u>-</u>	<u>14,560</u>
Subtotal	<u>91,266</u>	<u>16,855</u>	<u>17,469</u>	<u>90,652</u>
Total Component Unit	<u>\$ 45,959</u>	<u>\$ (6,761)</u>	<u>\$ -</u>	<u>\$ 39,198</u>

**Note 7: Retirement Plan****Plan Description**

The City of West Hollywood contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

**Funding Policy**

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the rate was 17.518% of annual covered payroll. The contribution requirements of plan members and the City are established by and may be amended by PERS.

**Required Contribution**

For fiscal year 2011-2012, the City's contribution of \$3,365,864 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation, using the entry age normal actuarial cost method.

**Note 7: Retirement Plan (Continued)**

The summary of principal assumptions and methods used to determine the annual required contribution is shown below:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percentage of Payroll
Average Remaining Period	24 Year as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumption:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on Age, Services and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of .25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period. The latest information available is presented below. The schedule of funding progress shown below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**THREE-YEAR INFORMATION FOR MISCELLANEOUS PLAN**

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/2010	\$ 2,796,868	100%	\$ -
6/30/2011	2,843,292	100%	-
6/30/2012	3,365,864	100%	-

**SCHEDULE OF FUNDING PROGRESS FOR MISCELLANEOUS PLAN**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/09	\$52,276,133	\$74,625,363	\$22,349,230	70.1%	\$18,625,061	120.0%
6/30/10	59,237,041	83,114,721	23,877,680	71.3%	19,504,275	122.4%
6/30/11	66,501,828	92,016,524	25,514,696	72.3%	19,003,062	134.3%

**Note 8: Other Post-Retirement Benefits**

**Plan Description**

The City has established the City of West Hollywood Retiree Medical Benefit Plan, a single-employer defined benefit retiree healthcare plan. The plan, which is administered by the City, provides medical insurance benefits to eligible retirees. The plan provides a lifetime benefit of \$200 per month towards the health insurance premiums of all employees who retire from employment with the City and who elect to buy insurance through CALPERS. All employees are vested after five years of employment and must reach the age of 50 and qualify for CALPERS retirement in order to receive these benefits. The plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreement between the City and the bargaining units. The plan does not issue a separate report. All transactions are included within the financial statements of the City of West Hollywood.

**Funding Policy**

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011-2012, the City contributed \$56,000 to the plan in the form of current premiums. Plan members receiving benefits contribute the difference between the City contribution of \$200 per month and the plan members' chosen CALPERS medical plan. The funding policy is determined by the City Council.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	Fiscal Year Ended June 30, 2012
Annual required contribution	\$ 353,000
Interest on OPEB obligation (a)	47,000
Adjustment to annual required contribution	<u>(51,000)</u>
Annual OPEB cost	349,000
Less: contributions made	<u>(56,000)</u>
Increase in net OPEB obligation	293,000
Net OPEB obligation - beginning of year	<u>1,099,541</u>
Net OPEB obligation - end of year	<u>\$ 1,392,541</u>

(a) Rate is estimated at 4.25%.

**Note 8: Other Post-Retirement Benefits (Continued)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011-12 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2010	\$ 376,120	\$ 24,000	6.38%	\$ 812,541
6/30/2011	327,000	40,000	12.23%	1,099,541
6/30/2012	349,000	56,000	16.05%	1,392,541

**Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The actuarial valuation is prepared biennially. The table below presents the latest information available. (000's omitted)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percent of Covered Payroll</u>
6/30/2008	\$ -	\$ 2,762	\$ 2,762	0.0%	\$ 16,615	16.6%
6/30/2009	-	3,106	3,106	0.0%	17,155	18.1%
6/30/2011	-	2,983	2,983	0.0%	17,339	17.2%

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011, actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, a general inflation rate of 3.0%, an annual healthcare cost trend rate of 9.0% for 2009-2010, 8.0% for 2010-2011 which is then reduced by decrements to an ultimate rate of 5% after six years, and a payroll increase rate of 3.25%. The City offers a flat \$200 monthly benefit with no post-retirement benefit increases.

**Note 8: Other Post-Retirement Benefits (Continued)**

The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, was twenty-five years. The number of active plan participants is 204.

**Note 9: Long-Term Debt**

a. The following is a schedule of changes in long-term debt of the entity for the current fiscal year:

	Outstanding July 1, 2011	Additions	Deletions	Transfers to Successor Agency *	Outstanding June 30, 2012	Due Within One Year
Lease Revenue Bonds						
2009 Series A	\$ 19,235,000	\$ -	\$ 1,595,000	\$ -	\$ 17,640,000	\$ 1,645,000
2009 Series B	34,780,000	-	-	-	34,780,000	-
Tax Allocation Bonds						
2003	10,005,000	-	235,000	(9,770,000)	-	-
2011 Series A	30,560,000	-	1,440,000	(29,120,000)	-	-
2011 Series B	9,420,000	-	525,000	(8,895,000)	-	-
CJPIA General Liability Retrospective						
Deposit Payable	-	2,502,354	-	-	2,502,354	-
CJPIA Workers' Comp. Retrospective						
Deposit Payable	-	278,618	-	-	278,618	-
Accrued employee benefits	3,090,754	3,151,922	3,195,369	-	3,047,307	3,047,307
OPEB Obligation	1,099,541	293,000	-	-	1,392,541	-
<b>Totals</b>	<b>\$ 108,190,295</b>	<b>\$ 6,225,894</b>	<b>\$ 6,990,369</b>	<b>\$ (47,785,000)</b>	<b>59,640,820</b>	<b>\$ 4,692,307</b>
					504,361	
					(86,513)	
					<u>\$ 60,058,668</u>	

\* As a result of the dissolution of the Redevelopment Agency, indebtedness of the former Redevelopment Agency was transferred to the Successor Agency. See Note 17 for disclosures for indebtedness.

**b. Lease Revenue Bonds**

2009 Lease Revenue Bonds, Series A

On July 15, 2009, the West Hollywood Public Financing Authority issued \$22,160,000 2009 Lease Revenue Bonds, Series A to currently refund the outstanding principal balance of the 1998 Refunding Certificates of Participation in the amount of \$20,420,000, finance the acquisition and construction of certain public capital improvements, provide for a debt service reserve fund for the 2009 Bonds, and pay the costs of issuing the Series A 2009 Bonds.

Interest will be payable semiannually. Interest rates range from 2.0% to 5.0%, with maturity dates starting February 2010 and ending February 2021. Principal payments range from \$1,390,000 to \$2,310,000. At June 30, 2012, the total principal outstanding was \$17,640,000.

**Note 9: Long-Term Debt (Continued)**

## 2009 Lease Revenue Bonds, Series B

On July 15, 2009, the West Hollywood Public Financing Authority issued \$34,780,000 2009 Lease Revenue Bonds, Series B to finance the acquisition and construction of certain public capital improvements, fund a debt service reserve fund for the 2009 Bonds, and pay the costs of issuing the Series B 2009 Bonds.

The Series B Bonds are term bonds of \$8,570,000 with interest rate of 7.125% maturing on February 1, 2024, term bonds of \$8,020,000 with an interest rate of 8.000% maturing on February 1, 2029, and term bonds of \$18,190,000 with an interest rate of 8.250% maturing on February 1, 2039. Interest is payable semiannually beginning February 2010. At June 30, 2012, the total principal outstanding was \$34,780,000.

The following is a schedule, by years, of future debt service payments for both bonds as of June 30, 2012:

	2009 Lease Revenue Bonds, Series A		2009 Lease Revenue Bonds, Series B		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012-2013	\$ 1,645,000	\$ 807,700	\$ -	\$ 1,789,377	\$ 1,645,000	\$ 2,597,077
2013-2014	1,730,000	725,450	-	1,789,377	1,730,000	2,514,827
2014-2015	1,815,000	656,250	-	1,789,377	1,815,000	2,445,627
2015-2016	1,900,000	583,650	-	1,789,377	1,900,000	2,373,027
2016-2017	1,985,000	507,650	-	1,789,377	1,985,000	2,297,027
2017-2022	8,565,000	1,068,500	3,010,000	8,926,738	11,575,000	9,995,238
2022-2027	-	-	10,945,000	6,979,273	10,945,000	6,979,273
2027-2032	-	-	7,135,000	4,851,681	7,135,000	4,851,681
2032-2037	-	-	9,255,000	2,729,781	9,255,000	2,729,781
2037-2042	-	-	4,435,000	359,824	4,435,000	359,824
<b>Totals</b>	<b>\$ 17,640,000</b>	<b>\$ 4,349,200</b>	<b>\$ 34,780,000</b>	<b>\$ 32,794,182</b>	<b>\$ 52,420,000</b>	<b>\$ 37,143,382</b>

**c. Tax Allocation Bonds**

The Redevelopment Agency Tax Allocation Bonds totaling \$47,785,000 have been transferred to the Successor Agency. Please refer to Note 17 for disclosure information.

**d. CJPIA General Liability and Workers' Compensation Retrospective Deposit Payable**

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. CJPIA has temporarily deferred the payment on retrospective deposits owed to the Authority by members. The payment deferral period extends until July 1, 2013 for the Liability program and July 1, 2015 for the Workers' Compensation program. Retrospective deposit payments are scheduled to resume on these dates. The October 2011 annual retrospective adjustment is included in

**Note 9: Long-Term Debt (Continued)**

these balances. The City at June 30, 2012 had a retrospective deposit due of \$2,780,972. This amount is comprised of \$2,502,354 for General Liability and \$278,618 for workers' compensation.

**Optional Payment Plans**

When retrospective deposit payments resume as indicated above, members will have the opportunity to select from a variety of optional payment plans. Discounts under the incentive plan are available to members choosing to voluntarily accelerate payment during the deferral period. The City has chosen not to voluntarily accelerate payment at this time.

After the deferral period, members choosing from among the optional payment plans will be subject to a moderate annual fee. The fee is intended to provide a means for the Authority to recover otherwise foregone investment earnings and to serve as a minor disincentive for the selection of longer financing terms.

**Retrospective Balances will Change Annually**

Retrospective balances will change with each annual computation during the payment deferral period. Member balances may increase or decrease as a result of the most recent year's claim development. Accordingly, some members who chose to pay off their balance in full may be required to pay additional retrospective deposits in the future based on the outcome of actual claim development reflected in subsequent retrospective deposit computations. Conversely, if claim development is favorable then subsequent retrospective adjustments could potentially result in refunds to the member.

More information on the CJPIA retrospective balances can be found on the CJPIA website at [CJPIA.org](http://CJPIA.org).

**e. Accrued employee benefits**

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. The accrued employee benefits are normally liquidated by the General Fund. The outstanding balance at June 30, 2012 was \$3,047,307.

**f. Other post-employment benefits obligation**

The City's policies relating to other post-employment benefits are described in Note 8 of the Notes to Financial Statements. The outstanding balance at June 30, 2012 was \$1,392,541.

**Note 9: Long-Term Debt (Continued)**

**g. Lease Payable - Component Unit**

In August 2010, the West Hollywood Marketing Corporation entered into a capital lease to replace a photocopier, and its related upgrades, with a new photocopier. The original lease amount was \$36,398. Interest paid on the lease during the fiscal year 2011-2012 was \$1,708.

Original balance	\$ 36,398
Principal paid in fiscal year:	
2010-2011	(5,041)
2011-2012	<u>(6,392)</u>
Balance at June 30, 2012	<u><u>\$ 24,965</u></u>

The future lease payments are as follows:

2012-2013	\$ 8,099
2013-2014	8,099
2014-2015	8,099
2015-2016	<u>3,375</u>
	27,672
Less interest	<u>(2,707)</u>
Total	<u><u>\$ 24,965</u></u>

**Note 10: Unearned Revenue**

In fiscal year 2011-2012, the City received rent stabilization fees relating to fiscal year 2012-2013. These are recorded as unearned revenue in the General Fund in the amount of \$1,555,393, along with various other unearned revenues of \$1,262,343, for a total of \$2,817,736. These unearned amounts will be reported as revenue as they are earned. The remaining unearned revenue in the General Fund and other funds includes grant monies received but not yet earned, recreation revenues and other revenues collected in advance.

**Note 11: Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2012, was as follows:

**Due To/From Other Funds**

Funds	Due to Other Funds			Total
	Debt Funded Capital Projects	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
Due From Other Funds:				
General Fund	<u>\$ 5,699,273</u>	<u>\$ 1,632,433</u>	<u>\$ 458,038</u>	<u><u>\$ 7,789,744</u></u>

The due to General Fund of \$7,789,744 was a result of temporary deficit cash balances in the Debt Funded Capital Projects, Nonmajor Governmental Funds, and Nonmajor Enterprise Funds.

**Note 11: Interfund Receivables, Payables and Transfers (Continued)**

**Advances To/From Other Funds**

The General Fund has advanced \$99,430 to the Laurel Avenue Trust Fund to fund capital improvements to donated property.

**Interfund Transfers**

	Transfers Out			Total
	General Fund	Eastside Capital Improvement Fund	Nonmajor Governmental Funds	
Transfers In:				
Debt Funded Capital Projects	\$ 7,800,000	\$ -	\$ 500,000	\$ 8,300,000
Nonmajor Governmental Funds	3,409,134	32,239,747	1,026,329	36,675,210
Nonmajor Enterprise Funds	118,700	-	-	118,700
<b>Total</b>	<b>\$ 11,327,834</b>	<b>\$ 32,239,747</b>	<b>\$ 1,526,329</b>	<b>\$ 45,093,910</b>

The General Fund transferred \$7,800,000 to the Debt Funded Capital Projects Fund for expenditures towards completion of the 25<sup>th</sup> Anniversary Capital Project. The General Fund also made two transfers to Nonmajor Governmental Funds totaling \$3,409,134; the first transfer made to the Capital Projects Debt Service Fund for debt service payments was \$2,833,693 and the second transfer of \$575,441 was made to the Sunset Mitigation Fund to subsidize both operations. Lastly, the General Fund transferred \$118,700 to the Street Maintenance Fund to also subsidize its operations.

At the end of the 2010-2011 fiscal year, the Redevelopment Agency transferred \$32,239,747 to the Eastside Capital Improvement Fund to fund the Plummer Park project per a cooperation agreement between the City and the Agency. The transfer was reversed in the current year.

The West Hollywood Library Fund transferred \$500,000 of its fundraising proceeds to the Debt Funded Capital Projects Fund for the library construction. Parking Improvement Fund transferred \$1,026,329 to Capital Projects Debt Service Fund for the debt service payment on the City's Parking Structure.

**IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**Note 12: Liability, Workers' Compensation, and Purchased Insurance**

**a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City of West Hollywood is a member of the CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each

**Note 12: Liability, Workers' Compensation, and Purchased Insurance (Continued)**

member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

**b. Self-Insurance Programs of the Authority**

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

General Liability - In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Workers' Compensation - In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is

**Note 12: Liability, Workers' Compensation, and Purchased Insurance (Continued)**

evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law.

Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

**c. Purchased Insurance**

Pollution Legal Liability Insurance - The City of West Hollywood participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of West Hollywood. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance - The City of West Hollywood participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of West Hollywood property is currently insured according to a schedule of covered property submitted by the City of West Hollywood to the Authority. City of West Hollywood property currently has all-risk property insurance protection in the amount of \$58,461,607. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Earthquake and Flood Insurance - The City of West Hollywood purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of West Hollywood property currently has earthquake protection in the amount of \$95,245,814. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance - The City of West Hollywood purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retrospective adjustments.

**d. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2011-12.

**e. Library Project Insurance**

On August 19, 2011, the Library was added to the City's Property Schedule. During construction, the City had insurance with Allianz Global Risks US Insurance Company which covered up to \$15,000,000. The City had a deductible or uninsured liability for land movement of 5% of the total project value at risk at the time of the loss subject to a

**Note 12: Liability, Workers' Compensation, and Purchased Insurance (Continued)**

minimum of \$100,000 per claim, for water damage of \$100,000 per claim, and for all other perils of \$50,000 per claim. The City paid a premium of \$116,284 for this policy that covered from May 19, 2009 to July 19, 2011.

In addition, the City had purchased excess property insurance for coverage of the excess over and above the net loss per occurrence of \$15,000,000. The City paid a premium of \$95,900 for this policy that covered from May 19, 2009 to July 19, 2011.

In June of 2011, the City purchased a two-month extension to the Builder's Risk Policy, including the Overage Coverage, for a premium of \$6,565. The extension expired on August 18, 2011.

**Note 13: Litigation and Contingent Liabilities**

There are certain lawsuits pending against the City which seek monetary damages. As the likelihood of judgment being awarded has not yet been determined, no accrual of this amount has been reflected in the financial statements.

The City, acting as Tax Administrator, is pursuing prior years' hotel taxes from one of the City's mid-size hotels. The total delinquent assessment, including Transient Occupancy Taxes, Hotel Marketing Levies, Interest and Penalties is \$1,900,000. The City has initiated the process to collect the delinquent taxes, in accordance with Section 3.32.090 of the West Hollywood Municipal Code, along with working with the hotel operator to negotiate a settlement. The hotel has been making current tax payments since January 1, 2012.

**Note 14: Commitments**

**a. Contractual Commitments**

The City has entered into a contract with the Los Angeles County Sheriff's Department to provide law enforcement services in the City of West Hollywood. Approximately \$12.8 million was paid for these services in fiscal year 2011-2012.

**b. Construction Commitments**

The following material construction commitments existed at June 30, 2012:

Project Name	Contract Amount	Expenditures to date as of June 30, 2012	Remaining Commitments
Automated Parking System/Structure	\$ 2,640,000	\$ 90,000	\$ 2,550,000

**Note 15: Fund Balances and Net Assets Restatements**

Fund balances and net assets have been restated as follows:

**Governmental Funds and Governmental Activities:**

Major Governmental Funds:

General Fund:

To write off the advance to the West Hollywood Library Foundation since the Foundation did not meet its fundraising goal.	\$ (620,195)
Total General Fund	<u>(620,195)</u>

Nonmajor Governmental Funds:

Housing Trust Fund:

To accrue interest on a loan that was previously not recorded in prior years.	441,345
---	---------

West Hollywood Library Foundation Fund:

To write off the advance from the General Fund since the West Hollywood Library Foundation Fund did not meet its fund raising goal.	620,195
Total Nonmajor Governmental Funds	<u>1,061,540</u>
Total Fund Balances and Net Assets restatements	<u>\$ 441,345</u>

**Note 16: California Redevelopment Agency Dissolution**

On July 18, 2011, the California Redevelopment Association (“CRA”) and the League of California Cities (“League”) filed a petition for writ of mandate with the California Supreme Court, requesting the Court to declare unconstitutional two bills that were passed as part of the 2011-12 State Budget, AB 1X 26 and 27 (*California Redevelopment Association v. Matosantos*). AB 1X 26 would have dissolved redevelopment agencies effective October 1, 2011. AB 1X27 gave redevelopment agencies an option to avoid dissolution if it committed to making defined payments for the benefit of the State, school districts and certain special districts. In 2011-12, these payments amounted to a state-wide total of \$1.7 billion. In 2012-13 and subsequent years, the payments totaled \$400 million, annually. Each city or county’s share of these payments was determined based on its proportionate share of state-wide tax increment.

On August 17, 2011 the Supreme Court issued a stay of the implementation of AB 1X 26 and 27 which allowed a redevelopment agency to continue if it adopted an AB 1X 27 ordinance. However, because of the effect of the stay order, the authority for the Redevelopment Agency to engage in most activities was suspended.

The Supreme Court heard oral arguments on November 10, 2011 and on December 29, 2011 announced its decision in *California Redevelopment Association v. Matosantos*. The court upheld AB 1X 26 which dissolved redevelopment agencies, but invalidated in its entirety AB 1X 27 which would have allowed redevelopment agencies to continue as long as they made the required payments. AB 1X 26 established deadlines for the process of Redevelopment Agency dissolution and the handling of existing obligations. The full text of AB 1X 26 may be obtained from the California legislative information website maintained by the Legislative Counsel of the State of California at: <http://www.leginfo.ca.gov/bilinfo.html>.

As of January 31, 2012 the Redevelopment Agency has been dissolved and the City of West Hollywood has elected to become the Successor Agency. The Successor Agency will be responsible for winding down the remaining activities of the dissolved Redevelopment Agency.

**Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of West Hollywood that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On February 6, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-4266.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City. However, loans may be reinstated under Assembly Bill 1484 following the completion of a due diligence process currently being undertaken by the Successor Agency.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

**Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary loss recognized in the fund financial statements and the extraordinary gain recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary loss reported in the governmental funds - increase to net assets of the Successory Agency Trust Fund	\$ (43,536,799)
Capital assets recorded in the government-wide financial statements - increase to net assets of the Successor Agency Trust Fund	(2,427,834)
Long-term debt reported in the government-wide financial statements - decrease to net assets of the Successor Agency Trust Fund	<u>46,150,316</u>
Net decrease to net assets of the Successor Agency Trust Fund as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u><u>\$ 185,683</u></u>

**a. Cash and investments**

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 13,327,710
Cash and investments with fiscal agent	<u>31,258,151</u>
	<u><u>\$ 44,585,861</u></u>

**Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

**b. Capital Assets**

	Balance at July 1, 2011	Transfers from former Redevelopment Agency	Increases	Decreases	Balance at June 30, 2012
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ -	\$ 1,338,057	\$ -	\$ -	\$ 1,338,057
Construction-in-progress	-	576,058	-	-	576,058
Total Capital Assets, Not Being Depreciated	-	1,914,115	-	-	1,914,115
Capital assets, being depreciated:					
Land Improvements	-	575,077	-	-	575,077
Subtotal - Depreciable Assets	-	575,077	-	-	575,077
Total Capital Assets	-	2,489,192	-	-	2,489,192
Less accumulated depreciation:					
Land Improvements	-	61,358	5,375	-	66,733
Total Accumulated Depreciation	-	61,358	5,375	-	66,733
Total Capital Assets, Being Depreciated, Net	-	513,719	(5,375)	-	508,344
Governmental Activities Capital Assets, Net	\$ -	\$ 2,427,834	\$ (5,375)	\$ -	\$ 2,422,459

**c. Long-Term Debt**

The following debt was transferred from the Redevelopment Agency to the Successor Agency as of February 1, 2012 as a result of the dissolution. Prior to the dissolution, as reflected in Note 9, the Redevelopment Agency had paid \$2.2 million in principal payments.

	Balance at July 1, 2011	Transfer from former Redevelopment Agency	Additions	Deletions	Balance at June 30, 2012	Due Within One Year
<b>Fiduciary Activities</b>						
Successor Agency of the Former RDA						
Tax Allocation Bonds:						
2003	\$ -	\$ 9,770,000	\$ -	\$ -	\$ 9,770,000	\$ 245,000
2011 Series A	-	29,120,000	-	-	29,120,000	290,000
2011 Series B	-	8,895,000	-	-	8,895,000	60,000
Totals	\$ -	\$ 47,785,000	\$ -	\$ -	47,785,000	\$ 595,000
Less: unamortized original issue discount					(738,703)	
					\$ 47,046,297	

**Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

The City has pledged a portion of the tax increment revenue that it receives as security for tax allocation bonds it has issued. These bonds were to provide financing for various capital projects. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$122,258,669 with annual debt service requirements as indicated below. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$2,560,274 and the debt service obligation on the bonds was \$5,626,554.

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2012, follows:

**2003 Tax Allocation Bonds**

In September 2003, the West Hollywood Community Development Commission (Redevelopment Agency) issued \$11,500,000 Eastside Redevelopment Project 2003 Tax Allocation Bonds for the purpose of financing redevelopment activities. The bonds consist of \$5,650,000 serial bonds with annual maturity dates from September 1, 2004 through September 1, 2023, with interest rates ranging from 3.000% to 5.700%, and term bonds of \$2,520,000 with an interest rate of 5.625% maturing September 1, 2028, and term bonds of \$3,330,000 with an interest rate of 5.750% maturing September 1, 2033. Interest is payable semiannually beginning March 1, 2004. At June 30, 2012, the total principal outstanding was \$9,770,000.

**2011 Tax Allocation Bonds, Series A**

In March 2011, the West Hollywood Community Development Commission issued \$30,560,000 Eastside Redevelopment Project 2011 Tax Allocation Bonds, Series A for the purpose of financing redevelopment activities. The bonds consist of \$4,625,000 serial bonds with annual maturity dates from September 1, 2011 through September 1, 2021, with interest rates ranging from 2.000% to 6.250%; term bonds of \$2,415,000 with an interest rate of 7.000% maturing September 1, 2026; term bonds of \$3,400,000 with an interest rate of 7.250% maturing September 1, 2031; and term bonds of \$20,120,000 with an interest rate of 7.500% maturing September 1, 2042. Interest is payable semiannually beginning September 1, 2011. At June 30, 2012, the total principal outstanding was \$29,120,000.

**2011 Tax Allocation Bonds, Series B**

In March 2011, the West Hollywood Community Development Commission issued \$9,420,000 Eastside Redevelopment Project 2011 Tax Allocation Bonds, Series B for the purpose of financing redevelopment activities. The bonds consist of \$1,125,000 serial bonds with annual maturity dates from September 1, 2011 through September 1, 2021, with interest rates ranging from 3.000% to 8.500%; term bonds of \$525,000 with an interest rate of 9.250% maturing September 1, 2026; term bonds of \$815,000 with an interest rate of 9.500% maturing September 1, 2031; and term bonds of \$6,955,000 with an interest rate of 9.500% maturing September 1, 2042. Interest is payable semiannually beginning September 1, 2011. At June 30, 2012, the total principal outstanding was \$8,895,000.

**Note 17: Successor Agency Trust For Assets of Former Redevelopment Agency (Continued)**

The following is a schedule, by years, of future debt service payments for all bonds as of June 30, 2012:

	2003 Tax Allocation Bonds		2011 Tax Allocation Bonds, Series A	
	Principal	Interest	Principal	Interest
2012-2013	\$ 245,000	\$ 532,808	\$ 290,000	\$ 2,079,400
2013-2014	260,000	521,120	265,000	2,072,194
2014-2015	270,000	508,533	275,000	2,062,388
2015-2016	285,000	495,138	285,000	2,049,762
2016-2017	295,000	480,633	305,000	2,035,013
2017-2022	1,735,000	2,145,960	1,765,000	9,899,669
2022-2027	2,260,000	1,596,240	2,415,000	9,222,875
2027-2032	2,980,000	860,544	3,400,000	8,195,687
2032-2037	1,440,000	83,950	6,605,000	6,495,937
2037-2042	-	-	10,835,000	3,153,938
2042-2047	-	-	2,680,000	100,497
<b>Totals</b>	<b>\$ 9,770,000</b>	<b>\$ 7,224,926</b>	<b>\$ 29,120,000</b>	<b>\$ 47,367,360</b>

	2011 Tax Allocation Bonds, Series B		Total	
	Principal	Interest	Principal	Interest
2012-2013	\$ 60,000	\$ 826,563	\$ 595,000	\$ 3,438,771
2013-2014	45,000	824,500	570,000	3,417,814
2014-2015	50,000	822,113	595,000	3,393,034
2015-2016	50,000	819,175	620,000	3,364,075
2016-2017	55,000	815,756	655,000	3,331,402
2017-2022	340,000	4,007,969	3,840,000	16,053,598
2022-2027	525,000	3,821,406	5,200,000	14,640,521
2027-2032	815,000	3,510,963	7,195,000	12,567,194
2032-2037	2,060,000	2,915,075	10,105,000	9,494,962
2037-2042	3,885,000	1,469,888	14,720,000	4,623,826
2042-2047	1,010,000	47,975	3,690,000	148,472
<b>Totals</b>	<b>\$ 8,895,000</b>	<b>\$ 19,881,381</b>	<b>\$ 47,785,000</b>	<b>\$ 74,473,669</b>

**d. Subsequent Events****Assembly Bill 1484 Due Diligence Review**

On June 27, 2012, the Legislature passed Assembly Bill 1484 to establish a requirement for the successor agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of December 2011 property tax distribution to redevelopment agency/successor agency, a payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Redevelopment Funds Due Diligence Review for unencumbered cash. As of the date of the report the payment in July 2012 was made in the amount of \$2,067,487, the Low-Moderate Income Housing Due Diligence Review resulted in a payment of \$342,514 in December to the County, and the other Redevelopment Funds Due Diligence Review resulted in an amount due of \$1,243,997 to the County of which has not been confirmed by the Department of Finance.

(This page intentionally left blank)

# SUPPLEMENTARY INFORMATION



“Our delightful “pocket” park; the leafy trees; highly walkable area – big quality of life issues for me”



# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WEST HOLLYWOOD  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2012

	<b>Special Revenue Funds</b>			
	<b>Special Grant</b>	<b>Proposition A</b>	<b>Proposition C</b>	<b>Gas Tax</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 347,241	\$ 2,790,081	\$ 296,007	\$ 1,484,136
Receivables:				
Accounts	-	37,487	-	-
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	-	2,615	261	1,395
Prepaid costs	-	-	-	-
Due from other governments	646,073	-	-	130,993
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 993,314</b>	<b>\$ 2,830,183</b>	<b>\$ 296,268</b>	<b>\$ 1,616,524</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 111,224	\$ 299,027	\$ 196,221	\$ 65,765
Accrued liabilities	4,070	8,432	11,164	3,670
Deferred revenues	471,803	-	-	-
Unearned revenues	135,350	-	-	-
Deposits payable	15,737	-	9,498	3,847
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>738,184</b>	<b>307,459</b>	<b>216,883</b>	<b>73,282</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
<b>Restricted for:</b>				
Public services	255,130	2,522,724	79,385	1,543,242
Capital projects	-	-	-	-
Debt service	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>255,130</b>	<b>2,522,724</b>	<b>79,385</b>	<b>1,543,242</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 993,314</b>	<b>\$ 2,830,183</b>	<b>\$ 296,268</b>	<b>\$ 1,616,524</b>

## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012

(Continued)

Page 2 of 7

	Special Revenue Funds			
	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act
<b>Assets:</b>				
Pooled cash and investments	\$ 325,070	\$ 637,844	\$ 487,521	\$ 714,463
Receivables:				
Accounts	-	-	3,160	-
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	310	498	384	618
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 325,380</b>	<b>\$ 638,342</b>	<b>\$ 491,065</b>	<b>\$ 715,081</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 4,696	\$ -
Accrued liabilities	700	5,007	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	132,465	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>700</b>	<b>5,007</b>	<b>137,161</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
<b>Restricted for:</b>				
Public services	324,680	633,335	353,904	715,081
Capital projects	-	-	-	-
Debt service	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>324,680</b>	<b>633,335</b>	<b>353,904</b>	<b>715,081</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 325,380</b>	<b>\$ 638,342</b>	<b>\$ 491,065</b>	<b>\$ 715,081</b>

## CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

Page 3 of 7

	<b>Special Revenue Funds</b>			
	<b>City Lighting</b>	<b>Public Access</b>	<b>Parking Improvement</b>	<b>Permit Parking</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 831,350	\$ 63,820	\$ 2,882,481	\$ -
Receivables:				
Accounts	-	-	56,423	-
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	790	63	1,439	-
Prepaid costs	-	-	1,287	-
Due from other governments	145,627	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	57,157	-
<b>Total Assets</b>	<b>\$ 977,767</b>	<b>\$ 63,883</b>	<b>\$ 2,998,787</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 94,354	\$ 11,285	\$ 356,854	\$ 2,743
Accrued liabilities	-	4,740	791	20,155
Deferred revenues	60,826	-	-	-
Unearned revenues	-	-	204,157	-
Deposits payable	604	-	72,667	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	100,488
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>155,784</b>	<b>16,025</b>	<b>634,469</b>	<b>123,386</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	1,287	-
<b>Restricted for:</b>				
Public services	821,983	47,858	2,363,031	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(123,386)</b>
<b>Total Fund Balances</b>	<b>821,983</b>	<b>47,858</b>	<b>2,364,318</b>	<b>(123,386)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 977,767</b>	<b>\$ 63,883</b>	<b>\$ 2,998,787</b>	<b>\$ -</b>

## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012

(Continued)

Page 4 of 7

	<b>Special Revenue Funds</b>			
	<b>CDBG</b>	<b>Housing Trust</b>	<b>Sunset Mitigation</b>	<b>Avenues of Art and Design</b>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 2,176,767	\$ -	\$ 5,915
Receivables:				
Accounts	-	-	1,284,835	1,500
Loans	613,439	22,414,578	-	-
Allowance for forgiveness	-	(22,414,578)	-	-
Accrued interest	-	619,275	-	-
Prepaid costs	-	-	-	7,569
Due from other governments	38,426	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 651,865</b>	<b>\$ 2,796,042</b>	<b>\$ 1,284,835</b>	<b>\$ 14,984</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 11,619	\$ 61,446	\$ -	\$ 8,989
Accrued liabilities	5,153	3,085	-	5,955
Deferred revenues	1	66,000	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	613,439	-	-	-
Due to other funds	21,653	-	1,510,292	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>651,865</b>	<b>130,531</b>	<b>1,510,292</b>	<b>14,944</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	7,569
<b>Restricted for:</b>				
Public services	-	2,665,511	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>(225,457)</b>	<b>(7,529)</b>
<b>Total Fund Balances</b>	<b>-</b>	<b>2,665,511</b>	<b>(225,457)</b>	<b>40</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 651,865</b>	<b>\$ 2,796,042</b>	<b>\$ 1,284,835</b>	<b>\$ 14,984</b>

## CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

Page 5 of 7

	<b>Special Revenue Funds</b>		<b>Capital Projects Fund</b>	
	<b>West Hollywood Library Foundation</b>	<b>Measure R</b>	<b>Santa Monica Boulevard</b>	<b>General Reserves Capital Projects</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 264,047	\$ 256,975	\$ 6,432,771	\$ 23,322
Receivables:				
Accounts	1,976,757	-	-	-
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	-	241	6,007	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 2,240,804</b>	<b>\$ 257,216</b>	<b>\$ 6,438,778</b>	<b>\$ 23,322</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 14,952	\$ 31,551	\$ -	\$ -
Accrued liabilities	4,863	8,136	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>19,815</b>	<b>39,687</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
<b>Restricted for:</b>				
Public services	2,220,989	217,529	-	-
Capital projects	-	-	6,438,778	23,322
Debt service	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>2,220,989</b>	<b>217,529</b>	<b>6,438,778</b>	<b>23,322</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,240,804</b>	<b>\$ 257,216</b>	<b>\$ 6,438,778</b>	<b>\$ 23,322</b>

## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012

(Continued)

Page 6 of 7

	Capital Projects Funds		Debt Service Fund	
	Redevelopment Agency Capital Projects	Redevelopment Agency Low & Moderate	Capital Projects Debt Service	Redevelopment Agency Debt Service
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ -	\$ 6,970,454	\$ -
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	-	-	4,008	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	143,993	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	5,175,400	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,293,855</b>	<b>\$ -</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
<b>Nonspendable:</b>				
Prepaid costs	-	-	-	-
<b>Restricted for:</b>				
Public services	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	12,293,855	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>12,293,855</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,293,855</b>	<b>\$ -</b>

## CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

Page 7 of 7

	<b>Permanent Funds</b>	
	<b>Laurel Avenue Trust</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>		
Pooled cash and investments	\$ 92,756	\$ 27,083,021
Receivables:		
Accounts	-	3,360,162
Loans	-	23,028,017
Allowance for forgiveness	-	(22,414,578)
Accrued interest	87	637,991
Prepaid costs	-	8,856
Due from other governments	-	1,105,112
Restricted assets:		
Cash and investments with fiscal agents	-	5,232,557
<b>Total Assets</b>	<b>\$ 92,843</b>	<b>\$ 38,041,138</b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 1,270,726
Accrued liabilities	-	85,921
Deferred revenues	-	598,630
Unearned revenues	-	471,972
Deposits payable	-	102,353
Due to other governments	-	613,439
Due to other funds	-	1,632,433
Advances from other funds	99,430	99,430
<b>Total Liabilities</b>	<b>99,430</b>	<b>4,874,904</b>
<b>Fund Balances:</b>		
<b>Nonspendable:</b>		
Prepaid costs	-	8,856
<b>Restricted for:</b>		
Public services	-	14,764,382
Capital projects	-	6,462,100
Debt service	-	12,293,855
<b>Unassigned</b>	<b>(6,587)</b>	<b>(362,959)</b>
<b>Total Fund Balances</b>	<b>(6,587)</b>	<b>33,166,234</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 92,843</b>	<b>\$ 38,041,138</b>

(This page intentionally left blank)

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

Page 1 of 7

	<b>Special Revenue Funds</b>			
	<b>Special Grant</b>	<b>Proposition A</b>	<b>Proposition C</b>	<b>Gas Tax</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ 552,443	\$ 459,272	\$ -
Intergovernmental	1,730,050	1,556,687	-	1,078,807
Charges for services	-	-	-	-
Use of money and property	-	14,110	1,942	7,539
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	3,326	26,577	11,440	-
<b>Total Revenues</b>	<b>1,733,376</b>	<b>2,149,817</b>	<b>472,654</b>	<b>1,086,346</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	176,517	-	-	-
Public services	1,087,335	1,967,621	310,207	682,463
Capital outlay	211,745	-	227,992	97,179
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,475,597</b>	<b>1,967,621</b>	<b>538,199</b>	<b>779,642</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	257,779	182,196	(65,545)	306,704
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>257,779</b>	<b>182,196</b>	<b>(65,545)</b>	<b>306,704</b>
Fund Balances, Beginning of Year	(2,649)	2,340,528	144,930	1,236,538
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(2,649)	2,340,528	144,930	1,236,538
<b>Fund Balances, End of Year</b>	<b>\$ 255,130</b>	<b>\$ 2,522,724</b>	<b>\$ 79,385</b>	<b>\$ 1,543,242</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

Page 2 of 7

	<b>Special Revenue Funds</b>			
	<b>Air Quality Improvement</b>	<b>Traffic</b>	<b>Public Beautification and Art</b>	<b>Quimby Act</b>
<b>Revenues:</b>				
Taxes	\$ 41,752	\$ -	\$ -	\$ -
Intergovernmental	-	-	16,300	-
Charges for services	-	-	-	-
Use of money and property	1,808	2,845	2,419	3,854
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	367,749	213,504	120,666
Miscellaneous	-	-	1,868	-
<b>Total Revenues</b>	<b>43,560</b>	<b>370,594</b>	<b>234,091</b>	<b>124,520</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	184,391	-
Public safety	-	-	-	-
Public services	13,964	153,814	-	-
Capital outlay	14,265	17,000	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>28,229</b>	<b>170,814</b>	<b>184,391</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,331	199,780	49,700	124,520
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>15,331</b>	<b>199,780</b>	<b>49,700</b>	<b>124,520</b>
Fund Balances, Beginning of Year	309,349	433,555	304,204	590,561
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	309,349	433,555	304,204	590,561
<b>Fund Balances, End of Year</b>	<b>\$ 324,680</b>	<b>\$ 633,335</b>	<b>\$ 353,904</b>	<b>\$ 715,081</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

Page 3 of 7

	<b>Special Revenue Funds</b>			
	<b>City Lighting</b>	<b>Public Access</b>	<b>Parking Improvement</b>	<b>Permit Parking</b>
<b>Revenues:</b>				
Taxes	\$ 841,640	\$ 129,759	\$ -	\$ -
Intergovernmental	6,672	-	-	-
Charges for services	-	-	-	-
Use of money and property	3,470	470	2,408,141	642,491
Fines and forfeitures	-	-	932,440	-
Contributions	-	-	-	-
Developer participation	-	-	84,358	-
Miscellaneous	-	650	-	-
<b>Total Revenues</b>	<b>851,782</b>	<b>130,879</b>	<b>3,424,939</b>	<b>642,491</b>
<b>Expenditures:</b>				
Current:				
General government	-	150,076	13,812	-
Public safety	-	-	-	-
Public services	635,814	-	1,006,576	686,838
Capital outlay	-	-	670,843	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>635,814</b>	<b>150,076</b>	<b>1,691,231</b>	<b>686,838</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	215,968	(19,197)	1,733,708	(44,347)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(1,026,329)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(1,026,329)</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>215,968</b>	<b>(19,197)</b>	<b>707,379</b>	<b>(44,347)</b>
Fund Balances, Beginning of Year	606,015	67,055	1,656,939	(79,039)
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	606,015	67,055	1,656,939	(79,039)
<b>Fund Balances, End of Year</b>	<b>\$ 821,983</b>	<b>\$ 47,858</b>	<b>\$ 2,364,318</b>	<b>\$ (123,386)</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

Page 4 of 7

	<b>Special Revenue Funds</b>			
	<b>CDBG</b>	<b>Housing Trust</b>	<b>Sunset Mitigation</b>	<b>Avenues of Art and Design</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	271,082	-	-	-
Charges for services	-	-	593,445	142,900
Use of money and property	-	121,730	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	744,505	-	-
Miscellaneous	-	1,000	-	-
<b>Total Revenues</b>	<b>271,082</b>	<b>867,235</b>	<b>593,445</b>	<b>142,900</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	591,500	168,590
Public safety	-	-	575,441	-
Public services	181,153	395,411	-	-
Capital outlay	89,929	6,272	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>271,082</b>	<b>401,683</b>	<b>1,166,941</b>	<b>168,590</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	465,552	(573,496)	(25,690)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	575,441	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>575,441</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>465,552</b>	<b>1,945</b>	<b>(25,690)</b>
Fund Balances, Beginning of Year	-	1,758,614	(227,402)	25,730
Restatements	-	441,345	-	-
Fund Balances, Beginning of Year, as Restated	-	2,199,959	(227,402)	25,730
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 2,665,511</b>	<b>\$ (225,457)</b>	<b>\$ 40</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

Page 5 of 7

	Special Revenue Funds		Capital Projects Funds	
	West Hollywood Library Foundation	Measure R	Santa Monica Boulevard	General Reserves Capital Projects
<b>Revenues:</b>				
Taxes	\$ -	\$ 341,454	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	1,036	1,368	40,702	-
Fines and forfeitures	-	-	-	-
Contributions	1,499,698	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,500,734</b>	<b>342,822</b>	<b>40,702</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public services	515,550	372,266	-	-
Capital outlay	-	-	-	10,717
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>515,550</b>	<b>372,266</b>	<b>-</b>	<b>10,717</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	985,184	(29,444)	40,702	(10,717)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(500,000)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(500,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>485,184</b>	<b>(29,444)</b>	<b>40,702</b>	<b>(10,717)</b>
Fund Balances, Beginning of Year	1,115,610	246,973	6,398,076	34,039
Restatements	620,195	-	-	-
Fund Balances, Beginning of Year, as Restated	1,735,805	246,973	6,398,076	34,039
<b>Fund Balances, End of Year</b>	<b>\$ 2,220,989</b>	<b>\$ 217,529</b>	<b>\$ 6,438,778</b>	<b>\$ 23,322</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

Page 6 of 7

	Capital Projects Funds		Debt Service Funds	
	Redevelopment Agency Capital Projects	Redevelopment Agency Low & Moderate Housing	Capital Projects Debt Service	Redevelopment Agency Debt Service
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 2,560,274
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	52,230	19,651	954,767	(5,276)
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>52,230</b>	<b>19,651</b>	<b>954,767</b>	<b>2,554,998</b>
<b>Expenditures:</b>				
Current:				
General government	607,105	23,385	-	90,446
Public safety	-	-	-	-
Public services	-	-	-	-
Capital outlay	412,669	583,863	-	-
Debt service:				
Principal retirement	-	596,510	1,595,000	1,603,490
Interest and fiscal charges	-	491,140	2,644,927	1,216,479
<b>Total Expenditures</b>	<b>1,019,774</b>	<b>1,694,898</b>	<b>4,239,927</b>	<b>2,910,415</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(967,544)	(1,675,247)	(3,285,160)	(355,417)
<b>Other Financing Sources (Uses):</b>				
Transfers in	32,239,747	-	3,860,022	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>32,239,747</b>	<b>-</b>	<b>3,860,022</b>	<b>-</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	(30,321,693)	(9,425,580)	-	(3,789,526)
<b>Net Change in Fund Balances</b>	<b>950,510</b>	<b>(11,100,827)</b>	<b>574,862</b>	<b>(4,144,943)</b>
Fund Balances, Beginning of Year	(950,510)	11,100,827	11,718,993	4,144,943
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(950,510)	11,100,827	11,718,993	4,144,943
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,293,855</b>	<b>\$ -</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012**

Page 7 of 7

	<b>Permanent Funds</b>	
	<b>Laurel Avenue Trust</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>		
Taxes	\$ -	\$ 4,926,594
Intergovernmental	-	4,659,598
Charges for services	-	736,345
Use of money and property	576	4,275,873
Fines and forfeitures	-	932,440
Contributions	-	1,499,698
Developer participation	-	1,530,782
Miscellaneous	-	44,861
<b>Total Revenues</b>	<b>576</b>	<b>18,606,191</b>
<b>Expenditures:</b>		
Current:		
General government	-	1,829,305
Public safety	-	751,958
Public services	351	8,009,363
Capital outlay	-	2,342,474
Debt service:		
Principal retirement	-	3,795,000
Interest and fiscal charges	-	4,352,546
<b>Total Expenditures</b>	<b>351</b>	<b>21,080,646</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	225	(2,474,455)
<b>Other Financing Sources (Uses):</b>		
Transfers in	-	36,675,210
Transfers out	-	(1,526,329)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>35,148,881</b>
Extraordinary gain/(loss) on dissolution of redevelopment agency (Note 17)	-	(43,536,799)
<b>Net Change in Fund Balances</b>	<b>225</b>	<b>(10,862,373)</b>
Fund Balances, Beginning of Year	(6,812)	42,967,067
Restatements	-	1,061,540
Fund Balances, Beginning of Year, as Restated	(6,812)	44,028,607
<b>Fund Balances, End of Year</b>	<b>\$ (6,587)</b>	<b>\$ 33,166,234</b>

## SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for a specified purpose. The City of West Hollywood has the following Special Revenue Funds:

### AIR QUALITY IMPROVEMENT FUND:

Assembly Bill 2766 authorized a fee on motor vehicle registrations to fund programs to reduce mobile source air pollution. The South Coast Air Quality Management District (AQMD) administers the program which distributes forty cents of every dollar collected to the cities based on population. Additional grant funds may also be available from AQMD.

### AVENUES OF ART AND DESIGN FUND:

The City established the Avenues of Art & Design Business Improvement District on July 1, 1992. This fund is used to account for the annual assessments and expenditures within the District.

### CITY LIGHTING FUND:

The City receives a small portion of the 1.0% ad-valorem tax that is assessed on property by the County of Los Angeles. These revenues are used to provide city-wide lighting. In prior years, the City had recorded these revenues in the Lighting and Landscape Fund.

### COMMUNITY DEVELOPMENT BLOCK GRANT FUND (CDBG):

This U.S. Department of Housing and Urban Development grant provides resources for revitalization of low income urban areas, including beautification of the East Side, rehabilitation of low-income rental housing, shelter for the homeless, and assistance to low-income business owners.

### GAS TAX FUND:

Street and Highway Code sections 2106, 2107 and 2107.5 provide apportionment of certain monies from the State Highway Fund between the cities and counties; the City shares in proportion to its population. These funds must be used exclusively for the purposes of extensive maintenance, right-of-way, or construction of streets which are major thoroughfares or collector streets.

### HOUSING TRUST FUND:

This fund is used to account for the fees paid by developers of residential properties, as required by City Ordinance. The fees are used to create affordable housing, which includes long term loans to non-profit developers to provide housing to low income residents.

**MEASURE “R” FUND:**

This revenue is derived from a voter approved funds to meet the transportation needs of the County of Los Angeles. The expenditures for this fund must be related to transportation projects and programs.

**PARK DEVELOPMENT FUND (QUIMBY ACT):**

The State Government Code authorizes the City to have developers either dedicate land or pay fees to provide open space and park amenities in the City.

**PARKING IMPROVEMENT FUND:**

This fund contains the revenue from a predetermined amount of parking meter collections, and exactions from the developers of commercial and residential projects. These funds will be used for construction of parking structures.

**PERMIT PARKING FUND:**

Revenue for this fund comes from parking permit fees established to restrict parking within the preferential parking districts in the City. The major expenses are those incurred in managing and enforcing parking in the districts and developing shared parking programs.

**PROPOSITION “A” FUND:**

This revenue is derived from a voter approved increase of 0.5% on sales tax within the County of Los Angeles, sales of bus passes, purchase of Prop. A funds from other cities, and incentive funds from Los Angeles County received at 25% of the net operating cost of the Taxi Coupon program. These funds can be used only for the purposes of providing transportation programs to residents.

**PROPOSITION “C” FUND:**

This revenue is derived from a voter approved increase of 0.5% on sales tax within the County of Los Angeles. The expenditures for this fund must be related to transit programs, which may include paving projects.

**PUBLIC BEAUTIFICATION AND ART FUND:**

City Ordinance requires the developer of new projects to either submit an art plan to be approved by the Fine Arts Advisory Board or make a contribution to the Public Beautification and Art Fund in an amount established by resolution of the City Council. These funds are to be used for beautification of the City.

**PUBLIC ACCESS CORPORATION FUND:**

This Fund receives 1% of the Franchise Fees paid to the General Fund by the local cable company. The money is restricted to the use of the community channel 36 operation.

## SPECIAL GRANTS FUND

This fund is used to account for various grants the City receives that are restricted for a specific purpose, but do not warrant a separate fund for each grant.

## SUNSET MITIGATION FUND:

The City established a Sunset Boulevard Business Improvement District effective July 1, 2002. This fund is used to account for the annual assessments and expenditures within the District.

## TRAFFIC FUND:

Fees imposed on developers and Federal Grants provide revenues to this fund.

## WEST HOLLYWOOD LIBRARY FUND:

Donations for the capital campaign for the West Hollywood Library provide revenues to this fund.

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 SPECIAL GRANT  
 YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (2,649)	\$ (2,649)	\$ (2,649)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,135,877	2,338,146	1,730,050	(608,096)
Miscellaneous	-	20,000	3,326	(16,674)
<b>Amounts Available for Appropriations</b>	<b>1,133,228</b>	<b>2,355,497</b>	<b>1,730,727</b>	<b>(624,770)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public safety	100,000	100,000	176,517	(76,517)
Public works	1,035,877	1,133,546	1,087,335	46,211
Capital outlay	-	2,992,296	211,745	2,780,551
<b>Total Charges to Appropriations</b>	<b>1,135,877</b>	<b>4,225,842</b>	<b>1,475,597</b>	<b>2,750,245</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (2,649)</b>	<b>\$ (1,870,345)</b>	<b>\$ 255,130</b>	<b>\$ 2,125,475</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION A  
 YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 2,340,528	\$ 2,340,528	\$ 2,340,528	\$ -
<b>Resources (Inflows):</b>				
Taxes	506,000	506,000	552,443	46,443
Intergovernmental	193,234	1,384,234	1,556,687	172,453
Use of money and property	15,000	15,000	14,110	(890)
Miscellaneous	50,000	50,000	26,577	(23,423)
<b>Amounts Available for Appropriations</b>	<b>3,104,762</b>	<b>4,295,762</b>	<b>4,490,345</b>	<b>194,583</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	2,444,523	2,444,523	1,967,621	476,902
<b>Total Charges to Appropriations</b>	<b>2,444,523</b>	<b>2,444,523</b>	<b>1,967,621</b>	<b>476,902</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 660,239</b>	<b>\$ 1,851,239</b>	<b>\$ 2,522,724</b>	<b>\$ 671,485</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION C  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 144,930	\$ 144,930	\$ 144,930	\$ -
<b>Resources (Inflows):</b>				
Taxes	420,000	420,000	459,272	39,272
Use of money and property	12,000	12,000	1,942	(10,058)
Miscellaneous	-	-	11,440	11,440
<b>Amounts Available for Appropriations</b>	<b>576,930</b>	<b>576,930</b>	<b>617,584</b>	<b>40,654</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	332,040	332,040	310,207	21,833
Capital outlay	300,000	458,303	227,992	230,311
<b>Total Charges to Appropriations</b>	<b>632,040</b>	<b>790,343</b>	<b>538,199</b>	<b>252,144</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (55,110)</b>	<b>\$ (213,413)</b>	<b>\$ 79,385</b>	<b>\$ 292,798</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 GAS TAX  
 YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,236,538	\$ 1,236,538	\$ 1,236,538	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	711,130	854,077	1,078,807	224,730
Use of money and property	1,000	1,000	7,539	6,539
<b>Amounts Available for Appropriations</b>	<b>1,948,668</b>	<b>2,091,615</b>	<b>2,322,884</b>	<b>231,269</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	717,313	903,362	682,463	220,899
Capital outlay	15,130	594,168	97,179	496,989
<b>Total Charges to Appropriations</b>	<b>732,443</b>	<b>1,497,530</b>	<b>779,642</b>	<b>717,888</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,216,225</b>	<b>\$ 594,085</b>	<b>\$ 1,543,242</b>	<b>\$ 949,157</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY IMPROVEMENT  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 309,349	\$ 309,349	\$ 309,349	\$ -
<b>Resources (Inflows):</b>				
Taxes	44,000	51,500	41,752	(9,748)
Use of money and property	2,500	2,500	1,808	(692)
<b>Amounts Available for Appropriations</b>	<b>355,849</b>	<b>363,349</b>	<b>352,909</b>	<b>(10,440)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	22,960	30,460	13,964	16,496
Capital outlay	5,000	61,600	14,265	47,335
<b>Total Charges to Appropriations</b>	<b>27,960</b>	<b>92,060</b>	<b>28,229</b>	<b>63,831</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 327,889</b>	<b>\$ 271,289</b>	<b>\$ 324,680</b>	<b>\$ 53,391</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 433,555	\$ 433,555	\$ 433,555	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	7,000	7,000	2,845	(4,155)
Developer participation	10,000	10,000	367,749	357,749
<b>Amounts Available for Appropriations</b>	<b>450,555</b>	<b>450,555</b>	<b>804,149</b>	<b>353,594</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	158,671	166,413	153,814	12,599
Capital outlay	20,000	207,627	17,000	190,627
<b>Total Charges to Appropriations</b>	<b>178,671</b>	<b>374,040</b>	<b>170,814</b>	<b>203,226</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 271,884</b>	<b>\$ 76,515</b>	<b>\$ 633,335</b>	<b>\$ 556,820</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC BEAUTIFICATION AND ART  
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 304,204	\$ 304,204	\$ 304,204	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	16,300	16,300	-
Use of money and property	6,000	6,000	2,419	(3,581)
Developer participation	-	-	213,504	213,504
Miscellaneous	-	7,500	1,868	(5,632)
<b>Amounts Available for Appropriations</b>	<b>310,204</b>	<b>334,004</b>	<b>538,295</b>	<b>204,291</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	185,500	215,692	184,391	31,301
<b>Total Charges to Appropriations</b>	<b>185,500</b>	<b>215,692</b>	<b>184,391</b>	<b>31,301</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 124,704</b>	<b>\$ 118,312</b>	<b>\$ 353,904</b>	<b>\$ 235,592</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 QUIMBY ACT  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 590,561	\$ 590,561	\$ 590,561	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	4,000	4,000	3,854	(146)
Developer participation	-	-	120,666	120,666
<b>Amounts Available for Appropriations</b>	<b>594,561</b>	<b>594,561</b>	<b>715,081</b>	<b>120,520</b>
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	-	119,884	-	119,884
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>119,884</b>	<b>-</b>	<b>119,884</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 594,561</b>	<b>\$ 474,677</b>	<b>\$ 715,081</b>	<b>\$ 240,404</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 CITY LIGHTING  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 606,015	\$ 606,015	\$ 606,015	\$ -
<b>Resources (Inflows):</b>				
Taxes	782,000	782,000	841,640	59,640
Intergovernmental	6,000	6,000	6,672	672
Use of money and property	2,500	2,500	3,470	970
<b>Amounts Available for Appropriations</b>	<b>1,396,515</b>	<b>1,396,515</b>	<b>1,457,797</b>	<b>61,282</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	685,001	794,478	635,814	158,664
<b>Total Charges to Appropriations</b>	<b>685,001</b>	<b>794,478</b>	<b>635,814</b>	<b>158,664</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 711,514</b>	<b>\$ 602,037</b>	<b>\$ 821,983</b>	<b>\$ 219,946</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 PUBLIC ACCESS  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 67,055	\$ 67,055	\$ 67,055	\$ -
<b>Resources (Inflows):</b>				
Taxes	120,000	120,000	129,759	9,759
Use of money and property	2,500	2,500	470	(2,030)
Miscellaneous	800	800	650	(150)
<b>Amounts Available for Appropriations</b>	<b>190,355</b>	<b>190,355</b>	<b>197,934</b>	<b>7,579</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	144,339	144,339	150,076	(5,737)
<b>Total Charges to Appropriations</b>	<b>144,339</b>	<b>144,339</b>	<b>150,076</b>	<b>(5,737)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 46,016</b>	<b>\$ 46,016</b>	<b>\$ 47,858</b>	<b>\$ 1,842</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 PARKING IMPROVEMENT  
 YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 1,656,939	\$ 1,656,939	\$ 1,656,939	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,595,000	2,045,049	2,408,141	363,092
Fines and forfeitures	900,000	950,000	932,440	(17,560)
Developer participation	11,000	11,000	84,358	73,358
<b>Amounts Available for Appropriations</b>	<b>4,162,939</b>	<b>4,662,988</b>	<b>5,081,878</b>	<b>418,890</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	12,947	12,947	13,812	(865)
Public works	802,758	1,359,436	1,006,576	352,860
Capital outlay	-	20,510,745	670,843	19,839,902
Transfers out	1,026,329	1,026,329	1,026,329	-
<b>Total Charges to Appropriations</b>	<b>1,842,034</b>	<b>22,909,457</b>	<b>2,717,560</b>	<b>20,191,897</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 2,320,905</b>	<b>\$ (18,246,469)</b>	<b>\$ 2,364,318</b>	<b>\$ 20,610,787</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 PERMIT PARKING  
 YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (79,039)	\$ (79,039)	\$ (79,039)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	780,000	780,000	642,491	(137,509)
<b>Amounts Available for Appropriations</b>	<b>700,961</b>	<b>700,961</b>	<b>563,452</b>	<b>(137,509)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	800,305	800,305	686,838	113,467
<b>Total Charges to Appropriations</b>	<b>800,305</b>	<b>800,305</b>	<b>686,838</b>	<b>113,467</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (99,344)</b>	<b>\$ (99,344)</b>	<b>\$ (123,386)</b>	<b>\$ (24,042)</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 CDBG  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	277,327	277,327	271,082	(6,245)
<b>Amounts Available for Appropriations</b>	<b>277,327</b>	<b>277,327</b>	<b>271,082</b>	<b>(6,245)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	187,398	187,398	181,153	6,245
Capital outlay	89,929	89,929	89,929	-
<b>Total Charges to Appropriations</b>	<b>277,327</b>	<b>277,327</b>	<b>271,082</b>	<b>6,245</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 HOUSING TRUST  
 YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1, as restated	\$ 2,199,959	\$ 2,199,959	\$ 2,199,959	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	15,000	15,000	121,730	106,730
Developer participation	92,975	92,975	744,505	651,530
Miscellaneous	-	-	1,000	1,000
<b>Amounts Available for Appropriations</b>	<b>2,307,934</b>	<b>2,307,934</b>	<b>3,067,194</b>	<b>759,260</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	436,735	1,775,246	395,411	1,379,835
Capital outlay	-	3,500,000	6,272	3,493,728
<b>Total Charges to Appropriations</b>	<b>436,735</b>	<b>5,275,246</b>	<b>401,683</b>	<b>4,873,563</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,871,199</b>	<b>\$ (2,967,312)</b>	<b>\$ 2,665,511</b>	<b>\$ 5,632,823</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 SUNSET MITIGATION  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (227,402)	\$ (227,402)	\$ (227,402)	\$ -
<b>Resources (Inflows):</b>				
Charges for services	600,000	600,000	593,445	(6,555)
Transfers in	575,441	575,441	575,441	-
<b>Amounts Available for Appropriations</b>	<b>948,039</b>	<b>948,039</b>	<b>941,484</b>	<b>(6,555)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	591,500	591,500	591,500	-
Public safety	575,441	575,441	575,441	-
<b>Total Charges to Appropriations</b>	<b>1,166,941</b>	<b>1,166,941</b>	<b>1,166,941</b>	<b>-</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (218,902)</b>	<b>\$ (218,902)</b>	<b>\$ (225,457)</b>	<b>\$ (6,555)</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 AVENUES OF ART AND DESIGN  
 YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 25,730	\$ 25,730	\$ 25,730	\$ -
<b>Resources (Inflows):</b>				
Charges for services	230,000	230,000	142,900	(87,100)
<b>Amounts Available for Appropriations</b>	<b>255,730</b>	<b>255,730</b>	<b>168,630</b>	<b>(87,100)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	226,705	226,705	168,590	58,115
<b>Total Charges to Appropriations</b>	<b>226,705</b>	<b>226,705</b>	<b>168,590</b>	<b>58,115</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 29,025</b>	<b>\$ 29,025</b>	<b>\$ 40</b>	<b>\$ (28,985)</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 MEASURE R  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 246,973	\$ 246,973	\$ 246,973	\$ -
<b>Resources (Inflows):</b>				
Taxes	315,000	315,000	341,454	26,454
Use of money and property	1,500	1,500	1,368	(132)
<b>Amounts Available for Appropriations</b>	<b>563,473</b>	<b>563,473</b>	<b>589,795</b>	<b>26,322</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	442,512	477,450	372,266	105,184
<b>Total Charges to Appropriations</b>	<b>442,512</b>	<b>477,450</b>	<b>372,266</b>	<b>105,184</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 120,961</b>	<b>\$ 86,023</b>	<b>\$ 217,529</b>	<b>\$ 131,506</b>

## CAPITAL PROJECT FUNDS

### DEBT FUNDED CAPITAL IMPROVEMENT FUND:

To account for the receipt and disbursement of monies used for the construction of the mix use parking facilities, City Hall acquisition, Fire Station No. 7, new parking meters, and West Hollywood Park Master Plan, which generally require more than one budgetary cycle to complete. These projects are funded by the General Fund and Bond Proceeds.

### GENERAL RESERVES CAPITAL PROJECTS:

This fund is used specifically for resources designated for major capital improvement projects.

### REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND:

This fund accounts for loans and advances from the City, bond proceeds available for project improvements, interest income on invested funds, and certain miscellaneous income of the Redevelopment Agency. The projects will improve the assessed values of properties located in the project areas, thus increasing the property taxes. The increase in taxes will be used to repay the Agency's debt. The City declared that there is a need for a Redevelopment Agency to function in the City under and pursuant to the Community Redevelopment law, California Health and Safety Code Section 33000, *et seq.* The Redevelopment Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 16 for more information.

### REDEVELOPMENT AGENCY LOW & MODERATE FUND:

This fund accounts for the 20% set aside of tax increment revenues pursuant to the Community Redevelopment law, California Health and Safety Code Section 33000, for housing projects benefiting low and moderate-income households. The Redevelopment Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 16 for more information.

### SANTA MONICA BOULEVARD FUND:

This fund is used to account for projects associated with the rehabilitation of Santa Monica Blvd.

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
DEBT FUNDED CAPITAL PROJECTS  
YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (5,064,674)	\$ (5,064,674)	\$ (5,064,674)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	-	250,000	250,000
Miscellaneous	-	-	81,884	81,884
Transfers in	-	-	8,300,000	8,300,000
<b>Amounts Available for Appropriations</b>	<b>(5,064,674)</b>	<b>(5,064,674)</b>	<b>3,567,210</b>	<b>8,631,884</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	-	-	2,459	(2,459)
Capital outlay	29,882,493	30,082,494	9,514,033	20,568,461
<b>Total Charges to Appropriations</b>	<b>29,882,493</b>	<b>30,082,494</b>	<b>9,516,492</b>	<b>20,566,002</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (34,947,167)</b>	<b>\$ (35,147,168)</b>	<b>\$ (5,949,282)</b>	<b>\$ 29,197,886</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 SANTA MONICA BOULEVARD  
 YEAR ENDED JUNE 30, 2012

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,398,076	\$ 6,398,076	\$ 6,398,076	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	125,000	125,000	40,702	(84,298)
<b>Amounts Available for Appropriations</b>	<b>6,523,076</b>	<b>6,523,076</b>	<b>6,438,778</b>	<b>(84,298)</b>
<b>Charges to Appropriations (Outflow):</b>				
Public works	125,000	125,000	-	125,000
Capital outlay	-	69,980	-	69,980
<b>Total Charges to Appropriations</b>	<b>125,000</b>	<b>194,980</b>	<b>-</b>	<b>194,980</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,398,076</b>	<b>\$ 6,328,096</b>	<b>\$ 6,438,778</b>	<b>\$ 110,682</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
GENERAL RESERVES CAPITAL PROJECTS  
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 34,039	\$ 34,039	\$ 34,039	\$ -
<b>Charges to Appropriations (Outflow):</b>				
Capital outlay	-	4,440	10,717	(6,277)
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>4,440</b>	<b>10,717</b>	<b>(6,277)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 34,039</b>	<b>\$ 29,599</b>	<b>\$ 23,322</b>	<b>\$ (6,277)</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
REDEVELOPMENT AGENCY CAPITAL PROJECTS  
YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ (950,510)	\$ (950,510)	\$ (950,510)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	80,000	80,000	52,230	(27,770)
Transfers in	-	-	32,239,747	32,239,747
<b>Amounts Available for Appropriations</b>	<b>(870,510)</b>	<b>(870,510)</b>	<b>31,341,467</b>	<b>32,211,977</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	1,064,743	1,204,979	607,105	597,874
Capital outlay	-	43,414,183	412,669	43,001,514
Debt service:				
Interest and fiscal charges	400,000	400,000	-	400,000
Extraordinary loss on dissolution of redevelopment agency	-	-	30,321,693	(30,321,693)
<b>Total Charges to Appropriations</b>	<b>1,464,743</b>	<b>45,019,162</b>	<b>31,341,467</b>	<b>13,677,695</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (2,335,253)</b>	<b>\$ (45,889,672)</b>	<b>\$ -</b>	<b>\$ 45,889,672</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
REDEVELOPMENT AGENCY LOW AND MODERATE HOUSING  
YEAR ENDED JUNE 30, 2012**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 11,100,827	\$ 11,100,827	\$ 11,100,827	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,640,000	1,640,000	-	(1,640,000)
Use of money and property	20,000	20,000	19,651	(349)
<b>Amounts Available for Appropriations</b>	<b>12,760,827</b>	<b>12,760,827</b>	<b>11,120,478</b>	<b>(1,640,349)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	100,000	100,000	23,385	76,615
Capital outlay	-	3,065,888	583,863	2,482,025
Debt service:				
Principal retirement	597,850	597,850	596,510	1,340
Interest and fiscal charges	577,895	577,895	491,140	86,755
Extraordinary loss on dissolution of redevelopment agency	-	-	9,425,580	(9,425,580)
<b>Total Charges to Appropriations</b>	<b>1,275,745</b>	<b>4,341,633</b>	<b>11,120,478</b>	<b>(6,778,845)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 11,485,082</b>	<b>\$ 8,419,194</b>	<b>\$ -</b>	<b>\$ (8,419,194)</b>

## DEBT SERVICE FUNDS

### CAPITAL PROJECTS FUND:

Accounts for all financial activity related to the administration of proceeds generated from the issuance of long-term debt. The City issued Certificates of Participation (COPs) for the acquisition and construction of mixed use parking structures, fire station, homeless shelter, city hall, park renovations, and new parking meters.

Principal and interest on COPs issued are paid from resources accumulated through rents, parking fines, parking meter collections, and allocation of costs to divisions in lieu of the square feet occupied at City Hall by the foresaid divisions.

### REDEVELOPMENT AGENCY FUND:

This fund is used to account for the accumulation of resources and the payment of principal and interest on long-term debt issued to finance projects in the Eastside Redevelopment Project Area. Currently, resources consist of tax increments and interest earnings which will be used for payment of long-term debt of the Agency. The Redevelopment Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1X 26. See Note 16 for more information.

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS DEBT SERVICE  
YEAR ENDED JUNE 30, 2012**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 11,718,993	\$ 11,718,993	\$ 11,718,993	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	876,025	876,025	954,767	78,742
Transfers in	3,860,022	3,860,022	3,860,022	-
<b>Amounts Available for Appropriations</b>	<b>16,455,040</b>	<b>16,455,040</b>	<b>16,533,782</b>	<b>78,742</b>
<b>Charges to Appropriations (Outflow):</b>				
Debt service:				
Principal retirement	1,595,000	1,595,000	1,595,000	-
Interest and fiscal charges	2,654,927	2,654,927	2,644,927	10,000
<b>Total Charges to Appropriations</b>	<b>4,249,927</b>	<b>4,249,927</b>	<b>4,239,927</b>	<b>10,000</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 12,205,113</b>	<b>\$ 12,205,113</b>	<b>\$ 12,293,855</b>	<b>\$ 88,742</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 REDEVELOPMENT AGENCY DEBT SERVICE  
 YEAR ENDED JUNE 30, 2012**

	<b>Budget Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Budgetary Fund Balance, July 1	\$ 4,144,943	\$ 4,144,943	\$ 4,144,943	\$ -
<b>Resources (Inflows):</b>				
Taxes	4,625,000	4,625,000	2,560,274	(2,064,726)
Use of money and property	10,000	10,000	(5,276)	(15,276)
<b>Amounts Available for Appropriations</b>	<b>8,779,943</b>	<b>8,779,943</b>	<b>6,699,941</b>	<b>(2,080,002)</b>
<b>Charges to Appropriations (Outflow):</b>				
General government	130,000	130,000	90,446	39,554
Debt service:				
Principal retirement	1,604,500	1,604,500	1,603,490	1,010
Interest and fiscal charges	1,403,390	1,403,390	1,216,479	186,911
Extraordinary loss on dissolution of redevelopment agency	-	-	3,789,526	(3,789,526)
<b>Total Charges to Appropriations</b>	<b>3,137,890</b>	<b>3,137,890</b>	<b>6,699,941</b>	<b>(3,562,051)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 5,642,053</b>	<b>\$ 5,642,053</b>	<b>\$ -</b>	<b>\$ (5,642,053)</b>

(This page intentionally left blank)

## PROPRIETARY FUNDS

### LANDSCAPE DISTRICT FUND – ENTERPRISE:

An assessment is levied on the lots and parcels of property within the designated Landscape Maintenance District. Collection and distribution of the assessment is done by the County of Los Angeles. The revenue generated in this fund is used for maintenance, operation and servicing of boulevard median and parkways within the District.

### SEWER CHARGE FUND – ENTERPRISE:

Assessments for the sewers are determined by the City Engineer based on the type of dwellings and their usage. These assessments are attached to the property tax bill and then distributed to the City by the County of Los Angeles. Uses of this fund are for all engineering costs, mileage, overhead and maintenance costs related to the sewers.

### SOLID WASTE FUND – ENTERPRISE:

The City levies assessments for collection of solid waste from residential and/or commercial premises. The revenues are used to support the Environmental Services Division of the Community Development Department.

### STREET MAINTENANCE FUND – ENTERPRISE:

An assessment is levied on parcels of property within the City limits. Collection and distribution of the assessment is done by the County of Los Angeles. The revenue will be used for maintenance, operation, and servicing of the roadways within the City.

### INFORMATION SYSTEMS MASTER PLAN FUND – INTERNAL SERVICE:

Accounts for all costs incurred in the process of designing, purchasing and implementing of a new information systems infrastructure. Project includes costs for design, hardware and software acquisition and systems conversion. Costs are recovered from all operating units over a five-year period.

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF NET ASSETS  
NON-MAJOR PROPRIETARY FUNDS  
JUNE 30, 2012**

	<b>Business-Type Activities - Enterprise Funds</b>				
	<b>Sewer Charge</b>	<b>Solid Waste</b>	<b>Landscape District</b>	<b>Street Maintenance</b>	<b>Totals</b>
<b>Assets:</b>					
Current:					
Cash and investments	\$ -	\$ 551,818	\$ 136,968	\$ -	\$ 688,786
Receivables:					
Accounts	12,601	-	6,060	-	18,661
Accrued interest	-	592	135	-	727
Prepaid costs	-	186	-	-	186
Due from other governments	45,638	58,737	11,493	16,949	132,817
<b>Total Current Assets</b>	<b>58,239</b>	<b>611,333</b>	<b>154,656</b>	<b>16,949</b>	<b>841,177</b>
Noncurrent:					
Construction in progress	36,017	-	-	-	36,017
Capital assets - net of accumulated depreciation	1,650,031	-	-	-	1,650,031
<b>Total Noncurrent Assets</b>	<b>1,686,048</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,686,048</b>
<b>Total Assets</b>	<b>\$ 1,744,287</b>	<b>\$ 611,333</b>	<b>\$ 154,656</b>	<b>\$ 16,949</b>	<b>\$ 2,527,225</b>
<b>Liabilities and Net Assets:</b>					
<b>Liabilities:</b>					
Current:					
Accounts payable	\$ 132,526	\$ 3,244	\$ 13,141	\$ 25,148	\$ 174,059
Accrued liabilities	6,939	10,550	-	14,645	32,134
Deposits payable	-	-	-	1,108	1,108
Due to other funds	411,956	-	-	19,117	431,073
<b>Total Current Liabilities</b>	<b>551,421</b>	<b>13,794</b>	<b>13,141</b>	<b>60,018</b>	<b>638,374</b>
<b>Total Liabilities</b>	<b>551,421</b>	<b>13,794</b>	<b>13,141</b>	<b>60,018</b>	<b>638,374</b>
<b>Net Assets:</b>					
Invested in capital assets	1,686,048	-	-	-	1,686,048
Unrestricted	(493,182)	597,539	141,515	(43,069)	202,803
<b>Total Net Assets</b>	<b>1,192,866</b>	<b>597,539</b>	<b>141,515</b>	<b>(43,069)</b>	<b>1,888,851</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,744,287</b>	<b>\$ 611,333</b>	<b>\$ 154,656</b>	<b>\$ 16,949</b>	<b>\$ 2,527,225</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
NON-MAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds				
	Sewer Charge	Solid Waste	Landscape District	Street Maintenance	Totals
<b>Operating Revenues:</b>					
Sales and service charges	\$ 886,587	\$ 1,343,739	\$ 177,901	\$ 285,484	\$ 2,693,711
Fines and forfeitures	2,624	7,247	1,920	1,370	13,161
Miscellaneous	156,920	-	-	-	156,920
<b>Total Operating Revenues</b>	<b>1,046,131</b>	<b>1,350,986</b>	<b>179,821</b>	<b>286,854</b>	<b>2,863,792</b>
<b>Operating Expenses:</b>					
Administration and general	33,500	45,584	3,500	151,684	234,268
Treatment	552,917	1,259,712	173,187	288,750	2,274,566
Depreciation expense	31,481	-	-	-	31,481
<b>Total Operating Expenses</b>	<b>617,898</b>	<b>1,305,296</b>	<b>176,687</b>	<b>440,434</b>	<b>2,540,315</b>
Operating Income (Loss)	428,233	45,690	3,134	(153,580)	323,477
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue	-	2,360	865	-	3,225
<b>Total Nonoperating Revenues (Expenses)</b>	<b>-</b>	<b>2,360</b>	<b>865</b>	<b>-</b>	<b>3,225</b>
Income (Loss) Before Transfers	428,233	48,050	3,999	(153,580)	326,702
Transfers in	-	-	-	118,700	118,700
Changes in Net Assets	428,233	48,050	3,999	(34,880)	445,402
<b>Net Assets:</b>					
Beginning of Year	764,633	549,489	137,516	(8,189)	1,443,449
<b>End of Fiscal Year</b>	<b>\$ 1,192,866</b>	<b>\$ 597,539</b>	<b>\$ 141,515</b>	<b>\$ (43,069)</b>	<b>\$ 1,888,851</b>

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds				
	Sewer Charge	Solid Waste	Landscape District	Street Maintenance	Totals
<b>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 1,097,904	\$ 1,336,455	\$ 168,607	\$ 280,786	\$ 2,883,752
Cash paid to suppliers for goods and services	(927,105)	(1,269,201)	(182,155)	(272,971)	(2,651,432)
Cash paid to employees for services	(26,561)	(35,034)	(3,500)	(137,039)	(202,134)
<b>Net Cash Provided (Used) by</b>	<b>144,238</b>	<b>32,220</b>	<b>(17,048)</b>	<b>(129,224)</b>	<b>30,186</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers in	-	-	-	118,700	118,700
Cash paid due to/from other funds	305,279	-	-	10,524	315,803
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>305,279</b>	<b>-</b>	<b>-</b>	<b>129,224</b>	<b>434,503</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(449,862)	-	-	-	(449,862)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(449,862)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(449,862)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	345	2,927	1,037	-	4,309
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>345</b>	<b>2,927</b>	<b>1,037</b>	<b>-</b>	<b>4,309</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>-</b>	<b>35,147</b>	<b>(16,011)</b>	<b>-</b>	<b>19,136</b>
Cash and Cash Equivalents at Beginning of Year	-	516,671	152,979	-	669,650
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ -</b>	<b>\$ 551,818</b>	<b>\$ 136,968</b>	<b>\$ -</b>	<b>\$ 688,786</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 428,233	\$ 45,690	\$ 3,134	\$ (153,580)	\$ 323,477
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	31,481	-	-	-	31,481
(Increase) decrease in accounts receivable	134,628	-	(6,060)	-	128,568
(Increase) decrease in due from other governments	(19,522)	(14,531)	(5,154)	(7,176)	(46,383)
(Increase) decrease in prepaid expense	-	(186)	-	-	(186)
Increase (decrease) in accounts payable	(374,188)	(9,303)	(8,968)	15,779	(376,680)
Increase (decrease) in accrued liabilities	6,939	10,550	-	14,645	32,134
Increase (decrease) in deposits payable	(63,333)	-	-	1,108	(62,225)
<b>Total Adjustments</b>	<b>(283,995)</b>	<b>(13,470)</b>	<b>(20,182)</b>	<b>24,356</b>	<b>(293,291)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 144,238</b>	<b>\$ 32,220</b>	<b>\$ (17,048)</b>	<b>\$ (129,224)</b>	<b>\$ 30,186</b>

**Non-Cash Investing, Capital, and Financing Activities:**

There were no non-cash investing, capital or financing activities.

## FIDUCIARY FUNDS

### BUSINESS IMPROVEMENT FUND – AGENCY:

This is a business improvement district formed in 1996 of retail stores, restaurants and art galleries located near the Pacific Design Center. Businesses pay an annual assessment between \$60 and \$1,180. Year-round Avenues activities encompass free gallery walks, charity events, book signings, artist receptions, product offerings and demonstrations, with an annual event The Art & Design Walk.

### COMMUNITY DISTRICT DEBT SERVICE – AGENCY:

The function of this fund is to collect assessments on Community Facilities District No. 92-1 and to pay off interest and principal on the special Tax Bonds Series 1992.

### HOTEL MARKETING BENEFIT ZONE – AGENCY:

This fund accounts for the receipt of 1.5% of the Transient Occupancy Tax (hotel bed Tax) collected by the City on behalf of West Hollywood Marketing Corporation. This receipt of 1.5% assessment is granted to the WHMC to use to advertise the City as a travel destination and convention site.

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
ALL AGENCY FUNDS  
JUNE 30, 2012

	<u>Business Improvement</u>	<u>Community District Debt Service</u>	<u>Hotel Marketing Benefit Zone</u>	<u>Totals</u>
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 49,232	\$ 128,787	\$ 178,019
Receivables:				
Accounts	213,185	-	-	213,185
Taxes	-	-	229,069	229,069
Accrued interest	-	46	-	46
Due from other governments	-	3,322	-	3,322
<b>Total Assets</b>	<b><u>\$ 213,185</u></b>	<b><u>\$ 52,600</u></b>	<b><u>\$ 357,856</u></b>	<b><u>\$ 623,641</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 114,234	\$ -	\$ 357,856	\$ 472,090
Due to other governments	98,951	-	-	98,951
Due to bondholders	-	52,600	-	52,600
<b>Total Liabilities</b>	<b><u>\$ 213,185</u></b>	<b><u>\$ 52,600</u></b>	<b><u>\$ 357,856</u></b>	<b><u>\$ 623,641</u></b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2012**

	<u>Balance 7/1/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2012</u>
<b><u>Business Improvement</u></b>				
<b>Assets:</b>				
Receivables:				
Accounts	\$ 201,724	\$ 91,230	\$ 79,769	\$ 213,185
<b>Total Assets</b>	<b><u>\$ 201,724</u></b>	<b><u>\$ 91,230</u></b>	<b><u>\$ 79,769</u></b>	<b><u>\$ 213,185</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 136,540	\$ 196,230	\$ 218,536	\$ 114,234
Due to other governments	65,184	170,184	136,417	98,951
<b>Total Liabilities</b>	<b><u>\$ 201,724</u></b>	<b><u>\$ 366,414</u></b>	<b><u>\$ 354,953</u></b>	<b><u>\$ 213,185</u></b>
<b><u>Community District Debt Service</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 48,924	\$ 308	\$ -	\$ 49,232
Receivables:				
Accrued interest	97	257	308	46
Due from other governments	-	3,322	-	3,322
<b>Total Assets</b>	<b><u>\$ 49,021</u></b>	<b><u>\$ 3,887</u></b>	<b><u>\$ 308</u></b>	<b><u>\$ 52,600</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 49,021	\$ 3,579	\$ -	\$ 52,600
<b>Total Liabilities</b>	<b><u>\$ 49,021</u></b>	<b><u>\$ 3,579</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 52,600</u></b>
<b><u>Hotel Marketing Benefit Zone</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 181,218	\$ 1,888,481	\$ 1,940,912	\$ 128,787
Receivables:				
Taxes	194,375	232,123	197,429	229,069
<b>Total Assets</b>	<b><u>\$ 375,593</u></b>	<b><u>\$ 2,120,604</u></b>	<b><u>\$ 2,138,341</u></b>	<b><u>\$ 357,856</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 375,593	\$ 1,849,306	\$ 1,867,043	\$ 357,856
<b>Total Liabilities</b>	<b><u>\$ 375,593</u></b>	<b><u>\$ 1,849,306</u></b>	<b><u>\$ 1,867,043</u></b>	<b><u>\$ 357,856</u></b>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 230,142	\$ 1,888,789	\$ 1,940,912	\$ 178,019
Receivables:				
Accounts	201,724	91,230	79,769	213,185
Taxes	194,375	232,123	197,429	229,069
Accrued interest	97	257	308	46
Due from other governments	-	3,322	-	3,322
<b>Total Assets</b>	<b><u>\$ 626,338</u></b>	<b><u>\$ 2,215,721</u></b>	<b><u>\$ 2,218,418</u></b>	<b><u>\$ 623,641</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 512,133	\$ 2,045,536	\$ 2,085,579	\$ 472,090
Due to other governments	65,184	170,184	136,417	98,951
Due to bondholders	49,021	3,579	-	52,600
<b>Total Liabilities</b>	<b><u>\$ 626,338</u></b>	<b><u>\$ 2,219,299</u></b>	<b><u>\$ 2,221,996</u></b>	<b><u>\$ 623,641</u></b>

(This page intentionally left blank)

# STATISTICAL SECTION



"I grew up here so it's home. I love the trees and architecture, sense of community, good neighbors, shopping is convenient and WEHO is well situated in relation to the rest of LA so it's easy to get anywhere without needing the freeway too much"



## TABLE OF CONTENTS

The Statistical Section is included to provide financial statement users with additional historical perspective, context and detail for use in evaluating the information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

**FINANCIAL TRENDS INFORMATION-** These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

Table 1 - Net Assets by Component - *Last Ten Fiscal Years*

Table 2 - Changes in Net Assets - *Last Ten Fiscal Years*

Table 3 - Fund Balances of Governmental Funds - *Last Ten Fiscal Years*

Table 4 - Changes in Fund Balances of Governmental Funds - *Last Ten Fiscal Years*

Table 5 - General Fund Tax Revenues by Source - *Last Ten Fiscal Years*

**REVENUE CAPACITY INFORMATION-** These schedules contain information to help the reader assess the City's most significant local revenue sources.

Table 6 - Assessed Value and Estimated Actual Value of Taxable Property - *Last Ten Fiscal Years*

Table 7 - Direct and Overlapping Property Tax Rates - *Last Ten Fiscal Years*

Table 8 - Principal Property Owners - *Current Year and Ten Years Ago*

Table 9 - Property Tax Levies and Collections - *Last Ten Fiscal Years*

**DEBT CAPACITY INFORMATION-** These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Table 10 - Ratios of Outstanding Debt by Type - *Last Ten Fiscal Years*

Table 11 - Direct and Overlapping Debt - *June 30, 2011*

Table 12 - Legal Debt Margin Information - *Last Ten Fiscal Years*

Table 13 - East Side Project Area Bonds Coverage - *Last Eight Fiscal Years*

**DEMOGRAPHIC AND ECONOMIC INFORMATION-** These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Table 14 - Demographic and Economic Statistics - *Last Ten Calendar Years*

Table 15 - Principal Employers - *Current Year and Eight Years Ago*

**OPERATING INFORMATION** - These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relates to the services the City provides and the activities it performs.

Table 16 - Full-time Equivalent City Government Employees by Function – *Last Ten Fiscal Years*

Table 17 - Operating Indicators by Function - *Last Ten Fiscal Years*

Table 18 - Capital Asset Statistics by Function - *Last Ten Fiscal Years*

**EAST SIDE PROJECT INFORMATION** - These schedules contain property tax and debt service information about the East Side area of the City to help the reader understand the most significant source of revenue and expenditures in the project area.

Table 19 - East Side Project Area - Property Summary

Table 20 - East Side Project Area - Top Ten Tax Taxpayers

Table 21 - East Side Project Area - Historical Taxable and Tax Increments

Table 22 - East Side Project Area - Settled Assessment Appeals

Table 23 - East Side Project Area - Pending Assessment Appeals

Table 24 - East Side Project Area - Projected Tax Revenues and  
Estimated Debt Service Coverage

(This page intentionally left blank)

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

**TABLE 1**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

Page 1 of 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 75,773,265	\$ 76,368,465	\$ 81,802,689	\$ 83,025,801	\$ 82,839,263
Restricted	920,268	20,795,829	22,213,608	30,203,837	42,540,457
Unrestricted	38,150,731	26,840,466	34,378,132	44,313,953	61,562,154
Total governmental activities net assets	<u>\$ 114,844,264</u>	<u>\$ 124,004,760</u>	<u>\$ 138,394,429</u>	<u>\$ 157,543,591</u>	<u>\$ 186,941,874</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 11,430,276	\$ 11,110,118	\$ 10,812,425	\$ 10,593,768	\$ 10,270,624
Restricted	-	-	-	-	-
Unrestricted	1,877,114	1,988,256	1,962,405	1,127,018	1,270,903
Total business-type activities net assets	<u>\$ 13,307,390</u>	<u>\$ 13,098,374</u>	<u>\$ 12,774,830</u>	<u>\$ 11,720,786</u>	<u>\$ 11,541,527</u>
Primary government					
Invested in capital assets, net of related debt	\$ 87,203,541	\$ 87,478,583	\$ 92,615,114	\$ 93,619,569	\$ 93,109,887
Restricted	920,268	20,795,829	22,213,608	30,203,837	42,540,457
Public Works	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Unrestricted	40,027,845	28,828,722	36,340,537	45,440,971	62,833,057
Total primary government net assets	<u>\$ 128,151,654</u>	<u>137,103,134</u>	<u>151,169,259</u>	<u>169,264,377</u>	<u>198,483,401</u>

Source: City of West Hollywood.

(Continued)

Page 2 of 2

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities					
Invested in capital assets, net of related debt	\$ 85,785,512	\$ 103,042,403	\$ 94,984,874	\$ 123,634,342	\$ 141,101,458
Restricted	51,021,978	49,054,483	57,860,664	74,265,052	32,450,082
Unrestricted	71,516,525	58,335,334	61,509,140	25,483,889	61,864,889
Total governmental activities net assets	\$ 208,324,015	\$ 210,432,220	\$ 214,354,678	\$ 223,383,283	\$ 235,416,429
Business-type activities					
Invested in capital assets, net of related debt	\$ 9,947,480	\$ 10,151,952	\$ 9,942,991	\$ 10,551,949	\$ 10,576,124
Restricted					
Unrestricted	1,440,942	1,123,836	964,639	190,846	258,507
Total business-type activities net assets	\$ 11,388,422	\$ 11,275,788	\$ 10,907,630	\$ 10,742,795	\$ 10,834,631
Primary government					
Invested in capital assets, net of related debt	\$ 95,732,992	\$ 113,194,355	\$ 104,927,865	\$ 134,186,291	\$ 151,677,582
Restricted	51,021,978	49,054,483	57,860,664		
Public Works	-	-	-	1,236,538	1,798,372
Capital projects	-	-	-	59,372,752	19,428,110
Debt service	-	-	-	13,655,762	11,223,600
Unrestricted	72,957,467	59,459,170	62,473,779	25,674,735	62,123,396
Total primary government net assets	219,712,437	221,708,008	225,262,308	234,126,078	246,251,060

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

**TABLE 2  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

Page 1 of 4

Expenses	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
General government	\$ 11,660,643	\$ 13,336,517	\$ 14,701,420	\$ 16,479,257	\$ 15,648,141
Public safety	11,012,150	11,223,737	11,072,802	11,212,181	13,597,148
Public services	53,406,669	29,813,574	33,426,113	30,573,381	34,361,851
Interest on long-term debt	2,330,775	-	-	2,073,243	2,052,121
Total governmental activities expenses	<u>78,410,237</u>	<u>54,373,828</u>	<u>59,200,335</u>	<u>60,338,062</u>	<u>65,659,261</u>
Business-type activities:					
Solid waste	1,283,410	1,202,666	1,096,935	1,137,797	1,258,380
Landscape and lighting	73,536	83,326	147,299	198,252	160,241
Sewer	606,188	618,254	610,894	1,310,820	685,782
Street maintenance	306,866	276,658	305,569	334,287	346,350
Total business-type activities expenses	<u>2,270,000</u>	<u>2,180,904</u>	<u>2,160,697</u>	<u>2,981,156</u>	<u>2,450,753</u>
Total primary government expenses	<u>\$ 80,680,237</u>	<u>\$ 56,554,732</u>	<u>\$ 61,361,032</u>	<u>\$ 63,319,218</u>	<u>\$ 68,110,014</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 369,514	\$ 894,792	\$ 868,099	\$ 492,019	\$ 532,160
Public safety	708,219	289,521	800,865	999,856	684,303
Public services	17,312,306	16,487,845	18,260,961	18,535,109	20,879,091
Operating grants and contributions	10,341,249	5,449,185	6,484,701	3,244,620	5,003,291
Capital grants and contributions	13,698,814	1,929,252	332,050	743,180	232,089
Total governmental activities					
program revenues	<u>42,430,102</u>	<u>25,050,595</u>	<u>26,746,676</u>	<u>24,014,784</u>	<u>27,330,934</u>
Business-type activities:					
Charges for services:					
Solid waste	1,234,292	1,284,162	1,140,457	1,159,211	1,190,664
Landscape and lighting	162,903	138,117	136,105	163,312	162,704
Sewer	226,048	200,911	201,155	196,513	563,497
Street maintenance	285,506	288,359	286,867	285,348	283,569
Total business-type activities					
program revenues	<u>1,908,749</u>	<u>1,911,549</u>	<u>1,764,584</u>	<u>1,804,384</u>	<u>2,200,434</u>
Total primary government					
program revenues	<u>\$ 44,338,851</u>	<u>\$ 26,962,144</u>	<u>\$ 28,511,260</u>	<u>\$ 25,819,168</u>	<u>\$ 29,531,368</u>
Net (expense)/revenue					
Governmental activities	\$ (35,980,135)	\$ (29,323,233)	\$ (32,453,659)	\$ (36,323,278)	\$ (38,328,327)
Business-type activities	(361,251)	(269,355)	(396,113)	(1,176,772)	(250,319)
Total Primary government net expense	<u>\$ (36,341,386)</u>	<u>\$ (29,592,588)</u>	<u>\$ (32,849,772)</u>	<u>\$ (37,500,050)</u>	<u>\$ (38,578,646)</u>

Source: City of West Hollywood

(Continued)

Page 2 of 4

Expenses	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities:					
General government	\$ 21,093,563	\$ 23,286,253	\$ 22,283,500	\$ 19,875,065	\$ 23,165,824
Public safety	13,164,284	14,031,263	14,693,505	14,697,422	14,049,362
Public services	35,875,120	47,202,159	37,851,081	42,408,254	39,406,297
Interest on long-term debt	2,039,747	1,994,805	3,753,074	4,016,175	3,235,260
Total governmental activities expenses	<u>72,172,714</u>	<u>86,514,480</u>	<u>78,581,160</u>	<u>80,996,916</u>	<u>79,856,743</u>
Business-type activities:					
Solid waste	1,136,337	1,202,666	1,266,869	1,282,212	1,303,572
Landscape and lighting	156,616	182,353	175,253	183,915	176,687
Sewer	1,006,626	824,817	930,895	949,508	975,899
Street maintenance	366,655	392,463	396,000	435,088	437,763
Total business-type activities expenses	<u>2,666,234</u>	<u>2,602,299</u>	<u>2,769,017</u>	<u>2,850,723</u>	<u>2,893,921</u>
Total primary government expenses	<u>\$ 74,838,948</u>	<u>\$ 89,116,779</u>	<u>\$ 81,350,177</u>	<u>\$ 83,847,639</u>	<u>\$ 82,750,664</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 446,180	\$ 406,506	\$ 502,745	\$ 586,368	\$ 563,320
Public safety	692,071	1,260,919	1,149,849	1,076,360	980,518
Public services	23,401,515	15,417,753	14,551,173	18,748,179	19,947,996
Operating grants and contributions	4,828,524	5,317,302	4,688,118	4,257,901	4,397,509
Capital grants and contributions	1,027,706	4,439,194	2,198,352	4,278,207	1,676,294
Total governmental activities					
program revenues	<u>30,395,996</u>	<u>26,841,674</u>	<u>23,090,237</u>	<u>28,947,015</u>	<u>27,565,637</u>
Business-type activities:					
Charges for services:					
Solid waste	1,231,080	1,289,496	1,301,527	1,346,954	1,350,986
Landscape and lighting	172,501	176,224	173,623	174,009	179,821
Sewer	686,056	607,434	609,880	757,422	1,046,131
Street maintenance	284,924	284,872	288,216	287,801	286,854
Total business-type activities					
program revenues	<u>2,374,561</u>	<u>2,358,026</u>	<u>2,373,246</u>	<u>2,566,186</u>	<u>2,863,792</u>
Total primary government					
program revenues	<u>\$ 32,770,557</u>	<u>\$ 29,199,700</u>	<u>\$ 25,463,483</u>	<u>\$ 31,513,201</u>	<u>\$ 30,429,429</u>
Net (expense)/revenue					
Governmental activities	\$ (41,776,718)	\$ (59,672,806)	\$ (55,490,923)	\$ (52,049,901)	\$ (52,291,106)
Business-type activities	(291,673)	(244,273)	(395,771)	(284,537)	(30,129)
Total Primary government net expense	<u>\$ (42,068,391)</u>	<u>\$ (59,917,079)</u>	<u>\$ (55,886,694)</u>	<u>\$ (52,334,438)</u>	<u>\$ (52,321,235)</u>

CITY OF WEST HOLLYWOOD

**TABLE 2  
CHANGES IN NET ASSETS  
LAST TEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

General Revenue and Other Changes in Net Assets	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Taxes					
Property tax	\$ 8,621,038	\$ 10,557,027	\$ 11,290,226	\$ 15,282,673	\$ 15,431,742
Transient occupancy tax	8,050,754	9,288,712	11,262,704	12,791,327	13,598,347
Sales tax	8,265,707	8,667,158	11,295,461	11,815,467	12,531,819
Franchise tax	1,349,112	1,482,870	1,568,412	2,045,702	2,050,258
Business license tax	1,523,494	1,839,314	2,012,904	2,198,549	2,344,725
Motor vehicle in-lieu	2,279,906	1,737,070	2,588,005	2,522,013	2,734,771
Use of money and property	5,034,161	5,565,745	5,296,288	6,798,247	9,220,141
Other	4,736,600	341,521	447,477	646,918	6,489,110
Sale of capital assets	452,514	(199,449)	-	(70,533)	2,217,673
Extraordinary gain(loss) on dissolution of RDA	-	-	-	-	(26,706)
Transfers	-	-	-	-	(26,706)
Total governmental activities	<u>40,313,286</u>	<u>39,279,968</u>	<u>45,761,477</u>	<u>54,030,363</u>	<u>66,591,880</u>
Business-type activities:					
Property taxes	26,895	-	-	-	-
Use of money and property	32,192	23,743	37,035	38,563	44,354
Intergovernmental	-	36,596	35,534	-	-
Transfers	-	-	-	-	26,706
Other	-	-	-	84,165	-
Total business-type activities	<u>59,087</u>	<u>60,339</u>	<u>72,569</u>	<u>122,728</u>	<u>71,060</u>
Total primary government	<u>\$ 40,372,373</u>	<u>\$ 39,340,307</u>	<u>\$ 45,834,046</u>	<u>\$ 54,153,091</u>	<u>\$ 66,662,940</u>
<b>Change in Net Assets</b>					
Governmental Activities	\$ 4,333,151	\$ 9,956,735	\$ 13,307,818	\$ 17,707,085	\$ 28,263,553
Business-type activities	(302,164)	(209,016)	(323,544)	(1,054,044)	(179,259)
Total primary government	<u>\$ 4,030,987</u>	<u>\$ 9,747,719</u>	<u>\$ 12,984,274</u>	<u>\$ 16,653,041</u>	<u>\$ 28,084,294</u>

Source: City of West Hollywood

(Continued)

Page 4 of 4

General Revenue and Other Changes in Net Assets	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities:					
Taxes					
Property tax	\$ 16,094,302	\$ 17,963,819	\$ 18,349,422	\$ 18,002,980	\$ 15,515,421
Transient occupancy tax	13,133,591	12,124,316	12,590,134	14,089,667	15,414,055
Sales tax	13,935,810	12,743,088	12,308,132	12,775,378	14,004,171
Franchise tax	2,093,383	2,039,944	2,257,600	2,359,255	2,408,295
Business license tax	2,454,969	2,727,228	2,603,306	2,515,615	2,637,647
Motor vehicle in-lieu	3,013,166	3,307,057	3,451,448	3,349,580	3,382,436
Use of money and property	12,186,976	9,906,326	7,322,293	7,298,634	7,999,846
Other	333,347	524,470	623,043	803,397	2,454,053
Sale of capital assets	-	-	-	-	-
Extraordinary gain(loss) on dissolution of RDA					185,683
Transfers	(86,684)	(100,000)	(100,000)	(116,000)	(118,700)
Total governmental activities	63,158,860	61,236,248	59,405,378	61,078,506	63,882,907
Business-type activities:					
Property taxes	-	-	-	-	-
Use of money and property	51,884	31,639	9,600	3,702	3,265
Intergovernmental	-	-	-	-	-
Transfers	86,684	100,000	100,000	116,000	118,700
Other	-	-	-	-	-
Total business-type activities	138,568	131,639	109,600	119,702	121,965
Total primary government	\$ 63,297,428	\$ 61,367,887	\$ 59,514,978	\$ 61,198,208	\$ 64,004,872
<b>Change in Net Assets</b>					
Governmental Activities	\$ 21,382,142	\$ 1,563,442	\$ 3,914,455	\$ 9,028,605	\$ 11,591,801
Business-type activities	(153,105)	(112,634)	(286,171)	(164,835)	91,836
Total primary government	\$ 21,229,037	\$ 1,450,808	\$ 3,628,284	\$ 8,863,770	\$ 11,683,637

CITY OF WEST HOLLYWOOD

**TABLE 3  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 12,827,655	\$ 8,252,813	\$ 7,366,598	\$ 8,667,835	\$ 9,586,060
Unreserved	18,619,896	25,105,511	34,649,072	43,109,866	59,779,958
General Fund					
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 31,447,551</u>	<u>\$ 33,358,324</u>	<u>\$ 42,015,670</u>	<u>\$ 51,777,701</u>	<u>\$ 69,366,018</u>
All other governmental funds					
Reserved	\$ 3,285,441	\$ 1,306,137	\$ 1,853,944	\$ 1,739,931	\$ 1,828,522
Unreserved, reported in:					
Special revenue funds	13,068,315	9,167,038	8,124,694	12,827,476	17,077,571
Capital projects funds	(16,087,901)	(2,869,830)	(4,446,100)	(3,999,838)	(1,053,737)
Debt service funds	6,234,461	8,044,882	9,104,625	12,596,942	16,259,331
Permanent funds	(7,340)	(19,008)	(14,039)	(13,161)	(13,378)
Nonspendable	-	-	-	-	-
Restricted					
Public services	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Low and moderate acti	-	-	-	-	-
Committed to:					
Emergency Contingenc	-	-	-	-	-
Continuing appropriati	-	-	-	-	-
Assigned to:					
Self Insurance	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 6,492,976</u>	<u>\$ 15,629,219</u>	<u>\$ 14,623,124</u>	<u>\$ 23,151,350</u>	<u>\$ 34,098,309</u>

Source: City of West Hollywood.

(Continued)

Page 2 of 2

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund					
Reserved	\$ 11,088,861	\$ 12,483,127	\$ 8,737,738	\$ -	\$ -
Unreserved	71,182,870	64,027,333	59,826,908	-	-
General Fund					
Nonspendable	-	-	-	783,625	186,823
Committed	-	-	-	18,787,130	7,735,781
Assigned	-	-	-	40,500,000	58,557,142
Unassigned	-	-	-	15,077,764	9,295,313
Total General Fund	<u>\$ 82,271,731</u>	<u>\$ 76,510,460</u>	<u>\$ 68,564,646</u>	<u>\$ 75,148,519</u>	<u>\$ 75,775,059</u>
All other governmental funds					
Reserved	\$ 6,367,024	\$ 43,819,590	\$ 25,444,012	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	21,073,781	2,682,085	3,215,665	-	-
Capital projects funds	(7,352,494)	(39,316,074)	(18,527,488)	-	-
Debt service funds	20,005,025	24,115,084	38,372,032	-	-
Permanent funds	(9,825)	(7,675)	(6,986)	-	-
Nonspendable	-	-	-	770	8,856
Restricted					
Public services	-	-	-	10,835,831	14,764,382
Capital projects	-	-	-	38,671,862	6,462,100
Debt service	-	-	-	15,863,936	12,293,855
Low and moderate ac	-	-	-	11,100,827	-
Committed to:					
Emergency Continge	-	-	-	-	-
Continuing appropriat	-	-	-	-	-
Assigned to:					
Self Insurance	-	-	-	-	-
Unassigned	-	-	-	(6,331,086)	(6,312,241)
Total all other governmental funds	<u>\$ 40,083,511</u>	<u>\$ 31,293,010</u>	<u>\$ 48,497,235</u>	<u>\$ 70,142,140</u>	<u>\$ 27,216,952</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

**TABLE 4  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS**

Page 1 of 2

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Revenues</b>					
Taxes	\$ 28,790,692	\$ 33,002,400	\$ 37,952,941	\$ 45,207,616	\$ 46,101,241
Licenses and permits	3,321,312	3,430,860	3,768,824	3,685,402	4,713,679
Intergovernmental	13,726,715	7,834,915	9,019,572	5,630,843	7,291,616
Charges for services	2,791,718	3,008,760	3,000,706	3,465,762	3,305,877
Use of money and property	4,895,491	6,304,030	6,191,455	7,878,304	9,464,842
Fines and forfeitures	8,907,842	8,695,339	8,615,254	9,035,814	9,527,735
Contributions	-	-	-	-	-
Miscellaneous	15,991,927	400,676	320,347	790,001	6,514,931
Developer participation	2,630,914	1,145,013	2,959,411	2,171,542	3,703,886
Total revenues	<u>81,056,611</u>	<u>63,821,993</u>	<u>71,828,510</u>	<u>77,865,284</u>	<u>90,623,807</u>
<b>Expenditures</b>					
Current:					
General government	11,588,027	12,101,089	13,874,481	16,166,120	15,194,716
Public Safety	10,928,765	10,887,777	10,698,220	11,139,872	11,319,265
Public Services	28,749,190	25,541,870	27,292,421	27,346,605	30,204,839
Capital outlay	26,028,650	12,626,053	4,722,669	6,322,213	6,663,064
Debt service:					
Principal retirement	1,885,000	725,000	5,420,000	845,000	890,000
Interest and fiscal charges	2,342,520	2,028,213	2,169,468	2,076,761	2,066,311
Debt issuance costs	-	364,975	-	-	-
Total expenditures	<u>81,522,152</u>	<u>64,274,977</u>	<u>64,177,259</u>	<u>63,896,571</u>	<u>66,338,195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(465,541)</u>	<u>(452,984)</u>	<u>7,651,251</u>	<u>13,968,714</u>	<u>24,285,612</u>
<b>Other financing sources (uses)</b>					
Transfers in	8,556,204	15,664,745	8,062,551	2,684,606	2,697,002
Transfers out	(8,556,204)	(15,664,745)	(8,062,551)	(2,684,606)	(2,723,708)
Long-term debt issued	-	11,500,000	-	-	-
Refunding bonds issued	-	-	-	-	-
Bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Bond discount	-	-	-	-	-
Sale of capital assets	2,800,000	-	-	2,879,467	3,697,706
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-
Total other financing sources (uses)	<u>2,800,000</u>	<u>11,500,000</u>	<u>-</u>	<u>2,879,467</u>	<u>3,671,000</u>
Net change in fund balances	<u>\$ 2,334,459</u>	<u>\$ 11,047,016</u>	<u>\$ 7,651,251</u>	<u>\$ 16,848,181</u>	<u>\$ 27,956,612</u>
<b>Debt service as a percentage of noncapital expenditures</b>					
	5.4%	5.3%	12.2%	5.0%	4.6%
Capital Outlay	3,770,247	11,913,594	2,046,977	5,420,275	2,424,732

Note: Capital Outlay from Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Source: City of West Hollywood.

(Continued)

Page 2 of 2

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Revenues</b>					
Taxes	\$ 48,030,682	\$ 47,964,152	\$ 46,197,345	\$ 49,856,094	\$ 49,608,370
Licenses and permits	6,463,934	3,749,814	3,380,036	4,718,357	5,520,319
Intergovernmental	9,326,675	10,216,862	8,273,817	9,340,661	8,459,564
Charges for services	3,204,181	3,192,149	3,289,924	3,389,975	3,551,985
Use of money and property	11,800,400	9,518,263	6,866,344	9,794,397	7,934,591
Fines and forfeitures	9,426,028	9,404,794	8,969,664	10,033,205	10,443,347
Contributions	-	3,122,985	1,373,409	2,947,907	1,500,348
Miscellaneous	1,627,926	657,738	709,999	2,154,698	2,603,628
Developer participation	3,963,162	345,161	388,298	834,235	1,530,782
Total revenues	93,842,988	88,171,918	79,448,836	93,069,529	91,152,934
<b>Expenditures</b>					
Current:					
General government	17,656,982	22,464,073	21,699,975	19,233,560	19,874,229
Public Safety	12,671,110	13,951,163	14,613,812	14,619,971	14,068,721
Public Services	33,086,061	44,571,826	36,093,478	39,455,917	35,669,727
Capital outlay	8,463,971	19,191,828	29,206,055	24,746,798	12,477,205
Debt service:					
Principal retirement	935,000	980,000	22,030,000	1,760,000	3,795,000
Interest and fiscal charges	2,052,264	2,013,074	3,166,842	3,481,149	4,352,546
Debt issuance costs	-	-	790,384	712,845	-
Total expenditures	74,865,388	103,171,964	127,600,546	104,010,240	90,237,428
Excess (deficiency) of revenues over (under) expenditures	18,977,600	(15,000,046)	(48,151,710)	(10,940,711)	915,506
<b>Other financing sources (uses)</b>					
Transfers in	3,354,513	5,450,450	28,871,861	63,005,020	44,975,210
Transfers out	(3,441,197)	(5,550,450)	(28,971,861)	(63,121,020)	(45,093,910)
Long-term debt issued	-	-	-	39,980,000	-
Refunding bonds issued	-	-	22,160,000	-	-
Bonds issued	-	-	34,780,000	-	-
Bond premium	-	-	665,937	-	-
Bond discount	-	-	(95,813)	(694,511)	-
Sale of capital assets	-	91	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	(43,536,799)
Total other financing sources (uses)	(86,684)	(99,909)	57,410,124	39,169,489	(43,655,499)
Net change in fund balances	\$ 18,890,916	\$ (15,099,955)	\$ 9,258,414	\$ 28,228,778	\$ (42,739,993)
Debt service as a percentage of noncapital expenditures	4.2%	3.5%	25.8%	6.6%	10.4%
Capital Outlay	4,462,135	18,777,662	29,786,812	24,455,298	12,006,900

CITY OF WEST HOLLYWOOD

**TABLE 5  
GENERAL FUND TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>(1) Transient Occupancy Tax</b>	<b>(2) Sales Taxes</b>	<b>(3) Property Taxes</b>	<b>Franchise Taxes</b>	<b>Business License Tax</b>	<b>Total General Fund Taxes</b>
<b>2003</b>	8,050,754	8,265,707	6,898,409	1,443,358	1,425,024	26,083,252
<b>2004</b>	9,288,712	8,667,158	7,280,610	1,949,270	1,747,267	28,933,016
<b>2005</b>	11,262,704	10,295,808	7,585,418	1,931,179	1,942,270	33,017,379
<b>2006</b>	12,791,327	11,856,503	8,000,302	2,045,703	2,111,391	36,805,225
<b>2007</b>	13,598,347	12,186,463	9,786,521	2,050,259	2,259,576	39,881,166
<b>2008</b>	13,133,591	12,951,731	10,436,713	1,965,000	2,375,905	40,862,940
<b>2009</b>	12,124,316	12,112,025	10,941,349	1,940,166	2,611,390	39,729,245
<b>2010</b>	12,590,134	10,730,268	9,971,747	2,123,395	2,383,438	37,798,981
<b>2011</b>	14,089,667	11,642,605	11,191,866	2,212,579	2,425,126	41,561,844
<b>2012</b>	15,414,055	12,279,783	12,071,755	2,278,536	2,637,647	44,681,776

Notes:

(1) Does not include marketing assessment for West Hollywood Visitors and Convention Bureau.

(2) Does not include Prop A, C and Measure R sales taxes.

(3) Does not include redevelopment agency or Lighting District.

In fiscal year 2009-10, the State of California borrowed 8% of all property taxes.  
\$1,385,432 should be repaid in 2012-13.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

**TABLE 6  
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year	City			Taxable Assessed Value	Redevelopment Agency			(1) Total Direct Tax Rate
	Real	Personal	Utility		Real	Personal	Taxable Assessed Value	
2003	3,949,650,885	167,150,905	0	4,116,801,790	582,850,126	25,257,243	608,107,369	0.17868
2004	4,187,962,732	167,112,510	257,447	4,355,332,689	594,564,717	25,344,256	619,908,973	0.17868
2005	4,542,034,409	161,139,825	278,447	4,703,452,681	641,884,711	30,302,657	672,187,368	0.17868
2006	5,068,388,464	173,298,910	0	5,241,687,374	758,954,278	34,246,200	793,200,478	0.17868
2007	5,794,475,935	197,498,151	0	5,991,974,086	865,128,068	34,143,901	899,271,969	0.17868
2008	6,373,345,094	228,602,564	0	6,601,947,658	951,801,448	56,859,555	1,008,661,003	0.17868
2009	7,009,111,165	236,763,650	0	7,245,874,815	1,058,948,970	78,842,651	1,137,791,621	0.17868
2010	7,306,658,686	255,528,456	0	7,798,950,792	1,102,501,562	76,501,939	1,179,003,501	0.17868
2011	7,092,242,356	246,804,306	0	7,339,046,662	1,092,479,944	58,529,021	1,151,008,965	0.17868
2012	7,165,583,831	245,451,656	0	7,411,035,487	1,095,456,515	56,318,710	1,151,775,225	0.17868

Fiscal Year	City							
	Residential	Commercial	Industrial	Institutional	Vacant	Unsecured	Exempt	Miscellaneous
2003	2,544,950,407	1,181,261,372	119,906,052	13,315,124	64,912,475	167,150,905	(37,899,843)	25,305,455
2004	2,751,845,082	1,233,190,771	90,317,857	17,292,459	68,026,794	167,112,510	(38,420,961)	27,547,216
2005	3,053,863,265	1,281,718,262	88,797,999	7,475,094	81,241,731	161,139,825	(36,282,619)	29,216,505
2006	3,420,573,882	1,369,479,409	98,497,629	9,517,737	134,335,203	173,298,910	(40,799,784)	35,984,604
2007	3,856,882,029	1,605,821,598	103,778,486	16,871,776	155,218,654	197,498,151	(40,799,784)	55,903,392
2008	4,198,886,194	1,848,538,526	106,965,663	8,468,205	165,815,465	228,602,564	(40,799,784)	44,671,041
2009	4,548,816,044	2,087,688,951	129,499,453	8,475,051	179,912,157	236,763,650	(39,815,305)	54,719,509
2010	4,700,824,638	2,215,996,458	124,520,350	8,634,600	201,009,939	255,582,456	(39,815,305)	55,672,701
2011	4,508,821,240	2,207,046,276	119,797,791	8,545,494	187,245,938	246,804,306	(43,820,302)	60,785,617
2012	4,569,615,124	2,307,068,042	118,063,479	15,654,530	107,810,012	245,451,656	(43,062,601)	47,372,644

Notes: Assessed values reflect current market values as established by the County Assessor.

(1) Rate includes City rate (.1639) and Lighting (.01478) which totals 0.17868

Source: Los Angeles County Auditor-Controller:

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

TABLE 7  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

Fiscal Year	(1) City's Share of 1% Levy Per Prop 13	(2) Prop 13 Direct Tax Less City Share of 1%	Overlapping Rates (3)						County Sanitation District #4	Total Direct & Overlapping Rates
			Los Angeles Unified School	Los Angeles Community College	County Detention Facilities	Metro- politan Water	Flood Control			
2003	0.17868	0.82132	0.03698	0.01460	0.00103	0.00670	0.00088	0.00000	1.06019	
2004	0.17868	0.82132	0.07714	0.01986	0.00099	0.00610	0.00047	0.00000	1.10456	
2005	0.17868	0.82132	0.08885	0.01810	0.00092	0.00580	0.00024	0.00000	1.11391	
2006	0.17868	0.82132	0.08433	0.01430	0.00080	0.00520	0.00005	0.00000	1.10468	
2007	0.17868	0.82132	0.10682	0.02146	0.00066	0.00470	0.00005	0.00000	1.13369	
2008	0.17868	0.82132	0.12334	0.00737	0.00000	0.00450	0.00000	0.00000	1.13521	
2009	0.17868	0.82132	0.12481	0.02212	0.00000	0.00430	0.00000	0.00000	1.15123	
2010	0.17868	0.82132	0.15181	0.02311	0.00000	0.00430	0.00000	0.00000	1.17922	
2011	0.17868	0.82132	0.18695	0.04031	0.00000	0.00370	0.00000	0.00000	1.23096	
2012	0.17868	0.82132	0.16819	0.03530	0.00000	0.00370	0.00000	0.00000	1.20718	

Notes:

(1) Rate includes City rate (.1639) and Lighting (.01478) which totals 0.17868

(2) The Prop 13 rate of 1% includes allocations of 0.17868 for the City of West Hollywood.

(3) Beginning July 1, 1978, due to Proposition 13, Section 2237(a) of the California Revenue and Taxation Code provides no local agency, school district, county superintendent of schools or community college district shall levy an ad valorem tax, other than that amount which is equal to the amount needed to make annual payments for the interest and principal on general obligation bonds or other indebtedness approved by the voters prior to July 1, 1978, or the amount levied pursuant to Part 10 of Division 1 and Sections 39308,39311,81338 and 81341 of the California Education Code.

Section 2237(b) of the California Revenue and Taxation Code provides that the County shall levy an ad valorem property tax on taxable assessed value at a rate equal to \$4 per \$100 of assessed value, which equates to 1% of market value. For the year ended June 30, 1979, the revenue from such tax shall be distributed to local agencies, school districts, county superintendents of schools, community college districts and community redevelopment agencies in accordance with the provisions of Section 26912 of the California Government Code. Subsequent state action enacted the necessary legislation for the allocation of property tax revenues for the year ended June 30, 1980 and thereafter. In addition, the rate was modified to be \$1 per \$100 of assessed value and the assessed value was modified from 25% to 100% of cash value.

Source: Los Angeles County Auditor-Controller.

CITY OF WEST HOLLYWOOD

**TABLE 8  
PRINCIPAL PROPERTY OWNERS  
CURRENT YEAR AND TEN YEARS AGO**

<b>Taxpayer</b>	<b>2012</b>		<b>2002</b>	
	<b>Taxable Assessed Value</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total Taxable Assessed Value</b>
Mani Brothers 9200 Sunset De LLC	\$ 222,486,763	3.00%	28,207,514	0.69%
Pacific Design Center LLC	163,250,225	2.20%	156,994,279	3.81%
BRCP Millennium LLC	124,379,182	1.68%		0.00%
Wolverines Owner LLC	83,283,043	1.12%		0.00%
CLPF West Hollywood LP	82,013,300	1.11%		0.00%
Studio Lending Group LLC	68,106,136	0.92%		0.00%
W Bel Age LLC	53,546,575	0.72%	42,694,448	1.04%
Pacific Red LLC	44,593,420	0.60%		0.00%
LHO Le Parc LP	40,391,628	0.55%		0.00%
Time Warner NY Cable LLC	39,180,647	0.53%		0.00%
Mondrian Holdings LLC	-	0.00%	80,225,478	1.95%
BA Studios LLC		0.00%	72,290,241	1.76%
Sunset Millennium Holdings LLC		0.00%	61,048,169	1.48%
Arden Realty LP		0.00%	27,967,672	0.68%
RWH Holdings Inc		0.00%	26,376,456	0.64%
Sunset Millennium Associates LLC		0.00%	22,944,371	0.56%
Luckman Management Company LP			21,501,416	0.52%
<b>TOTALS</b>	<b>\$ 921,230,919</b>	<b>12.43%</b>	<b>\$ 540,250,044</b>	<b>13.12%</b>

Note: Assessed valuation includes land, building and improvements.

Source: HdL Coren & Cone.  
Los Angeles County Assessor combined Tax Rolls.

CITY OF WEST HOLLYWOOD

**TABLE 9  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		(1) Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003	8,678,757	8,389,163	96.7%	0	8,389,163	96.7%
2004	9,406,397	9,394,507	99.9%	0	9,394,507	99.9%
2005	10,449,634	10,163,361	97.3%	0	10,163,361	97.3%
2006	12,398,968	11,924,543	96.2%	0	11,924,543	96.2%
2007	14,597,691	14,014,192	96.0%	0	14,014,192	96.0%
2008	16,098,006	15,743,855	97.8%	0	15,743,855	97.8%
2009	17,997,324	17,933,878	99.6%	0	17,933,878	99.6%
2010	18,868,848	18,094,850	95.9%	0	18,094,850	95.9%
2011	18,271,704	17,803,309	97.4%	0	17,803,309	97.4%
2012	(2) 15,008,242	14,527,572	96.8%	0	14,527,572	96.8%

Notes: Includes secured property taxes and unsecured taxes of the Redevelopment Agency.

(1) The County of Los Angeles does not provide this information on collection of prior years taxes, inclusion of amounts paid would result in reporting amounts above 100% in some years.

(2) As part of the budget process for 2011-12, the State of California dissolved all redevelopment Agencies. Since the City received half of years proceed only half of the tax levy for the RDA has been included.

Source: Los Angeles County Auditor-Controller.

CITY OF WEST HOLLYWOOD

**TABLE 10  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (4)	Debt Per Capita
	Tax Allocation Bonds (1)	Certificates of Participation (2)	Lease Revenue Bonds (3)	General Obligation	Certificates of Participation				
2003	0	29,165,000	0	0	0	29,165,000	2.3%	781.86	
2004	11,500,000	28,440,000	0	0	0	39,940,000	3.0%	1,057.96	
2005	11,265,000	23,255,000	0	0	0	34,520,000	2.5%	910.63	
2006	11,070,000	22,605,000	0	0	0	33,675,000	2.3%	895.75	
2007	10,870,000	21,915,000	0	0	0	32,785,000	2.1%	875.67	
2008	10,665,000	21,185,000	0	0	0	31,850,000	2.0%	847.91	
2009	10,450,000	20,420,000	0	0	0	30,870,000	1.7%	821.45	
2010	10,230,000	0	56,940,000	0	0	67,170,000	3.7%	1,776.75	
2011	49,985,000	0	55,550,000	0	0	105,535,000	5.8%	3,045.74	
2012	47,785,000	0	54,015,000	0	0	101,800,000	N/A	0.00	

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

- (1) Issued \$11,500,000 Tax Allocation Bonds in fiscal year 2003-04.  
Issued \$30,560,000 Eastside Redevelopment Tax Allocation Bonds Series A in fiscal year 2010-11  
Issued \$9,420,000 Eastside Redevelopment Tax Allocation Bonds Series B in fiscal year 2010-11
- (2) Issued \$9,940,000 General Fund Certificate of Participation in fiscal year 1994-95.  
Issued \$19,745,000 General Fund Certificate of in fiscal year 1995-96.  
Redeemed 1995 General Fund Certificate of Participation in full for \$9,655,000 in fiscal year 1997-98.  
Redeemed 1996 General Fund Certificate of Participation in full for \$17,555,000 in fiscal year 1997-98.  
Redeemed 1998 Refunding Certificates of Participation in full for \$20,420,000 in fiscal year 2009-10.
- (3) Issued \$22,160,000 Lease Revenue Bonds Series 'A' in 2009-10  
Issued \$34,780,000 Lease Revenue Bonds Series 'B' in 2009-10.
- (4) Personal Income information not available for 2011 at this time.

Source: City of West Hollywood

CITY OF WEST HOLLYWOOD

**TABLE 11  
DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2012  
(UNAUDITED)**

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to City of West Hollywood	Amount Applicable to City of West Hollywood June 30, 2012
Overlapping General Fund Debt:			
Metropolitan Water District	94,031,705	0.772%	726,373
Los Angeles County Community College District	3,504,910,000	1.273%	44,628,717
Los Angeles Unified School District	11,290,485,000	1.580%	178,373,631
Subtotal, overlapping debt			223,728,721
City direct governmental debt			52,420,000
Total direct and overlapping governmental debt:			<u>\$ 276,148,721</u>

Note: Overlapping rates are those of local and county governments and/or special districts that apply to property owners within certain geographic boundaries in the City. The overlap percentage was calculated based on the agencies assessed valuation located within the boundaries of the City by HdL Coren & Cone. Per HdL Coren & Cone, overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners. The overlapping debt per each jurisdiction is totalled and summarized per each jurisdiction.

Source: HdL Coren & Cone.  
LA County Assessor and Auditor Combined Lien Date Tax Rolls

(This page intentionally left blank)

CITY OF WEST HOLLYWOOD

**TABLE 12  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

Page 1 of 2

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt limit	\$ 632,879,805	\$ 669,881,700	\$ 724,258,134	\$ 786,253,106	\$ 898,796,113
Total net debt applicable to limit	32,465,000	43,965,000	38,605,000	38,605,000	38,605,000
Legal debt margin	\$ 600,414,805	\$ 625,916,700	\$ 685,653,134	\$ 747,648,106	\$ 860,191,113
Total net debt applicable to the limit as percentage of debt limit	5.13%	6.56%	5.33%	4.91%	4.30%

Notes:

- (1) Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

Sources: Los Angeles County Auditor-Controller.  
City of West Hollywood.

(Continued)

Page 2 of 2

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt limit	\$ 990,292,149	\$ 1,086,881,222	\$ 1,134,328,071	\$ 1,100,856,999	\$ 1,111,655,323
Total net debt applicable to limit	38,605,000	38,605,000	68,440,000	108,420,000	108,420,000
Legal debt margin	\$ 951,687,149	\$ 1,048,276,222	\$ 1,065,888,071	\$ 992,436,999	\$ 1,003,235,323
Total net debt applicable to the limit as percentage of debt limit	3.90%	3.55%	6.03%	9.85%	9.75%

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

Assessed value	\$7,411,035,487
Debt limit (1)	1,111,655,323
Debt applicable to limit:	
Lease Revenue Bonds	\$ 56,940,000
Tax allocation bonds-2003	\$ 11,500,000
Tax allocation bonds- 2011	\$ 39,980,000
Net amount of debt applicable to debt limit	108,420,000
Legal debt margin	\$ 1,003,235,323

CITY OF WEST HOLLYWOOD

**TABLE 13**  
**EAST SIDE PROJECT AREA BONDS COVERAGE**  
**LAST EIGHT FISCAL YEARS**

---

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2005	2,187,395	353,917	1,833,478	195,000	591,070	786,070	2.33
2006	4,394,355	641,987	3,752,368	200,000	585,220	785,220	4.78
2007	4,065,668	467,600	3,598,068	205,080	579,220	784,300	4.59
2008	5,460,803	591,958	4,868,845	215,000	572,045	787,045	6.19
2009	6,443,020	679,740	5,763,280	220,000	565,595	785,595	7.34
2010	6,144,778	584,778	5,560,000	220,000	561,745	781,745	7.11
2011	6,118,409	653,896	5,464,514	225,000	553,395	778,395	7.02
2012	3,458,062	125,000	3,333,062	2,200,000	1,771,598	3,971,598	0.84

- Note:
- (1) East Side Redevelopment Agency issued Tax Allocation Bonds of \$11,500,000 in fiscal year 2003-04 and \$39,980,000.00 in fiscal year 2010-11.
  - (2) The State of California dissolved all redevelopment agencies as part of the 2011-12 State budget. Successor Agencies are responsible for paying the enforceable obligations of the redevelopment agency at the time of dissolution until all enforceable obligations have been paid in full.
  - (3) Fiscal Year 2011-12 bond payments were made by using undesignated reserves in the RDA Fund.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

**TABLE 14  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Personal Income (3)</b>	<b>Unemployment Rate (4)</b>
2003	37,302	1,242,828,036	33,318	7.0%
2004	37,752	1,325,661,480	35,115	6.5%
2005	37,908	1,392,967,368	36,746	5.3%
2006	37,594	1,466,579,534	39,011	4.7%
2007	37,440	1,567,800,000	41,875	5.0%
2008	37,563	1,612,053,708	42,916	8.7%
2009	37,580	1,811,468,740	48,203	9.8%
2010	37,805	1,825,641,000	48,291	10.7%
2011	34,636	1,778,372,000	51,278	10.4%
2012	34,681	N/A	N/A	10.9%

Notes: Annual income and unemployment figures for 2011 was not available at time of publication of this CAFR.

Sources: (1) California Department of Finance. E-1 Population Estimates 2011. The population estimate incorporates the 2010 census counts.

(2) City of West Hollywood.

Note: Personal income is estimated based on Bureau of Economic Analysis data for the Metropolitan Statistical Area of Los Angeles-Long Beach-Santa Ana and California Dept of Finance E-1 Population estimates.

Note: FY 11 data is from Hdl Cone. Data is based on ESRI -Demographic estimates based on last census Projections are developed by incorporating all of the prior census data released to date. Demographic data is totaled from Census Block Groups that overlap the City's boundaries.

(3) Bureau of Economic Analysis.

Note: Data shown is the Metropolitan Statistical Area of Los Angeles-Long Beach-Santa Ana. Data by City is not available. 2011 is a preliminary estimate.

(4) State of California, Employment Development Department.

Note: Data shown is the Metro Statistical Area Los Angeles-Long Beach-Glendale Metro Division Data by City is not available.

# CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CITY OF WEST HOLLYWOOD**

**TABLE 15  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND EIGHT YEARS AGO**

Page 1 of 2

	2012		2011		2010		2009	
	# Employees	% Percent of Total City Employment	#	%	#	%	#	%
Los Angeles County Metropolitan Transportation Authority	642	2.7%	**		**		**	
Target Corp.	500	2.1%	500	2.1%	500	2.1%	411	1.7%
CityGrid Media	450	1.9%	**		**		**	
Mondrian Holdings LLC (Mondrian Hotel)	400	1.7%	400	1.7%	400	1.7%	400	1.7%
House of Blues Concerts Inc	300	1.3%	300	1.3%	300	1.3%	230	1.0%
Wyndham Bel Age Hotel LP	230	1.0%	230	1.0%	230	1.0%	230	1.0%
City of West Hollywood	209	0.9%	209	0.9%	209	0.9%	205	0.9%
Hollywood Standard LLC (The Standard Hotel)	173	0.7%	185	0.8%	185	0.8%	189	0.8%
Hyatt Corp (Hyatt West Hollywood Hotel)	165	0.7%	165	0.7%	165	0.7%	165	0.7%
Ticketmaster*	160	0.7%	1,300	5.4%	1,300	5.4%	1,300	5.4%
Dailey & Associates	145	0.6%	251	1.1%	251	1.1%	209	0.9%
HMBL LLC (Best Western Sunset Plaza)	125	0.5%	125	0.5%	125	0.5%	125	0.5%
Outrigger Lodging Services LLP (Le Parc Suite Hotel)	105	0.4%	105	0.4%	105	0.4%	105	0.4%
KKHG Management LLC (Sunset Tower Hotel)	100	0.4%	100	0.4%	100	0.4%	100	0.4%
SC Club LP (Key Club)	100	0.4%	100	0.4%	100	0.4%	100	0.4%
Sunset Conglomerate Restaurant (Saddle Ranch)	100	0.4%	100	0.4%	100	0.4%	100	0.4%
Best Buy	100	0.4%	**		**		**	
Suissa Miller Advertising LLC	-	0.0%	-	0.0%	100	0.4%	100	0.4%
New Line Cinema Corp (Sold)	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total Jobs By Principal Employers</b>	<b>4,004</b>	<b>16.8%</b>	<b>4,070</b>	<b>17.0%</b>	<b>4,170</b>	<b>17.0%</b>	<b>3,969</b>	<b>16.6%</b>
Total Jobs (estimated) in City of West Hollywood	23,900	100%	23,920	100%	24,020	100%	26,421	100%

Sources: City of West Hollywood.  
California Employment Development Department.

(Continued)

Page 2 of 2

	2008		2007		2006		2005		2004	
	#	%	#	%	#	%	#	%	#	%
Los Angeles County Metropolitan Transportation Authority	**		**		**		**		**	
Target Corp.	411	1.7%	411	1.6%	411	1.6%	411	1.6%	411	1.6%
CityGrid Media	**		**		**		**		**	
Mondrian Holdings LLC (Mondrian Hotel)	400	1.7%	400	1.5%	400	1.5%	400	1.6%	500	2.0%
House of Blues Concerts Inc	230	1.0%	150	0.6%	150	0.6%	150	0.6%	150	0.6%
Wyndham Bel Age Hotel LP	230	1.0%	230	0.9%	230	0.9%	230	0.9%	200	0.8%
City of West Hollywood	206	0.9%	203	0.8%	201	0.8%	202	0.8%	195	0.8%
Hollywood Standard LLC (The Standard Hotel)	189	0.8%	189	0.7%	189	0.7%	189	0.7%	180	0.7%
Hyatt Corp (Hyatt West Hollywood Hotel)	165	0.7%	165	0.6%	165	0.6%	165	0.6%	165	0.7%
Interative Corp (aka Ticketmaster)*	1,300	5.4%	1,300	5.0%	1,300	5.0%	1,300	5.1%	1,300	5.2%
Dailey & Associates	209	0.9%	209	0.8%	209	0.8%	260	1.0%	260	1.0%
HMBL LLC (Best Western Sunset Plaza)	125	0.5%	125	0.5%	125	0.5%	-	0.0%	-	0.0%
Outrigger Lodging Services LLP (Le Parc Suite Hotel)	105	0.4%	105	0.4%	105	0.4%	105	0.4%	105	0.4%
KKHG Management LLC (Sunset Tower Hotel)	100	0.4%	100	0.4%	100	0.4%	100	0.4%	133	0.5%
SC Club LP (Key Club)	100	0.4%	100	0.4%	100	0.4%	60	0.2%	60	0.2%
Sunset Conglomerate Restaurant (Saddle Ranch)	100	0.4%	100	0.4%	100	0.4%	100	0.4%	100	0.4%
Best Buy	**		**		**		**		**	
Suissa Miller Advertising LLC	100	0.4%	100	0.4%	100	0.4%	-	0.0%	-	0.0%
New Line Cinema Corp (Sold)	-	0.0%	100	0.4%	100	0.4%	100	0.4%	100	0.4%
<b>Total Jobs By Principal Employers</b>	<b>3,970</b>	<b>16.6%</b>	<b>3,987</b>	<b>15.2%</b>	<b>3,985</b>	<b>15.4%</b>	<b>3,772</b>	<b>14.7%</b>	<b>3,859</b>	<b>15.3%</b>
<b>Total Jobs (estimated) in City of West Hollywood</b>	<b>26,421</b>	<b>100%</b>	<b>26,159</b>	<b>100%</b>	<b>25,900</b>	<b>100%</b>	<b>25,609</b>	<b>100%</b>	<b>25,117</b>	<b>100%</b>

CITY OF WEST HOLLYWOOD

**TABLE 16**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	03	04	05	06	07	08	09	10	11	12
General Government										
Legislative & Executive	21.5	21.5	22.5	22.5	22.5	24.6	24.6	24.6	23.6	25.6
Administration	26.8	26.8	27.8	27.8	28.8	28.8	28.8	28.8	28.8	26.8
Finance & Information Technology	22.0	22.0	22.0	22.0	22.0	21.9	21.9	21.9	21.9	21.9
Public Information (1)	8.7	8.7	8.7	8.7	8.7	8.8	8.8	8.8	8.8	8.8
Community Services										
Human Services	49.2	46.5	47.2	47.2	47.2	50.6	50.6	53.4	53.4	52.4
Housing & Rent Stabilization	17.8	16.8	18.0	17.0	17.0	18.0	17.0	17.0	17.0	17.0
Community Development	29.0	30.0	33.0	33.0	33.0	28.0	28.0	29.0	29.0	29.0
Transportation	23.0	23.0	23.0	23.0	24.0	26.0	26.0	26.0	26.0	26.0
Total	197.8	195.1	202.1	201.1	203.1	206.6	205.6	209.4	208.5	207.4

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

**TABLE 17  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	03	04	05	06	07	08	09	10	11	12
Police (1)										
Incidents	7,338	7,353	7,591	7,650	7,763	7,425	6,700	7,171	7,036	7,309
Arrests	2,406	2,464	2,715	2,800	3,976	3,477	2,955	3,320	3,007	2,922
Sewers										
Miles of system	39	39	39	39	39	39	39	39	39	39
Percent inspected	10	10	10	10	10	10	10	10	10	10
Parks and Recreation										
Number of parks	5	5	5	5	5	5	6	6	6	7
Community Development										
Commercial building permits	142	321	307	254	304	253	254	235	337	221
Residential building permits	467	401	460	483	442	531	377	551	522	396
Parking										
Citations issued	198,076	197,370	181,337	187,854	183,311	194,003	190,000	190,979	200,164	195,345

Notes:

(1) Police statistics are base on calendar year; Information for 2011 is an estimate.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

**TABLE 18  
CAPITAL ASSETS BY FUNCTION  
LAST TEN FISCAL YEARS**

Function/ program	Fiscal Year									
	03	04	05	06	07	08	09	10	11	12
<b>Public Safety</b>										
This a contracted service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Parking:</b>										
Parking Structures	1	1	1	1	1	1	1	1	2	2
Parking Lots	1	4	4	4	4	4	4	4	4	4
<b>Cultural &amp; Recreation:</b>										
Parks	5	5	5	5	5	5	6	6	6	7
<b>General Services:</b>										
Sidewalks (length/feet)	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Traffic signals	56	56	56	56	56	56	56	56	56	56
<b>Wastewater:</b>										
Sanitary sewers (miles)	39	39	39	39	39	39	39	39	39	39
Manholes	395	395	395	395	395	395	395	395	395	395
<b>City-Line:</b>										
Number of Buses	5	5	5	5	5	5	10	10	10	10

Source: City of West Hollywood

**CITY OF WEST HOLLYWOOD**

**TABLE 19  
EAST SIDE PROJECT AREA  
PROPERTY SUMMARY**

**FISCAL YEAR 2011-2012**

Category	Net Taxable Value	Percentage
Residential	681,259,960	59.1%
Commercial	314,454,850	27.3%
Industrial	88,059,706	7.6%
Recreational	2,498,025	0.2%
Institutional	5,123,393	0.4%
Vacant land	3,551,085	0.3%
Exempt (not incl in total)	-	
Possessory Interest	509,496	0.0%
Unsecured	56,318,710	4.9%
Unknown		0.0%
Taxable Value [1]	1,151,775,225	100.0%

[1] Includes base year assessed value.

Source: Los Angeles County Assessor 2011-12 Combined Tax Rolls.

CITY OF WEST HOLLYWOOD

**TABLE 20**  
**EAST SIDE PROJECT AREA**  
**TOP TEN TAXPAYERS**  
**FISCAL YEAR 2011-12**

Taxpayer	No. Parcels	Assessed Valuation [1]	Percent of Total Assessed Value	Percent of Incremental Value
CLPF West Hollywood LP	1	\$82,013,300	7.12%	11.09%
Studio Lending Group LLC	1	68,106,136	5.91%	9.21%
Time Warner Cable	5	32,434,516	2.82%	4.38%
Casden Movietown LLC	1	29,375,949	2.55%	3.97%
RSH Ralphs Properties I LLC	1	27,250,000	2.37%	3.68%
Monarch La Brea Venture LP	4	22,504,122	1.95%	3.04%
Monarch Santa Monica Venture LP	4	16,403,909	1.42%	2.22%
The Promenade	1	12,676,577	1.10%	1.71%
Hayworth House	1	9,002,340	0.78%	1.22%
Donald T Sterling Trust	3	8,772,881	0.76%	1.19%
<b>Total for Top Ten:</b>		<b>\$308,539,730</b>	<b>26.79%</b>	<b>41.71%</b>
<b>Total Taxable Assessed Value</b>	<b>1360</b>	<b>\$1,151,775,225</b>	<b>100.00%</b>	
<b>Base Year Assessed Value</b>		<b>\$412,020,410</b>		
<b>Total Incremental Value</b>		<b>\$739,754,815</b>		

[1] Includes both secured and unsecured values.

Source: Los Angeles County Assessor 2011-12 Secured and Unsecured Tax Rolls.

Total Assessed Value	1,173,738,079
Total Taxable Assessed Value	<u>1,151,775,225</u>
Total Exempt	21,962,854

CITY OF WEST HOLLYWOOD

**TABLE 21  
EAST SIDE PROJECT AREA  
HISTORICAL TAXABLE VALUES AND TAX INCREMENT REVENUES  
FISCAL YEAR 2008-09-2011-12 (ACTUALS) AND 2012-13 BUDGETED**

	Actual 2008-09	Actual 2009-10	Actual 2010-11	Actual 2011-12	Estimated 2012-13
Secured Value	1,060,870,492	1,102,501,562	1,092,479,944	1,095,456,516	1,120,403,474
Less BA Studio Appeal	-	-	-	-	-
Unsecured Value	76,921,129	76,501,939	58,529,021	56,318,710	21,993,138
Less Appeal	-	-	-	-	-
Total	1,137,791,621	1,179,003,501	1,151,008,965	1,151,775,226	1,142,396,612
Less Base Year Value [1]	(412,020,410)	(412,020,410)	(412,020,410)	(412,020,410)	(412,020,410)
Incremental Increase	725,771,211	766,983,091	738,988,555	739,754,816	730,376,202
Gross Tax Increment Revenue [2]	7,714,657	7,743,087	7,422,091	3,333,062	4,287,576
County Administrative Fees	(126,133)	(120,874)	(126,645)	(113,059)	-
ERAF Shift [4]	-	(1,837,160)	(378,239)	-	-
ABX1 27 Residual Property Tax(5)	-	-	-	-	-
Statutory Pass-Throughs (6)	(1,732,063)	(1,836,108)	(1,736,835)	-	-
Net Tax Revenues [3]	5,856,461	3,948,945	5,180,371	3,220,004	3,400,108
% Chg from Prior Year					
Gross Tax Increment Revenues	26.55%	0.37%	-4.15%	-55.09%	28.64%
% Chg from Prior Year					
Net Tax Revenues	22.49%	-32.57%	31.18%	-37.84%	5.59%

[1] Base Year secured valuation was \$403,196,115 and Base Year unsecured valuation was \$8,824,295.

[2] Fiscal Year 2012-13 revenues are estimated by the Commission from the Assessed Valuations report of the County of Los Angeles in August 2011

[3] This amount includes the 20% low and moderate income housing set-aside as it is included in the Tax Revenues pledged toward the payment of debt service on the Bonds.

[4] The ERAFshift ended in fiscal year 2005-06 and a new ERAF is imposed in 2009-10 and 2010-11 a There is a slight decline in assessed values in 2010-11 as result of market corrections made by the county assessor.

Source: West Hollywood Community Development Commission and County of Los Angeles Auditor-Controller's Office.

(5) The California State Budget for 2011-12 eliminated all Redevelopment Agencies, Revenues are allocated for bond payments and continuing contractual obligations entered into prior to 2011-12

Revenues in 2011-12 and 2012-13 are equal to obligatons and overhead of 250,000

(6) The 2011-12 Pass through amounts were paid from RDA reserves

CITY OF WEST HOLLYWOOD

**TABLE 22**  
**EAST SIDE PROJECT AREA**  
**SETTLED ASSESSMENT APPEALS**  
**FISCAL YEAR 1997-98 THROUGH FISCAL YEAR 2012-13**

Lien Year	Total Appeals	Resolved Appeals	Successful Appeals	Original Value	Loss of Value	Percentage Loss
1997-98	54	54	24 (44.44%)	\$ 8,452,007	\$ 1,669,507	19.75%
1998-99	28	28	14 (50.00%)	11,763,585	3,793,585	32.25%
1999-00	40	40	7 (17.50%)	5,676,383	1,353,383	23.84%
2000-01	19	19	11 (57.89%)	11,943,124	2,783,886	23.30%
2001-02	24	24	17 (70.83%)	77,080,611	28,279,869	36.69%
2002-03	26	26	11 (42.31%)	7,938,105	1,467,545	18.49%
2003-04	6	6	2 (33.33%)	6,786,760	1,686,760	24.85%
2004-05	10	9	4 (44.44%)	5,028,536	1,277,548	25.41%
2005-06	6	5	4 (80.00%)	8,934,662	2,294,220	25.68%
2006-07	7	5	2 (40.00%)	53,692,117	1,582,613	2.95%
2007-08	9	7	2 (28.57%)	55,550,491	1,330,462	2.39%
2008-09	31	28	16 (51.61%)	62,875,421	8,212,825	13.06%
2009-10	66	54	34 (51.52%)	142,205,302	18,349,848	12.90%
2010-11	67	47	23 (34.34%)	61,076,803	11,793,933	19.31%
2011-12	71	11	8 (11.27%)	12,664,540	2,288,750	18.07%
2012-13	17	0	0 (0.00%)	-	-	0.00%
Total:	393	352	95 (42.79%)	\$519,003,907	\$85,875,984	16.55%

Source: Los Angeles County Assessor 2011-12 Combined Tax Rolls  
 & Most Recent Appeals Roll -November 2, 2012  
 (prepared December 17 2012)

**TABLE 23  
EAST SIDE PROJECT AREA  
PENDING ASSESSMENT APPEALS IMPACT PROJECTION  
FISCAL YEAR 2007-08 THROUGH 2012-13**

Lien Year	Pending Appeals	Prior Successful Percentage	Average Appeal Value	Prior Loss Percentage	Estimated Loss in Assessed Value	Estimated Revenue Loss
2007-08	2	28.57%	7,258,330	2.39%	99,316	998
2008-09	3	57.14%	2,531,754	13.06%	566,913	5,694
2009-10	12	62.96%	4,282,431	12.90%	4,175,163	41,931
2010-11	20	48.94%	5,068,137	19.31%	9,578,350	96,142
2011-12	60	72.73%	4,861,608	18.07%	38,338,700	384,806
2012-13	17	56.46%	1,822,597	12.55%	2,196,170	21,962
Total:	114		\$ 4,376,143		\$54,954,612	\$ 551,533

Source: Los Angeles County Assessor 2011-12 Combined Tax Rolls  
& Most Recent Appeals Roll -October 27, 2010  
(prepared November 14, 2011)

CITY OF WEST HOLLYWOOD

**TABLE 24  
EAST SIDE PROJECT AREA  
PROJECTED TAX REVENUES AND ESTIMATED DEBT SERVICE COVERAGE  
FISCAL YEAR 2004-2043**

Fiscal Year Ending June 30th	2003 Bonds Principal and Interest	2011 A Bonds Principal and Interest	2011 B Bonds Principal and Interest	Total Debt Service	(1) (2) Net Tax Increment	(3) RPTTF Revenue	Coverage
2004	250,878	-	-	250,878	1,547,391	-	517%
2005	829,595	-	-	829,595	2,147,395	-	259%
2006	783,145	-	-	783,145	4,311,022	-	550%
2007	782,220	-	-	782,220	3,985,668	-	510%
2008	780,633	-	-	780,633	4,781,122	-	612%
2009	783,820	-	-	783,820	5,856,461	-	747%
2010	781,745	-	-	781,745	3,948,945	-	505%
2011	778,395	-	-	778,395	5,180,371	-	666%
2012	778,608	2,460,365	932,625	4,171,598	3,220,004	951,594	100%
2013	777,808	2,372,300	887,613	4,037,720	-	4,037,720	100%
2014	781,120	2,341,500	870,513	3,993,133	-	3,993,133	100%
2015	778,533	2,342,888	873,488	3,994,908	-	3,994,908	100%
2016	780,138	2,341,888	870,738	3,992,763	-	3,992,763	100%
2017	775,633	2,347,638	872,613	3,995,883	-	3,995,883	100%
2018	775,050	2,347,388	873,900	3,996,338	-	3,996,338	100%
2019	778,328	2,340,588	869,550	3,988,465	-	3,988,465	100%
2020	775,523	2,342,438	869,900	3,987,860	-	3,987,860	100%
2021	776,343	2,341,438	874,700	3,992,480	-	3,992,480	100%
2022	775,718	2,344,238	873,513	3,993,468	-	3,993,468	100%
2023	773,790	2,344,550	871,713	3,990,053	-	3,990,053	100%
2024	770,338	2,345,150	873,850	3,989,338	-	3,989,338	100%
2025	770,569	2,343,650	875,063	3,989,281	-	3,989,281	100%
2026	769,553	2,345,050	875,350	3,989,953	-	3,989,953	100%
2027	771,991	2,344,000	874,713	3,990,703	-	3,990,703	100%
2028	767,881	2,345,500	873,150	3,986,531	-	3,986,531	100%
2029	767,225	2,342,725	875,325	3,985,275	-	3,985,275	100%
2030	769,369	2,342,050	871,075	3,982,494	-	3,982,494	100%
2031	769,150	2,343,113	870,875	3,983,138	-	3,983,138	100%
2032	766,919	2,345,550	874,250	3,986,719	-	3,986,719	100%
2033	762,675	2,344,000	870,725	3,977,400	-	3,977,400	100%
2034	761,275	2,346,375	870,775	3,978,425	-	3,978,425	100%
2035	-	2,888,875	1,113,925	4,002,800	-	4,002,800	100%
2036	-	2,890,625	1,111,900	4,002,525	-	4,002,525	100%
2037	-	2,878,750	1,105,600	3,984,350	-	3,984,350	100%
2038	-	2,878,625	1,105,025	3,983,650	-	3,983,650	100%
2039	-	2,878,750	1,109,225	3,987,975	-	3,987,975	100%
2040	-	2,878,375	1,107,250	3,985,625	-	3,985,625	100%
2041	-	2,881,750	1,109,100	3,990,850	-	3,990,850	100%
2042	-	2,877,750	1,108,825	3,986,575	-	3,986,575	100%
2043	-	2,881,000	1,105,950	3,986,950	-	3,986,950	100%
Totals:	23,543,962	79,988,878	30,122,813	133,655,652	34,978,378	124,665,217	119%

(1) From Fiscal Year 2003-04 to 2010-11, tax increment was the source of revenues. Net tax increment revenues increased through fiscal year 2008-09. In fiscal years 2009-10, 2010-11 and the first half of 2011-12, ERAF takeaways reduced the amount of tax increment received by the Agency. Note net tax increment revenues for 2005-06 included \$1.4 million in prior year revenues.

(2) In 2010-11, the Agency issued new bonds; This schedule has been adjusted to show that debt service of the bonds that were issued.

(3) The California State Legislature dissolved all redevelopment agencies effective January 31, 2012. On February 1, 2012, a Successor Agency was formed with the purpose of paying off all enforceable obligations of the former redevelopment agency from County's Redevelopment Property Tax Trust Fund (RPTTF). The debt shown has been approved as enforceable obligations by the State Department of Finance and the Successor Agency's Oversight Board. In 2011-12, the payment was made from redevelopment fund reserves.

Source: West Hollywood Community Development Commission.

## *West Hollywood Core Values*

Respect and Support for People

Responsiveness to the Public

Idealism, Creativity and Innovation

Quality of Residential Life

Promote Economic Development

Public Safety

Responsibility for the Environment

*CITY OF WEST HOLLYWOOD*

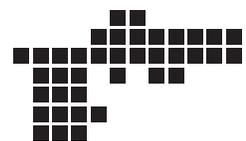
8300 Santa Monica Boulevard

California 90069-4314

Telephone 323.848.6400

TTY hearing impaired 323.848.6496

[www.weho.org](http://www.weho.org)



City of West Hollywood  
California 1984