

# Comprehensive Annual Financial Report

Fiscal Year Ending June 30, 2010

City of West Hollywood



West Hollywood, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2010

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

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# INTRODUCTION





# CITY OF WEST HOLLYWOOD

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

**DEPARTMENT  
OF FINANCE  
& TECHNOLOGY  
SERVICES**

December 4, 2010

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, 2010. 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, 2010, 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, 2010, 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 compliment



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 38,000 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 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, 2010, the local economy is of such relevance that it is incumbent on us to provide some information in this report. In June of 2009, Standard & Poor's assigned its 'AAA' issuer credit rating, with a stable outlook, to the City of West Hollywood.

In issuing its rate, Standard & Poor's noted that the rating reflects its view of:

- A wealthy City that fully participates in the dynamic Los Angeles metropolitan area and benefits from the affluence of residents and visitors;
- The City's status as a destination for tourists, retail shopping, and business travel, and proximity to neighboring Beverly Hills and the City of Los Angeles;
- Diverse General Fund revenues that have performed strongly even during the current economic recession;
- Strong financial management supported by comprehensive policies and a track record of balanced budgeting and high cash reserves; and
- Low direct debt due to a historic reliance on budgeting cash contributions for capital expenditures.

The City of West Hollywood continues to be a vibrant, livable, and successful community for both its residents and businesses. The stable outlook reflects the expectation that the City will continue to benefit from its diverse revenue base. The City's sales tax base, which is highly diversified given its small geographic area, generated \$10.7 million in fiscal year 2010. The City's transient occupancy tax has remained stable during the current recession, but remains relatively strong at \$12.6 million in fiscal year 2010. Property tax revenues continue to grow with the City being eighth in Los Angeles County in increased assessed valuations; increasing 4.4% in fiscal year 2010.

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 gross income levels, \$100,008 in fiscal year 2008, and extremely strong assessed property value per capita, \$192,438. The City saw over \$150 million of improvements to hotel properties and approximately \$100 million of additions to the Pacific Design Center in 2009, based on building permit valuations.

Even with the City's strong and varied economic base, the State of California's ongoing structural deficit is a matter of concern at the local level because of the State's history of balancing its budget with funds from local government. During the current year, the State took \$1.7 million from the City's Community Development Commission/Redevelopment Agency and also borrowed \$1.4 million from the City's current year Property Tax Revenue to be repaid at the end of three years. This \$1.4 million drawdown on the General Fund reserves added to the planned General Fund drawdown of \$8.0 million which is detailed on page 20.

## LONG TERM FINANCIAL PLANNING

The City actively monitors revenue sources for both compliance and economic developments. The Department of Finance oversees the fiscal compliance aspects of the City's municipal code. The Department of Economic Development 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 has accumulated significant reserves. By capturing and designating the accumulated reserves, it is able to attract development and improve commercial, residential neighborhoods and, in the future, community facilities, thus improving the local economy. The City also continues to face fiscal challenges, especially in the area of capital improvements. To address this, the City 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 until these responsibilities are met.

## DEBT ADMINISTRATION

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.



## MAJOR ACCOMPLISHMENTS FOR THE YEAR

- Broke ground on Phase I Implementation of the West Hollywood Park Master Plan and the Sunset Strip Beautification Project, which includes construction of the new West Hollywood Library.
- Commenced work on the Sunset Strip Beautification Project, which includes rehabilitation of roadway, sidewalks, curbs, gutters, storm drains, street trees, medians and landscaping.
- Labor negotiations were successfully completed with the West Hollywood Municipal Employees Association, the Association of Council Deputies and the Association of Confidential Employees.
- Instituted a permanent Fingerprint Program which has identified ten suspects and increased service to residents.
- Completed and occupied a 42-unit mixed-use project on Sierra Bonita for extremely low-income disabled households, plus street-level space for community-serving nonprofit organizations. The project has won an award for its energy conservation features.
- Completed Phase II of the General Plan with the utilization of a General Plan Advisory Committee and released a Draft General Plan and Draft EIR.
- Completed construction of a new 34-space public parking lot at 8459 Sunset Boulevard.
- Launched the redesigned City's website: [weho.org](http://weho.org).
- Established a Hoarding Task Force, which seeks to reduce nuisance properties that pose a public health and safety threat due to hoarding and related unsafe conditions.
- Re-dedicated the Holloway Veterans Memorial Park as the Sal Guarriello Veterans' Memorial, while honoring and remembering all veterans on Veterans Day.

## MAJOR INITIATIVES FOR THE FUTURE

Since 1984, the City has established itself as one of the most progressive and innovative cities in the country. It has also become one of the most desirable places to live, work and visit in Southern California. In celebration of this landmark, the City has embarked upon new capital improvement projects to develop premiere public facilities, parks and open space. The three major components of the "25th Anniversary Capital Project" include development of a new West Hollywood Library, implementation of Phase I of the Plummer Park Master Plan and additional parking in the Mid-City area. As the City moves towards celebrating its first 25 years, world-class facilities that reward the community and assert permanence will help reflect the City's dynamic legacy.

The three projects that embody the 25<sup>th</sup> Anniversary Capital Project are each located on distinct sites in the east, west and central areas of the City. The Project consists of the creation of over 700 parking spaces in four structures with at least one structure at each project location. Two structures are to be constructed at grade, one built subterranean under an existing surface parking lot and one plinth structure to be built with parkland on top. Approximately 3.5 acres of new and enhanced green/park space and associated landscaping is created by the development of these projects at the two park locations. 44,300 square feet of new civic and community facilities are created at two parks including a three-level, 42,000 square foot library building and an approximately 2,300 square foot building to be used as parks and recreation programming space. Additionally, Fiesta Hall will be renovated for use as a performance arts space.

The City of West Hollywood is committed to pursuing environmentally sustainable, energy-efficient, high-performance building design in all new construction projects. Achieving certification from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED ®) Program will allow the City to track, measure and publicly demonstrate the value of green building design. Planning for the life-cycle cost of civic facilities, projected utility costs, long-term operational costs, maintenance requirements and worker productivity are critical to the City's financial health. Green building is both financially sound and helps support West Hollywood's quality of life for present and future generations.

- Phase I of the West Hollywood Park Master Plan is expected to be completed in August 2011.
- Construction documents are being prepared for Phase I of the Plummer Park Master Plan and construction is expected to begin in early-2011
- Design of the City Hall Automated Parking Structure is underway and construction is expected to begin in mid-2011.

Other major capital improvements include:

- The Sunset Boulevard Beautification Project will be completed.
- Relocation of landscaping and signage in the Santa Monica Boulevard medians to allow for better visibility of pedestrians in crosswalks will begin implementation.
- A New Community Garden will be created on the East Side.
- Construction of an Affordable Housing Project on Hayworth will begin.
- The Orange Grove Garden Improvement Project will begin.

## VISION 2020

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

- DEVELOP PARKING OPPORTUNITIES – Explore the creation of off-street parking opportunities near all business districts.
- MOVE FORWARD WITH CITY PARKS, LIBRARY AND EXPANDING AND ENHANCING CITY'S GREEN AND PUBLIC SPACES - Complete the Park(s) Master Plan process and Library Project, and create and encourage more public spaces wherever feasible.
- FISCAL SUSTAINABILITY – Monitor, protect, and increase City resources. Take an active role in monitoring the State's Fiscal Crisis.
- AFFORDABLE HOUSING – Protect and enhance affordable housing opportunities, with emphasis on Rent Stabilization laws.
- MAINTAIN THE CITY'S UNIQUE URBAN BALANCE WITH EMPHASIS ON RESIDENTIAL NEIGHBORHOOD LIVABILITY – Recognize diverse and competing interests, and work to find a balance.

## 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, 2009. This is the sixteenth 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 2008-2010 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: Gina Schuchard - Accounting Services Manager, David Hatcher - Revenue Manager, David Wilson - Budget Manager, Claudia Duncan - Financial Management Analyst, Norma Coronado - Accountant, Adriana Borge - Accounting/Finance Specialist and Michelle Nemetz - Accounting Technician.

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



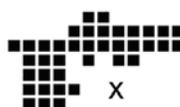
Anil H. Gandhi, CPA  
Director of Finance and  
Technology Services

## 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, 2009

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.



President

Executive Director

## DIRECTORY OF CITY OFFICIALS AS OF JUNE 30, 2010

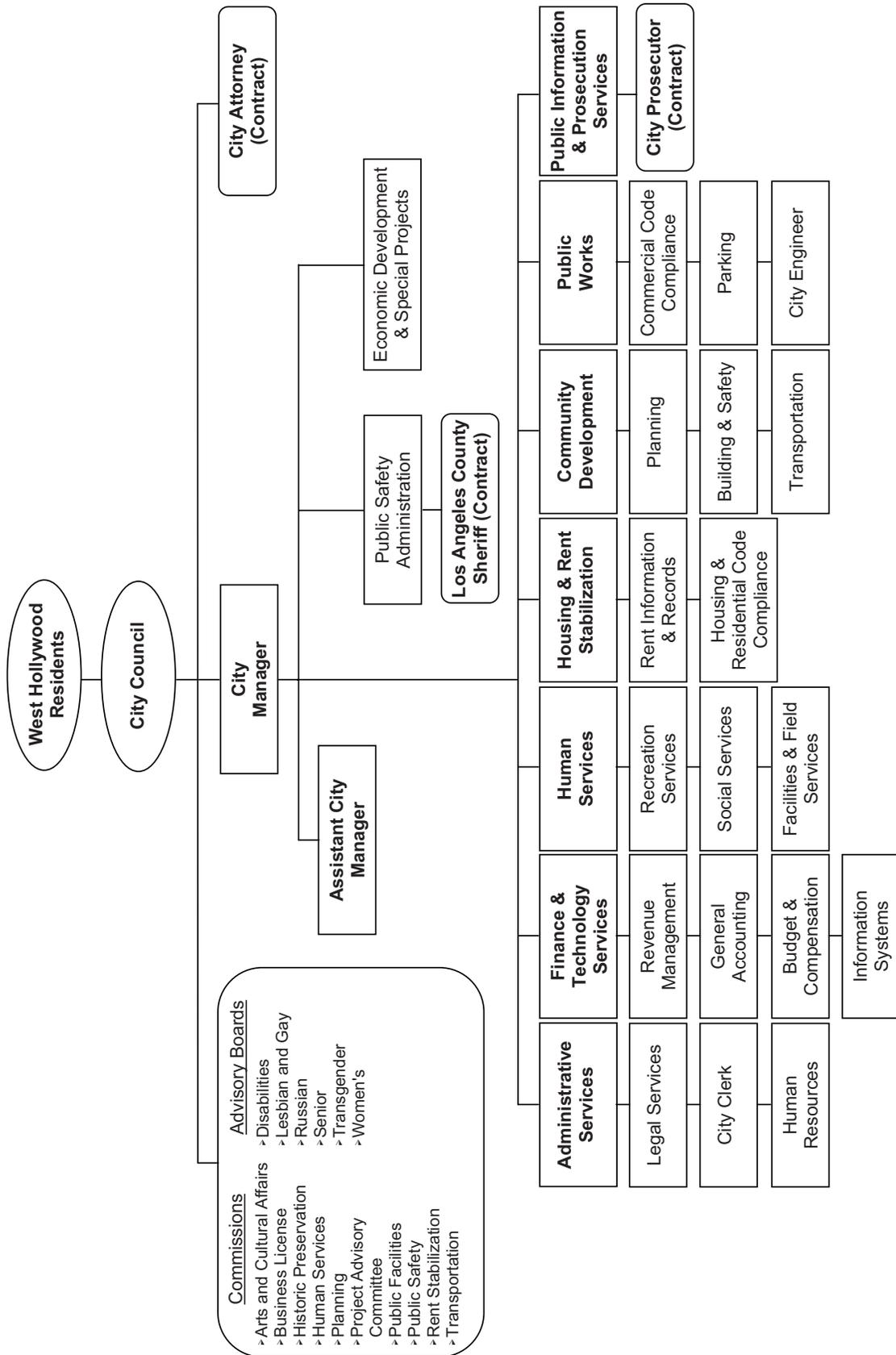
### Mayor and City Council

Mayor .....	<i>John Heilman</i>
Mayor Pro Tempore .....	<i>John Duran</i>
Council Member .....	<i>Abbe Land</i>
Council Member .....	<i>Lindsey Horvath</i>
Council Member .....	<i>Jeffrey Prang</i>

### Administration

City Manager .....	<i>Paul Arevalo</i>
City Attorney .....	<i>Michael Jenkins</i>
Assistant City Manager .....	<i>Joan English</i>
City Clerk .....	<i>Tom West</i>
Director of Administrative Services .....	<i>Vivian Love</i>
Director of Community Development/Deputy City Manager .....	<i>Anne McIntosh</i>
Director of Housing & Rent Stabilization .....	<i>Allyne Winderman</i>
Director of Human Services .....	<i>Sam Baxter</i>
Director of Public Information & Legal Services .....	<i>Helen Goss</i>
Director of Public Works .....	<i>Oscar Delgado</i>
Department of Finance & Technology Services	
Director .....	<i>Anil H. Gandhi</i>
Accounting Services Manager .....	<i>Gina Schuchard</i>
Revenue Manager .....	<i>David Hatcher</i>
Budget & Compensation Manager .....	<i>David Wilson</i>
Information Technology Manager .....	<i>Brian Ganley</i>

Citywide Organizational Chart



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# FINANCIAL SECTION





CERTIFIED PUBLIC ACCOUNTANTS

- Brandon W. Burrows, CPA
- Donald L. Parker, CPA
- Michael K. Chu, CPA
- David E. Hale, CPA, CFP  
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA

## 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, 2010, 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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2010, 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.

The accompanying management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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

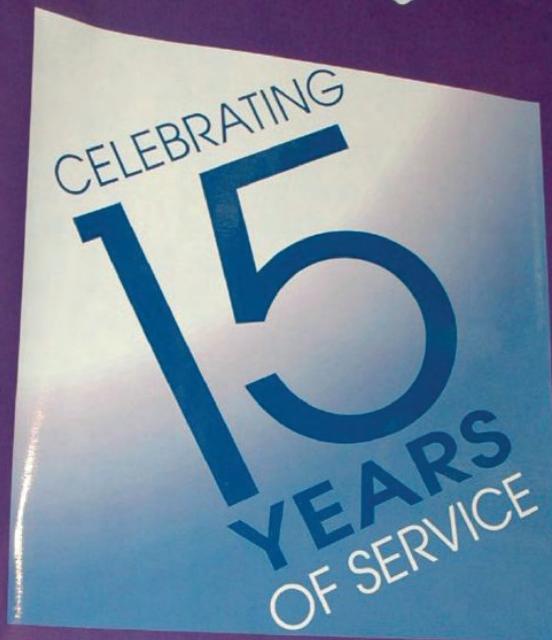
Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basic financial statements. The accompanying introductory section, the combining and individual nonmajor fund financial statements, schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The accompanying introductory section and statistical tables have not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Lance, Soll & Lingham, LLP*

December 4, 2010

# MANAGEMENT AND DISCUSSION ANALYSIS

Women's  
History  
Month



West Hollywood  
women's  
advisory board

THE CITY OF WEST HOLLYWOOD

Celebrate  
Women's  
History  
Month



Betty Ford

first lady &  
humanitarian

women's advisor

THE CITY OF WEST HOLLYWOOD

## 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, 2010. 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 \$320.5 million and total liabilities were \$95.3 million at June 30, 2010. The assets exceeded liabilities by \$225.3 million (*net assets*). Of this amount, \$62.5 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2010, total net assets increased by \$3.6 million. Total revenues from all sources were \$84.9 million and total expenses for all functions/programs were \$81.3 million.
- Of total revenues, program revenues were \$25.5 million and general revenues were \$59.5 million. Program revenues are separated into three categories: Charges for Services, \$18.6 million; Operating Contributions and Grants \$4.7 million; and Capital Contributions and Grants, \$2.2 million.

#### Fund Based

- For fiscal year ending June 30, 2010, total Fund Balance of the General Fund was \$68.5 million, or 101 percent of total General Fund expenditures of \$67.7 million. The Reserved Fund Balance was \$8.7 million. The Designated Fund Balance was \$52.7 million and Undesignated Fund Balance was \$7.1 million.
- For the General Fund, actual resources available for appropriation during the year were \$136.3 million; this consists of \$76.5 million in fund balance and \$59.8 million in revenue inflows which was \$1.4 million over budget. Actual charges (outflows) of \$67.7 million were \$6.1 million less than the budget of \$73.8 million. Capital projects, not completed during the fiscal year, were \$1.5 million and will be carried forward to FY 10-11. These are included in the \$52.7 million designated in 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 generated from the citizenry or taxpayer.

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 Council, 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, Community Development, and Transportation & 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 Community Development Commission (Redevelopment Agency), the West Hollywood Housing Authority (Housing Authority), the West Hollywood Public Facilities Corporation (Public Facilities Corporation), the West Hollywood Community Foundation (Community Foundation), the West Hollywood Public Financing Authority, the West Hollywood Marketing Corporation and the West Hollywood Library Fund. 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 Redevelopment Agency, Housing Authority, Public Facilities Corporation, 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, RDA Capital Projects Fund, RDA Debt Service Fund and Debt Funded Capital Projects. These four 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 78 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 38 to 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 to 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.

*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 47 to 73.

*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 75 to 126.

### GOVERNMENT - WIDE FINANCIAL ANALYSIS

This analysis will focus on the fiscal year ending June 30, 2010, 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, 2009 in its analysis.

Net Assets (Table 1)  
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 148.2	\$ 130.9	\$ 1.2	\$ 1.4	\$ 149.4	\$ 132.3
Capital assets	161.2	134.1	9.9	10.2	171.1	144.3
<b>Total assets</b>	<b>309.4</b>	<b>265.0</b>	<b>11.1</b>	<b>11.5</b>	<b>320.5</b>	<b>276.5</b>
Long-term debt outstanding	70.0	34.1	-	-	70.0	34.1
Other liabilities	25.0	20.5	0.2	0.2	25.3	20.7
<b>Total liabilities</b>	<b>95.0</b>	<b>54.6</b>	<b>0.2</b>	<b>0.2</b>	<b>95.3</b>	<b>54.8</b>
Net assets:						
Invested in capital assets, net of debt	95.0	103.0	9.9	10.2	104.9	113.2
Restricted	57.9	49.1	-	-	57.9	49.1
Unrestricted	61.5	58.3	1.0	1.1	62.5	59.5
<b>Total net assets</b>	<b>\$ 214.4</b>	<b>\$ 210.4</b>	<b>\$ 10.9</b>	<b>\$ 11.3</b>	<b>\$ 225.3</b>	<b>\$ 221.7</b>

The City's Government-Wide total net assets were \$225.3 million, with assets of \$320.5 million and liabilities of \$95.3 million. The net investment in capital assets of \$104.9 million represents 46.0 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 can not be used to liquidate these liabilities.

An additional portion of the City's net assets, \$57.9 million (25 percent) represents resources that are subject to external restrictions in how they may be used. This is an increase of \$8.8 million mainly related to \$36.7 million restricted to debt service. The remaining balance of \$62.5 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	
	2010	2009	2010	2009	2010	2009
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 16.2	\$ 17.1	\$ 2.4	\$ 2.4	\$ 18.6	\$ 19.4
Operating Contributions & Grants	4.7	5.3	-	-	4.7	5.3
Capital Contributions & Grants	2.2	4.4	-	-	2.2	4.4
Sub-total Program Revenues	23.1	26.8	2.4	2.4	25.5	29.2
General Revenues:						
Property taxes	18.3	18.0	-	-	18.3	18.0
Transient occupancy taxes	12.6	12.1	-	-	12.6	12.1
Sales taxes	12.3	12.7	-	-	12.3	12.7
Franchise taxes	2.3	2.0	-	-	2.3	2.0
Business license taxes	2.6	2.7	-	-	2.6	2.7
Motor Vehicle in lieu	3.5	3.3	-	-	3.5	3.3
Use of money and property	7.3	9.9	-	0.03	7.3	9.9
Other	0.6	0.5	-	-	0.6	0.5
Sale of Capital Asset	-	-	-	-	-	-
Sub-total General Revenues	59.5	61.3	-	0.03	59.5	61.4
<b>Total Revenues</b>	<b>82.6</b>	<b>88.2</b>	<b>2.4</b>	<b>2.4</b>	<b>85.0</b>	<b>90.6</b>

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

<b>Expenses</b>						
General Government	\$ 22.3	\$ 23.3	\$ -	\$ -	\$ 22.3	\$ 23.3
Public Safety	14.7	14.0	-	-	14.7	14.0
Public Services	37.9	47.2	-	-	37.9	47.2
Solid Waste	-	-	1.3	1.2	1.3	1.2
Sewer District	-	-	0.3	0.3	0.3	0.3
Landscape	-	-	0.2	0.2	0.2	0.2
Sewer	-	-	0.6	0.5	0.6	0.5
Interest on Long-Term Debt	3.8	2.0	-	-	3.8	2.0
Street Maintenance	-	-	0.4	0.4	0.4	0.4
<b>Total Expenses</b>	<b>78.6</b>	<b>86.5</b>	<b>2.8</b>	<b>2.6</b>	<b>81.4</b>	<b>89.1</b>
Increase (decrease) in Net Assets Before Transfers	\$ 4.0	\$ 1.7	\$ (0.4)	\$ (0.2)	\$ 3.6	\$ 1.4
Transfers	(0.10)	(0.10)	0.1	0.10	-	-
<b>Net Assets at July 1</b>	<b>210.4</b>	<b>208.3</b>	<b>11.3</b>	<b>11.4</b>	<b>221.7</b>	<b>219.7</b>
<b>Restatements</b>	<b>0.0</b>	<b>0.5</b>	<b>(0.1)</b>	<b>-</b>	<b>(0.1)</b>	<b>0.5</b>
<b>Net Assets, June 30</b>	<b>\$ 214.4</b>	<b>\$ 210.4</b>	<b>\$ 10.9</b>	<b>\$ 11.3</b>	<b>\$ 225.3</b>	<b>\$ 221.7</b>

The government's net assets increased \$3.6 million (Table 2), with total revenues of \$85.0 million and total expenses of \$81.4 million and a prior year restatement of \$0.1 million. Program revenues were \$25.5 million and general revenues were \$59.5 million, funding the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$18.6 million, which is a *program revenue*. Other program revenues which are applied directly against the costs of providing these services are Operating and Capital Contributions & Grants, at \$4.7 and \$2.2 million respectively. Property tax was the second largest revenue at \$18.3 million, followed by Transient Occupancy Tax, at \$12.6 million. The fourth largest revenue source was Sales Tax at \$12.3 million. These last three sources are all *general revenues derived from the citizenry or taxpayers*.

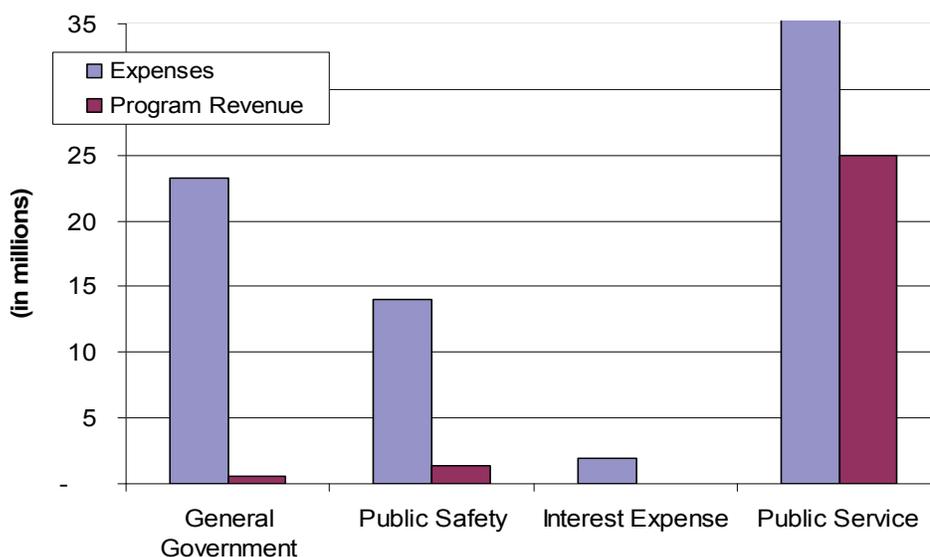
In terms of the explanation behind the change in Net Assets, the change was \$3.6 million and a restatement of \$0.1 million for a total of \$3.5 million. The change in Net Assets is approximately two percent of the total Net Assets of \$225.3 million which is insignificant.

In comparison to the prior fiscal year, the government's total revenues decreased by \$5.6 million while Program revenue decreased by \$3.7 million. General Revenues

decreased by \$1.9 million. For Program revenues, Charges for Services decreased \$0.8 million and Capital Contributions and Grants decreased by \$0.6 million and Operating Contributions and Grants in the amount of \$2.2 million. For General Revenue, the major increases were Property Tax for \$0.3 million, Transient Occupancy Tax for \$0.5 million, Motor Vehicle in Lieu for \$0.2 million. Major decreases were Sales Tax for \$0.4 million, Business License Taxes for \$0.1 million, and Use of Money and Property for \$2.6 million. Compared to the prior year, the government’s total expenditures decreased \$7.7 million. This decrease occurred in Governmental Activities only, with the largest decrease in Public Service of \$9.3 million and General Government had a decrease of \$1.0 million while Interest or Long-Term Debt had an increase of \$1.8 million and Public Safety had an increase of \$0.7 million.

Governmental Activities. Governmental activities increased the City’s *net assets* by \$4.0 million (Table 2). The cost of all governmental activities this year was \$78.6 million or 96.0 percent of the *primary government* expenditures and was a decrease of \$7.9 million from the prior year. As shown in the *Statement of Activities* on page 32, the amount that taxpayers financed through City taxes was \$48.0 million. The other portion of the costs was paid by those who directly benefited from the programs (\$16.2 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6.9 million). The City used part of the \$59.4 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)

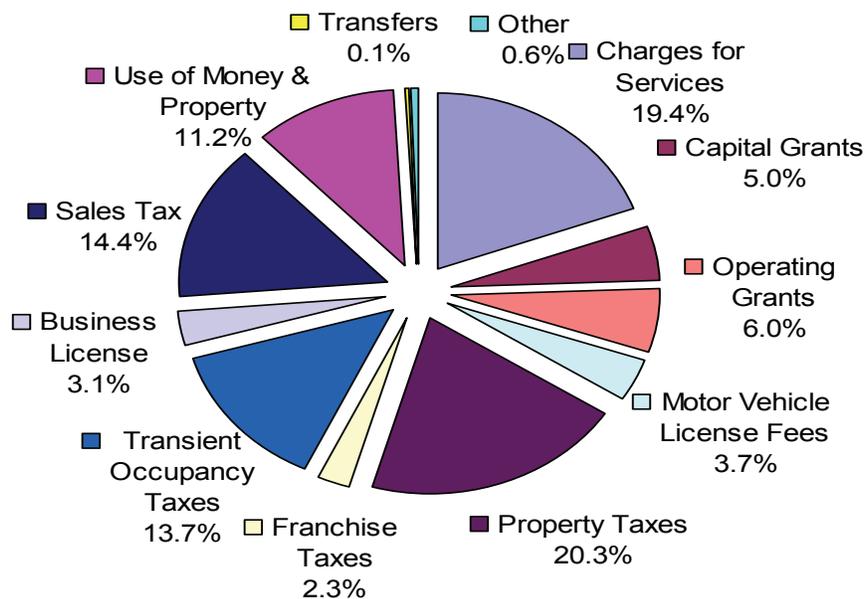


Graph 1 presents the costs of each of the City's three functions – General Government, Public Safety, Public Service, plus Interest on long-term debt as well as the program's revenues. The net cost (total cost less *program revenues*) is the amount that was paid from *general revenues*.

*General Government* had expenses of \$22.3 million with program revenues of \$0.5 million, while *Public Safety* had expenses of \$14.7 million with program revenues of \$1.3 million. From the prior year, *General Government* had a \$1.0 million decrease and *Public Safety* had a \$0.7 million increase. Expenses in *Public Services* represented \$37.9 million or 48 percent of total expenses for Governmental Activities. Of this amount, \$21.2 million was funded by *program revenues* and the remaining \$16.7 million was funded by *general revenues*. Interest on long term debt was \$3.8 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 \$16.2 million or 19.6 percent. *Charges for Service's* consist primarily of: Parking Fines at \$6.9 million, Licenses and Permits at \$3.6 million, Rent Stabilization Fees at \$1.9 million, Vehicle Code Fines at \$1.2 million, and Other Misc. Charges of \$2.6 million.

Revenues by Source – Governmental Activities (Graph 2)



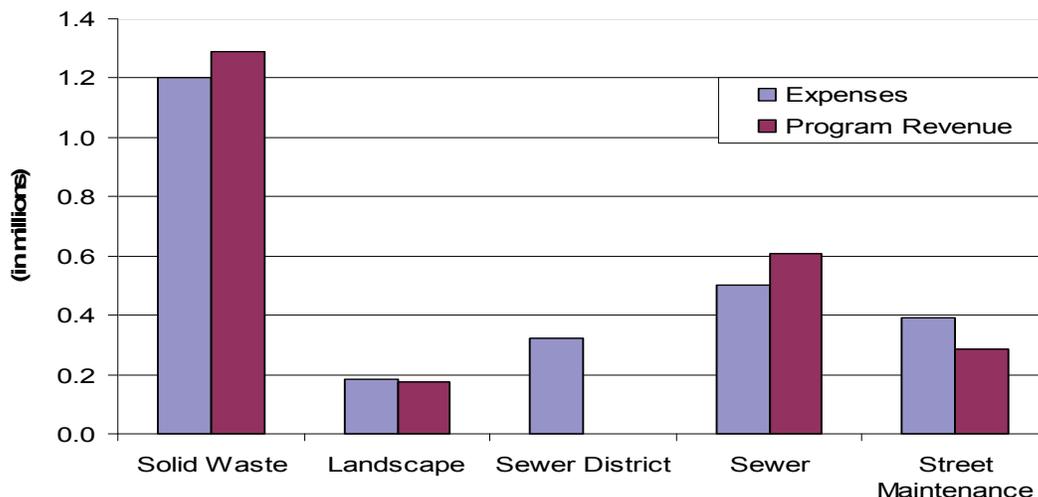
Other program revenues include operating and capital grants that together represented 8.3 percent of the total, or \$6.9 million. Operating and capital grants includes: \$5.6 million in various Federal, State, & County grants, \$1.0 million in Gas Tax and Contributions for the Library Fund of \$0.3 million.

For General Revenues, the four major categories were Property Tax at \$18.3 million, Transient Occupancy Tax at \$12.6 million, Sales Tax at \$12.3 million, and Use of Money and Property –at \$7.3 million. These four sources represented 61.2 percent of the Governmental Activities.

Business-type Activities. *Net assets* at June 30, 2010, were \$10.9 million, with assets equaling \$11.1 million and liabilities of \$0.2 million. Unrestricted net assets represented 9.1 percent or \$1.0 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 90.9 percent or \$9.9 million. Business-type activities decreased the City’s net assets by \$0.4 million in 2010 (Table 2). Revenues of the City’s business-type activities were \$ 2.4 million, while the expenses were \$2.8 million.

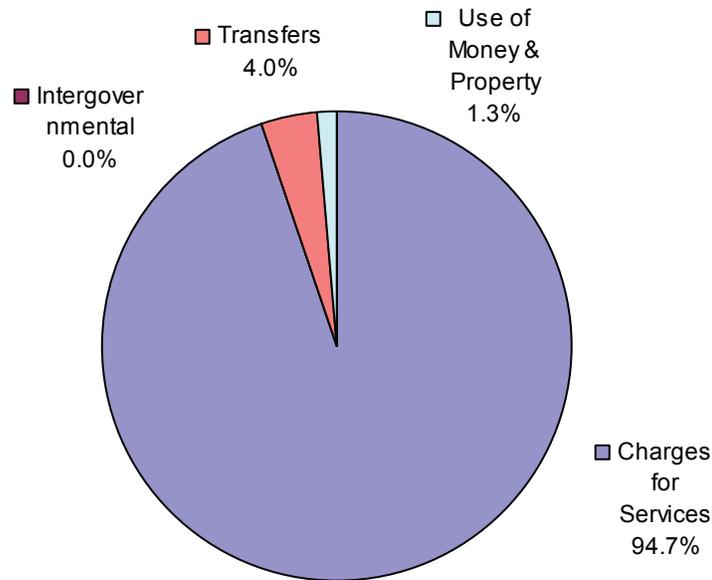
Graph 3 presents the costs of each of the City’s business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs 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 \$2.4 million or 96.0 percent. Total General Revenues were \$0.1 million and represented Transfers and Use of Money and Property (interest earnings).

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 four major governmental funds: the General Fund, Redevelopment Agency’s Capital Project Fund, Debt Funded Capital Projects Fund, and the Capital Projects Debt Service Fund. All funds are discussed in depth later in the MD&A. The other twenty-five Governmental Funds are reported as non-major and combined in a single presentation in the *Basic Financial Statements* or individually in the *Supplementary Information*. Each major fund is discussed further in the *Notes to the Financial Statements*.

Governmental Fund Balances – As of the end of the current fiscal year, governmental funds (page 35) reported combined ending fund balances of \$117.1 million. Approximately 70.8 percent of this total amount (\$82.9 million) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for liquidation of contracts and purchase orders of the prior period at \$28.2 million and Advances to other funds, particularly from the City to the Redevelopment Agency at \$5.2 million.

Governmental Revenues – Table 3 presents a summary of governmental fund revenues for the fiscal year ended June 30, 2010, compared to prior year revenues.

### Comparison of Governmental Revenues (Table 3)

#### Fiscal Years 2009-10 and 2008-09

	Amount	% of Total	Amount	% of Total	Variance	% Increase/
	FY 09-10	Revenues	FY 08-09	Revenues	Over/(Under)	(Decrease)
					FY 08-09	FY 08-09
Property Tax	\$ 16,803,618	21.2%	\$ 17,842,430	20.2%	\$ (1,038,812)	-5.8%
Transient Tax	12,590,133	15.8%	12,124,316	13.8%	465,817	3.8%
Sales Tax	11,843,141	14.9%	13,108,846	14.9%	(1,265,705)	-9.7%
Fines and Forfeitures	8,969,664	11.3%	9,404,794	10.7%	(435,130)	-4.6%
Intergovernmental	8,273,817	10.4%	10,216,862	11.6%	(1,943,045)	-19.0%
Use of Money & Property	6,866,344	8.6%	9,518,263	10.8%	(2,651,919)	-27.9%
Other Taxes	4,960,453	6.2%	4,888,560	5.5%	71,893	1.5%
License & Permits	3,380,036	4.3%	3,749,814	4.3%	(369,778)	-9.9%
Charges for Services	3,289,924	4.1%	3,192,149	3.6%	97,775	3.1%
Contributions	1,373,409	1.7%	3,122,985	3.5%	(1,749,576)	N/A
Miscellaneous	709,999	0.9%	657,738	0.7%	52,261	7.9%
Developers Fees	388,298	0.5%	345,161	0.4%	43,137	12.5%
<b>TOTAL</b>	<b>\$ 79,448,836</b>	<b>100.0%</b>	<b>\$ 88,171,918</b>	<b>100.0%</b>	<b>\$ (8,723,082)</b>	<b>-9.9%</b>

Revenues of governmental funds for fiscal year 2009-10 were \$79.4 million, with a decrease of \$8.7 million or 9.9 percent from the prior fiscal year. There were several significant decreases in revenue sources for the City, because of the current recession. The following are key points and graphs of the Governmental Fund revenues.

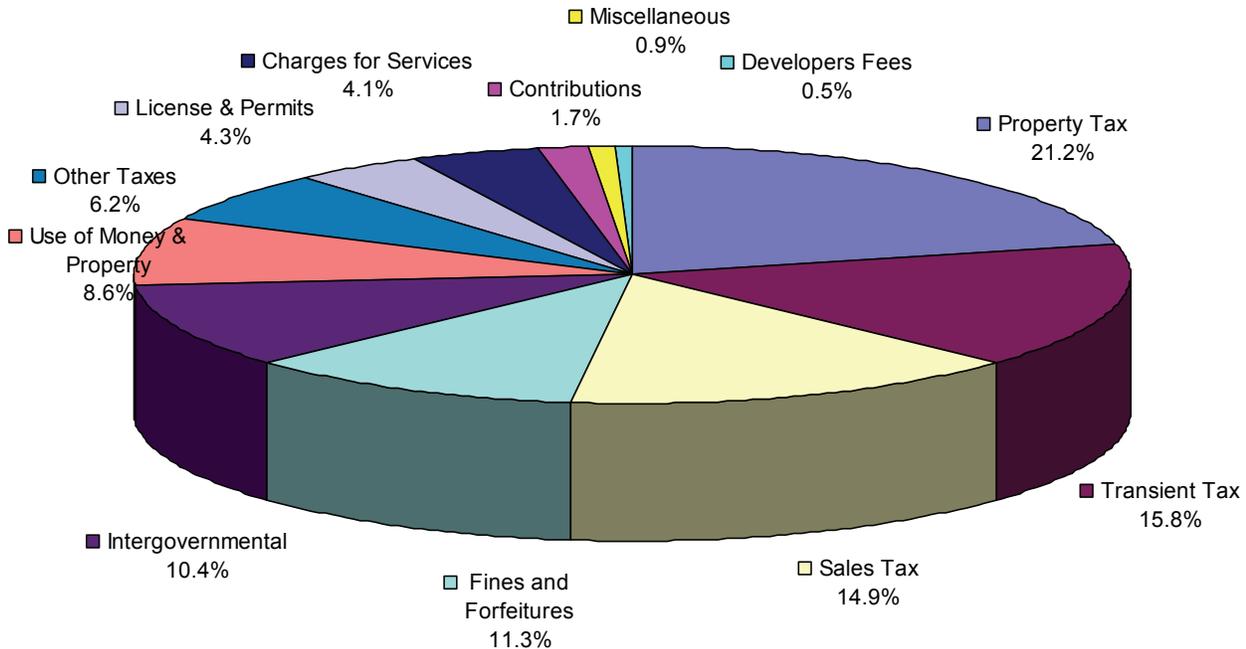
- Property Tax Revenue at \$16.8 million had a decrease of 5.8%, or \$1.0 million. The decrease was due to borrowing by the State of California from local governments under Proposition 1A passed in 2004. The City's share was \$1.4 million. These monies have to be repaid to the City within three years with accumulated interest. The overall increase in Property Tax Revenue though insignificant \$0.4 million attributed primarily to the adjusted valuation of properties sold, and subsequently reassessed.
- Sales Tax Revenue at \$11.8 million decreased \$1.3 million or 9.7% over prior

year. The decrease is primarily attributed to the current downturn in the economy. The major decreases were noted in General Consumer Goods, Building and Construction Merchandise and the share of the County Pool Revenues.

- Transient Occupancy Tax revenue at \$12.6 million had an increase of 3.8% over prior year. The increase was primarily attributed to a major hotel reopening after a closure for renovation.
- Other Tax Revenues at \$5.0 million had an increase of \$0.1 million , or 1.5% over prior year. Taxicab Franchise had an increase of \$0.3 million due to a change in the accounting period while Business License Tax and Natural Gas Franchise had a combined decrease of \$0.2 million..
- License and Permit Revenue at \$3.4 million had a decrease of \$0.4 million , or 9.9% over prior years. Building Permits decreased by \$0.6 million while Plan Check Fees increased by \$0.2 million.
- Intragovernmental Revenue at \$8.3 million had a decrease of \$1.9 million, or 19% over the prior year. The decrease was due to less trading of Prop A Funds with General Fund Resources. Last year, the City obtained \$3.0 million of traded Prop A Funds compared with \$1.0 million in the current year.
- Charges for Services Revenue at \$3.3 million had an increase of \$0.1 million, or 3.1% over prior year. The increase was due to the new program called Taxi Company Enhancement Fee. This revenue offsets the costs by the same amount.
- Use of Money and Property at \$6.9 million had the largest decrease of \$2.7 million, or 27.9%. The major components of decreases were Interest Income by \$2.1 million due to low interest rate in the current economy. Parking Meters, Monthly Parking, Transient Parking, and Bus Shelter Revenue fell by \$0.5 million.
- Fines and Forfeitures Revenues at \$9.0 million had a decrease of \$0.4 million, or 4.6 % over prior year. The decrease is attributed primarily to Parking Fines and Photo Safety. The decreases were \$0.3 million and \$0.1 million, respectively.
- Miscellaneous Revenues at \$0.7 million remains the same with insignificant change.
- Developer Fees at \$0.4 million had an increase of less than \$0.1 million which is an insignificant change.
- Contributions at \$1.4 million had a decrease of \$1.7 million. These contributions are donations for the new West Hollywood Library. Due to the current economy,

the donations to the new library are lower.

**Governmental Fund Revenues – Fiscal Year 2009-10 (Graph 5)**



Governmental Expenditures – Table 4 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2010, compared to prior year amounts.

Operating expenditures for 2009-10 were \$72.4 million, a decrease of 10.6 percent or \$8.6 million from the prior fiscal year, with Public Safety, Public Service and General Government having a combined decrease of \$8.6 million.

In General Government, the significant changes were Salaries & Benefits increases at \$0.2 million and there was a decrease in purchases of Prop. “A” traded funds by \$1.0 million.

Public Safety expenditures increased compared with prior year by \$0.7 million. It was due to an increase in the contract pricing with the Los Angeles County Sheriff department along with increased law enforcement services.

Public service decreased by \$8.6 million and totaled \$36.1 million. The decrease is due to last year’s purchase of 1234 Hayworth Senior Housing for \$9.8 million while Salaries & Benefits increased by \$0.8 million and Contract Services increased by \$0.1 million.

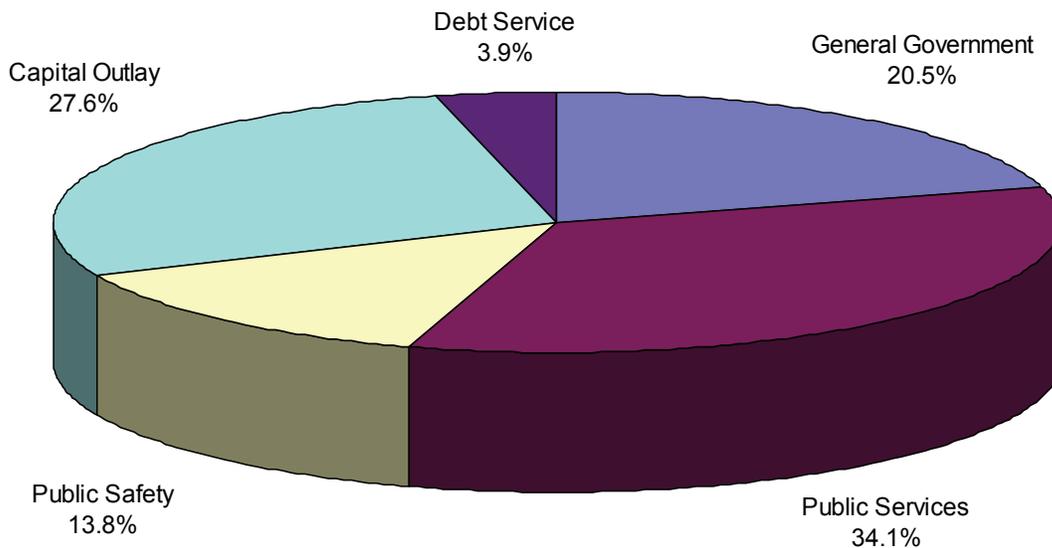
Capital Outlay expenditures were \$29.2 million, an increase of \$10.0 million over prior

year. The increases were due to the construction in process for the West Hollywood Park Master Plan.

Comparison of Major Governmental Expenditures (Table 4)  
Fiscal Years 2009-10 and 2008-09

	Amount FY 09-10	% of Total Expenditures	Amount FY 08-09	% of Total Expenditures	Variance Over/(Under) FY 08-09	% Increase/ (Decrease) FY 08-09
General Government	\$ 21,699,975	20.5%	\$ 22,464,073	21.8%	\$ (764,098)	-3.4%
Public Safety	14,613,812	13.8%	13,951,163	13.5%	662,649	4.7%
Public Services	36,093,478	34.1%	44,571,826	43.2%	(8,478,348)	-19.0%
<b>Total Operating Expenditures</b>	<b>72,407,265</b>	<b>68.4%</b>	<b>80,987,062</b>	<b>78.5%</b>	<b>(8,579,797)</b>	<b>-10.6%</b>
Capital Outlay	29,206,055	27.6%	19,191,828	18.6%	10,014,227	52.2%
Debt Service	4,177,226	3.9%	2,993,074	2.9%	1,184,152	39.6%
<b>TOTAL</b>	<b>\$ 105,790,546</b>	<b>100.0%</b>	<b>\$ 103,171,964</b>	<b>100.0%</b>	<b>\$ 2,618,582</b>	<b>2.5%</b>

Governmental Fund Expenditures – Fiscal Year 2009-10 (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 to 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 124.

Revenues for Enterprise Funds include assessments and other charges for services. Total operating revenues for all Enterprise Funds are \$2.4 million, while non-operating revenues and transfers represent \$0.1 million. Operating expenses for the fiscal year were \$2.8 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 \$0.3 million.

Fiduciary Funds account for resources held for the benefit of parties outside the City, in which the City is acting as trustee (page 46). The *Statement of Fiduciary Net Assets* reports three 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 Seismic Improvement 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. Lastly, the City administers the Business Improvement District to promote retail stores, restaurants and art galleries near the Pacific Design Center.

## REDEVELOPMENT AGENCY CAPITAL PROJECT FUND-ANALYSIS

Redevelopment Agency Capital Project Fund is a major fund and accounts for the expenditures made for improvements in the redevelopment project area. The Redevelopment Agency Capital Project Fund is a major fund (pages 34 to 40).

Fund Balance increased by \$0.8 million due to revenues exceeding expenditures.

Revenue The two sources of *revenue* in the fund were \$0.1 million from the Use of Money & Property and \$2.2 million from Transfers. The transfer is from the Redevelopment Debt Service Fund. Revenue remained the same as last year bringing down the deficit in Fund Balance to \$8.6 million. The deficit in the Fund Balance represents Advances from General for \$8.4 million and other payables for \$0.2 million.

Total Expenditures were \$1.5 million or \$0.3 million, a decrease of 17 percent over the prior fiscal year. The expenditures were related to interest expense on outstanding City loans, project expenditures for Plummer Park, capital improvements for sewer construction and general administrative expenditures.

#### DEBT SERVICE FUND – CAPITAL PROJECTS DEBT SERVICE -ANALYSIS

Debt Service Fund is a major fund and accounts for the Bond Proceeds, Disbursements of Proceeds and Other Debt Service related activity.

Fund Balance - The Fund Balance increased by \$9.9 million during the year. The primary reason for the increase was due to the issuance of the 2009 Lease Revenue Series 'A' and Series 'B' Bonds.

Revenue - The major source of revenue is Interest Income for \$1.2 million. During the current year, the City issued Series 'A' and Series 'B' Lease Revenue Bonds in the amount of \$22.0 and \$35.0 million respectively.

Expenditures – Major expenditures are for the Debt Service on outstanding bonds and for the refunding bonds for \$21.8 million. The Fund also had significant transfers out for \$20.0 million to Debt Funded Capital Project Fund for construction and improvements at the West Hollywood Park.

#### 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 increased by \$4.8 million during the year. The deficit fund balance at year-end was \$3.3 million. The deficit will be eliminated through designated transfers from the General Fund and the Library Fund.

Revenue - The Fund received contributions from the Library Fund for \$0.4 million. This is the second year of contributions from the Library Fund. The Library Fund solicits donations for the construction of the new library. The Debt Service Fund transferred \$20.0 million from the issuance of Lease Revenue Series 'B' Bonds for the West Hollywood Park Master Plan.

Expenditures - The Debt Fund Capital Project Fund had accumulated \$8.1 of capital

expenditures in prior years and incurred additional \$15.5 of capital expenditures in the current year. All these expenditures related to the construction of the West Hollywood Park Master Plan.

### GENERAL FUND – FUND BALANCE ANALYSIS

The General Fund is the chief operating fund of the City (pages 34 to 40). The fund balance had a decrease of \$8.0 million (Table 5). This was primarily reason for the decrease were planned drawdown's from the General Fund of \$5.2 million for the Sunset Rehabilitation Project, the State of California borrowing \$1.4 million from the City's General Fund and the City buying \$1.0 million of Prop A Funds for transportation needs.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund operating expenditures, (which excludes capital projects). Unreserved fund balance represents 99 percent of total General Fund operating expenditures, while total fund balance represents 113 percent of that same amount. Fund Balance in the General Fund at June 30, 2010 is \$68.6 million, which is represented by three components. The Unreserved/undesignated fund balance is \$7.1 million. The remainder of fund balance, \$61.4 million, is made up of Reserved/designated of \$8.7 million and Unreserved/designated of \$52.7 million.

Reserved/designated fund balances consist of: \$2.8 million for encumbrances and \$5.9 million for advances to other funds, which include advances to the Redevelopment Agency for \$5.2 million. Unreserved/designated fund balance consists of: \$0.5 million for self-insurance, \$43.5 million designated for future capital improvement master plan, \$5 million for emergency reserves as required by the Finance Policies and \$3.7 million designated for future expenditures.

Table 5 shows the three components of fund balance for the past five years. The second part shows the opening balance, operating surplus/ (deficit), restatements, and ending balance.

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

	<b>FY 09-10</b>	<b>FY 08-09</b>	<b>FY 07-08</b>	<b>FY 06-07</b>	<b>FY 05-06</b>
Fund Balance					
Reserved	\$ 8,737,738	\$ 12,483,127	\$ 11,088,861	\$ 9,586,060	\$ 8,667,835
Designated Unreserved	52,692,076	52,692,076	52,692,076	52,692,076	39,192,076
Undesignated Unreserved	7,134,832	11,335,257	18,490,794	7,087,882	3,917,790
<b>Total Fund Balance</b>	<b>\$ 68,564,646</b>	<b>\$ 76,510,460</b>	<b>\$ 82,271,731</b>	<b>\$ 69,366,018</b>	<b>\$ 51,777,701</b>
Beginning Balance	\$ 76,510,460	\$ 82,271,731	\$ 69,366,018	\$ 51,777,701	\$ 42,015,670
Operating Surplus /(Deficit)	(7,945,814)	(6,087,297)	12,905,713	17,009,653	8,319,955
Restatement		326,026		578,664	1,442,076
<b>Ending Balance</b>	<b>\$ 68,564,646</b>	<b>\$ 76,510,460</b>	<b>\$ 82,271,731</b>	<b>\$ 69,366,018</b>	<b>\$ 51,777,701</b>

GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS

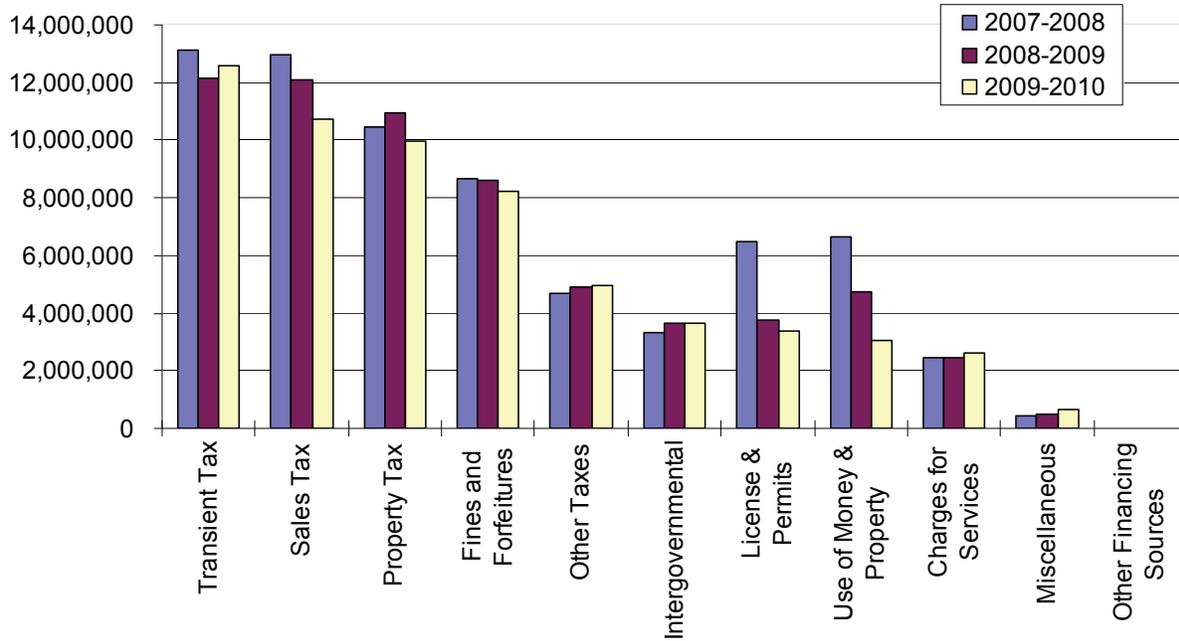
Revenues – For fiscal year 2009-10, General Fund Revenues and Other Financing Sources were \$59.8 million, a decrease of 6.2 percent due to the various significant decreasing revenues mentioned on page 19 (General Fund – Fund Balance Analysis). Following are key points and graphs of General Fund Revenues:

General Fund Revenues and Other Financing Sources (Table 6)  
Fiscal Years 2009-10 and 2008-09

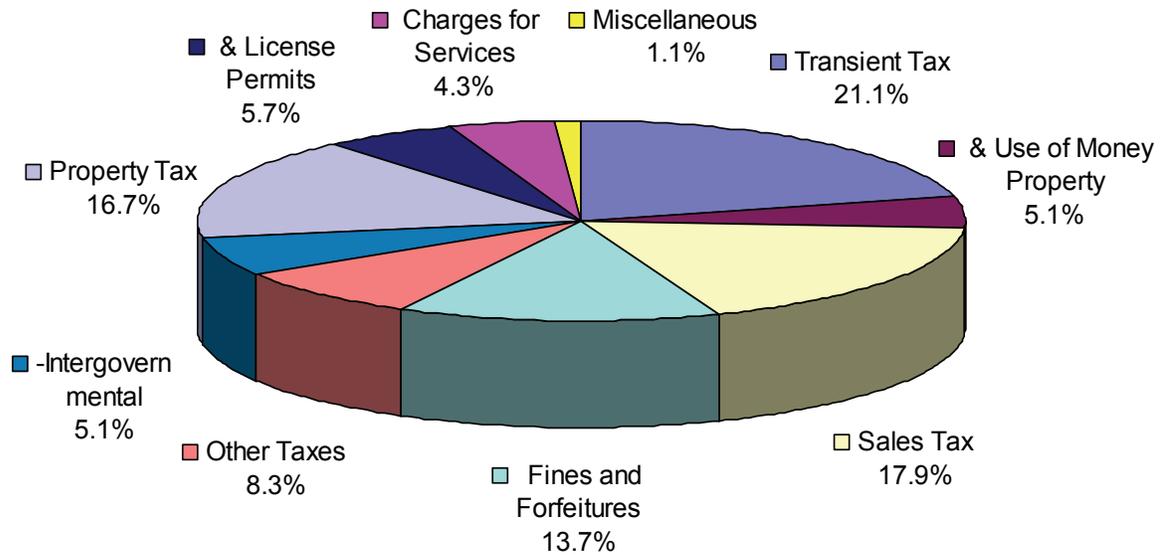
	2009-2010	2008-2009	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
<b>Transient Tax</b>	\$ 12,590,134	\$ 12,124,316	\$ 465,818	3.8%	21.1%
<b>Sales Tax</b>	10,730,268	12,112,024	(1,381,756)	-11.4%	17.9%
<b>Property Tax</b>	9,971,747	10,941,349	(969,602)	-8.9%	16.7%
<b>Fines and Forfeitures</b>	8,207,443	8,608,757	(401,314)	-4.7%	13.7%
<b>Other Taxes</b>	4,960,454	4,888,562	71,892	1.5%	8.3%
<b>Intergovernmental</b>	3,656,267	3,651,553	4,714	0.1%	6.1%
<b>License &amp; Permits</b>	3,380,036	3,749,814	(369,778)	-9.9%	5.7%
<b>Use of Money &amp; Property</b>	3,047,050	4,741,526	(1,694,476)	-35.7%	5.1%
<b>Charges for Services</b>	2,594,947	2,435,729	159,218	6.5%	4.3%
<b>Miscellaneous</b>	662,728	473,123	189,605	40.1%	1.1%
<b>Other Financing Sources</b>	0	0	0	N/A	0.0%
<b>Totals</b>	<b>\$ 59,801,074</b>	<b>\$ 63,726,753</b>	<b>\$ (3,925,679)</b>	<b>-6.2%</b>	<b>100.0%</b>

- Property tax revenues at \$10.0 million had a decrease of 8.9% or \$1.0 million. The decrease was due to borrowing by the State of California from local governments under Proposition 1A passed in 2004. The City's share was \$1.4 million. These monies have to be repaid to the City within three years with accumulated interest. The overall increase in Property Tax Revenue though insignificant, was \$0.4 million attributed primarily to the adjusted valuation of properties sold, and subsequently reassessed.
- Sales Tax Revenue at \$10.7 million decreased \$1.4 million or 11.4% over prior year. The decrease is primarily attributed to the current downturn in the economy. The major decreases were noted in General Consumer Goods, Building and Construction Merchandise and the share of the County Pool Revenues.
- Transient Occupancy Tax Revenue at \$ 12.6 million had an increase of 3.8% over prior year. The increase was primarily attributed to a major hotel reopening after a closure for renovation.
- Other Taxes Revenues at \$5.0 million had an increase of \$ 0.1 million, or 1.5% over prior year. Taxicab Franchise had an increase of \$0.3 million due to a change in the accounting period while Business License Tax and Natural Gas Franchise had a combined decrease of \$0.2 million..
- License and Permits Revenue at \$3.4 million had a decrease of \$0.4 million, or 9.9% over prior years. Building Permits decreased by \$0.6 million while Plan Check fees increased by \$0.2 million.
- Intergovernmental Revenue at \$3.7 million had no change.
- Charges for Services Revenue at \$2.6 million had an increase of \$0.2 million, or 6.5% over prior year. The increase was due to the new program called Taxi Company Enhancement Fee. This revenue offsets the costs by the same amount. .
- Use of Money and Property Revenue at \$3.0 million had the largest decrease of \$1.7 million, or 35.7%. The major components of the decrease were Interest Income by \$1.4 million due to low interest rate in the current economy, Parking Meters by \$0.1 million and Bus Shelter Revenues by \$0.1 million.
- Fines and Forfeitures Revenues at \$8.2 million had a decrease of \$0.4 million, or 4.7% over prior year. The decrease was attributed primarily to Parking Fines and Photo Safety. The decreases were \$0.3 million and \$0.1 million, respectively. .
- Miscellaneous revenue at \$.7 million had many one time small miscellaneous revenue deposits.

Comparison of General Fund Revenues (Graph 7)  
Fiscal Years 2009-10, 2008-09 and 2007-08



General Fund Revenues - Fiscal Year 2009-10 (Graph 8)



**Expenditures** – For fiscal year 2009-10, total General Fund expenditures were \$67.7 million, a decrease of 3% decrease or \$2.1 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.

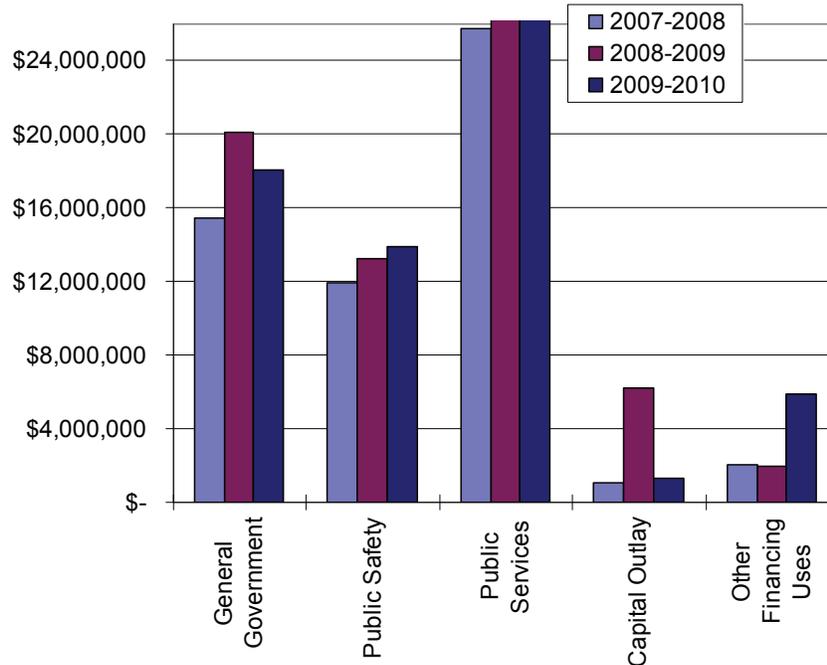
**General Fund Expenditures (Table 7)**  
Fiscal Years 2009-10 and 2008-09

	2009-2010	2008-2009	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
<b>General Government</b>	\$ 18,042,480	\$ 20,145,561	\$ (2,103,081)	-10.4%	26.6%
<b>Public Safety</b>	13,889,678	13,246,687	642,991	4.9%	20.5%
<b>Public Services</b>	28,572,861	28,205,060	367,801	1.3%	42.2%
<b>Capital Outlay</b>	1,316,428	6,242,847	(4,926,419)	-78.9%	1.9%
<b>Other Financing Uses</b>	5,925,441	1,973,895	3,951,546	200.2%	8.7%
<b>Total Expenditures</b>	<u>\$ 67,746,888</u>	<u>\$ 69,814,050</u>	<u>\$ (2,067,162)</u>	<u>-3.0%</u>	<u>100.0%</u>

- General Government expenditures were \$18.0 million a decrease of \$2.0 million or 10.4%. The significant changes were Salaries & Benefits increases of \$0.2 million while Other Operating Costs decreased by \$0.5 million and Contracted Services decreased by \$1.8 million.
- Public Safety expenditures were \$13.9 million, an increase of 4.9 percent. The increase was due to contract pricing associated with the Los Angeles County Sherriff's Department along with increased law enforcement services.
- Public Service expenditures were \$28.6 million and resulted in a 1.3 percent increase. Public Services is the largest function in the General Fund with the following five (5) major program areas: 1) Recreation Services at \$3.9 million, 2) Social Services at \$5.0 million, 3) Facilities & Field Services at \$4.8 million, 4) Planning at \$3.2 million, and 5) Parking at \$3.7 million. The increase in Public Service was in Salaries & Benefits for \$0.4 million.
- Capital Outlay expenditures were \$1.3 million, a decrease of \$4.9 million over prior year. The significant decrease was related to the purchase of the Maintenance Yard for \$4.5 million on Romaine Avenue in the prior year.
- Other Financing Uses were \$5.9 million, which is an increase of \$4.0 million from prior year. The increase was due to several factors : a transfer to the Capital

Projects Fund for \$5.2 million for Sunset Beautification and, in the current year, Debt Service on the City Hall and Parking Structure was financed through Debt Service Fund for \$1.2 million.

Comparison of General Fund Expenditures (Graph 9)  
Fiscal Years 2009-10, 2008-09 and 2007-08



### 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 bought forward by various departments. The General Fund budgetary comparison statement is located on pages 41 to 42.

Resources (Inflows) –The budgeted amount for *revenues* (resources available for appropriation) had an decrease of \$2.3 million between the original budget of \$60.7 million and the final amended budget of \$58.4 million. The decrease was due to mid-year adjustments for Taxes at \$1.6 million and Fines & Forfeitures at \$0.5 million. Actual revenues exceeded the final amended budget by \$1.4 million. The significant difference in actual revenues was primarily due to actual tax revenue exceeding budget

by \$0.9 million. Miscellaneous Revenue increased by \$0.5 million. Overall the budget was adopted with conservative estimates.

A charge to Appropriations (Outflows) – The difference between the original budget and the final budget was an increase of \$7.1 million in appropriations. The major increase was in Public Service in the amount of \$2.7 million. For the other functions, General Government had a \$1.8 million increase as well as Capital Projects had an increase of \$2.5 million and Public Safety remained mostly unchanged. There were two significant variances between the final amended budget and actual expenditures. In all instances actual expenditures were less than the final adopted budget. The variances were in Capital Improvement Projects and in Transfers Out. In all instances the remaining appropriations were either partially encumbered or re-appropriated in the next fiscal year. The reason for the variance is due to the initiation and the completion of projects.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets (Table 7) for its governmental and business-type activities as of June 30, 2010, is \$161.2 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 page 60.

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2010	2009	2010	2009	2010	2009
Land	\$ 51,233	\$ 51,233	\$ -	\$ -	\$ 51,233	\$ 51,233
Buildings and systems	17,695	18,146	-	-	17,695	18,146
Improvements other than buildings	7,367	6,461	-	-	7,367	6,461
Machinery and Equipment	2,406	2,113	-	-	2,407	2,113
Infrastructure	44,100	44,844	9,943	10,152	54,043	54,996
Construction in progress	38,405	11,311	-	-	38,405	11,311
<b>Total Capital Assets</b>	<b>\$ 161,206</b>	<b>\$ 134,109</b>	<b>\$ 9,943</b>	<b>\$ 10,152</b>	<b>\$ 171,149</b>	<b>\$ 144,261</b>

Long-Term Debt. At year end, the City had \$69.6 million in outstanding long-term debt for Governmental Activities. These consisted of Tax Allocation Bonds, Compensated Absences, OPEB obligations and Lease Revenue Series A and Series B Bonds. Tax Allocation Bonds were \$10.2 million and represent the first bond issue of the City's

Redevelopment Agency.

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.

Compensated Absences has an increase of \$0.2 million with an outstanding balance of \$3.0 million at year end. The City's OPEB obligation at year end was \$0.8 million.

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 66; Note Number 9.

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

	Governmental Activities			
	2010	2009	Variance Over/(Under) last year	% of increase (decrease) over last year
Certificates of Participation	\$ -	\$ 20,420.0	\$ (20,420.0)	-100.0%
Tax Allocation Bonds	10,230.0	10,450.0	(220.0)	-2.1%
Compensated Absences	2,979.0	2,824.0	155.0	5.5%
OPEB Obligation	813.0	460.0	353.0	76.7%
Lease Revenue - Series A	20,770.0	-	20,770.0	N/A
Lease Revenue - Series B	34,780.0	-	34,780.0	N/A
<b>Total Long-term Debt</b>	<b>\$ 69,572.0</b>	<b>\$ 34,154.0</b>	<b>\$ 35,418.0</b>	<b>103.7%</b>

## 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, 2010, 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 collapse of the financial markets in the early part of last fiscal year because of the “sub-prime” catastrophe has resulted in a credit crunch and slow growth economy. The City of West Hollywood was and is not immune to impacts of the current economic climate.

After enduring the longest and deepest recession since the 1930’s, some signs of hope are beginning to appear. Optimism, however, is not a word associated with the job market. In its fourth quarterly report of 2010, the UCLA Anderson Forecast calls for “modest growth and distressingly high unemployment” for most of 2011, with an acceleration of growth late next year that will gradually lower the unemployment rate. The tight credit market is another reminder that the rebound will be slow and gradual.

At the State level, the City will continue to monitor the State’s on-going structural deficit as it impacts the City of West Hollywood. The State’s struggling economy has severely reduced expected revenues. Combined with rising State expenses, the State will need \$25.0 billion in budget solutions to have a balanced budget next year. The State’s past and current history of balancing its budget with the funds from local government is West Hollywood’s largest economic threat.

Despite the challenging economic environment, careful management of finances will assist the City to continue to maintain its ability to fund current levels of services to its residents without the need to use its reserves. The City has occasionally used its reserves for specific planned capital projects like Sunset Boulevard Beautification Project and the West Hollywood Park Master Plan. 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 to its pre-recession level by its prudent fiscal management and economic development. This was further validated by Standard & Poor’s assigning its “AAA” issuer credit rating, with a stable outlook, to the City of West Hollywood. Please see the Letter of Transmittal for more information.

Taking this information into account, the City’s adopted General Fund budget for fiscal year 2010-2011 reflects pragmatic optimism about the City’s financial future. Budget

projections for key revenues over the next year will anticipate that they will grow at a slower pace 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 [www.weho.org/financials](http://www.weho.org/financials).

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# BASIC FINANCIAL STATEMENTS



## CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit West Hollywood Marketing Corp.
<b>Assets:</b>				
Cash and investments	\$ 113,039,430	\$ 1,088,311	\$ 114,127,741	\$ 483,551
Receivables:				
Accounts	4,879,785	14,142	4,893,927	16,815
Taxes	1,265,437	-	1,265,437	335,779
Accrued interest	174,557	2,700	177,257	-
Notes and loans	20,612,199	-	20,612,199	-
Allowance for loan forgiveness	(19,952,812)	-	(19,952,812)	-
Internal balances	(16,233)	16,233	-	-
Prepaid costs	5,325	-	5,325	22,415
Deposits	39,000	-	39,000	-
Due from other governments	6,049,135	68,043	6,117,178	-
Unamortized debt issuance costs	962,277	-	962,277	-
Restricted assets:				
Cash with fiscal agent	21,126,608	-	21,126,608	-
Capital assets not being depreciated	89,638,153	1,410,355	91,048,508	-
Capital assets, net of depreciation	71,568,107	8,532,636	80,100,743	33,214
<b>Total Assets</b>	<b>309,391,738</b>	<b>11,132,420</b>	<b>320,524,158</b>	<b>891,774</b>
<b>Liabilities:</b>				
Accounts payable	12,559,745	216,519	12,776,264	30,826
Accrued liabilities	1,217,149	-	1,217,149	36,802
Accrued interest	1,687,624	-	1,687,624	-
Unearned revenue	3,485,970	-	3,485,970	-
Deposits payable	4,182,616	8,271	4,190,887	-
Due to other governments	1,890,384	-	1,890,384	-
Noncurrent liabilities:				
Due within one year	4,739,645	-	4,739,645	7,775
Due in more than one year	65,273,927	-	65,273,927	6,094
<b>Total Liabilities</b>	<b>95,037,060</b>	<b>224,790</b>	<b>95,261,850</b>	<b>81,497</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	94,984,874	9,942,991	104,927,865	33,214
Restricted for:				
Community development projects	336,197	-	336,197	-
Public works	865,965	-	865,965	-
Capital projects	19,974,094	-	19,974,094	-
Debt service	36,684,408	-	36,684,408	-
Unrestricted	61,509,140	964,639	62,473,779	777,063
<b>Total Net Assets</b>	<b>\$ 214,354,678</b>	<b>\$ 10,907,630</b>	<b>\$ 225,262,308</b>	<b>\$ 810,277</b>

CITY OF WEST HOLLYWOOD

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues		Capital Contributions and Grants
		Charges for Services	Operating Contributions and Grants	
<b>Functions/Programs</b>				
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 22,283,500	\$ 502,745	\$ 122,881	\$ -
Public safety	14,693,505	1,149,849	148,693	-
Public services	37,851,081	14,551,173	4,416,544	2,198,352
Interest on long-term debt	3,753,074	-	-	-
<b>Total Governmental Activities</b>	<b>78,581,160</b>	<b>16,203,767</b>	<b>4,688,118</b>	<b>2,198,352</b>
Business-Type Activities:				
Sewer District	327,774	-	-	-
Sewer Charge	603,121	609,880	-	-
Solid Waste	1,266,869	1,301,527	-	-
Landscape District	175,253	173,623	-	-
Street Maintenance	396,000	288,216	-	-
<b>Total Business-Type Activities</b>	<b>2,769,017</b>	<b>2,373,246</b>	<b>-</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 81,350,177</b>	<b>\$ 18,577,013</b>	<b>\$ 4,688,118</b>	<b>\$ 2,198,352</b>
<b>Component Units:</b>				
West Hollywood Marketing Corporation	\$ 1,578,853	\$ -	\$ -	\$ -

**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

**Transfers**

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

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

**Net Assets at End of Year**

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	West Hollywood Marketing Corp.
\$ (21,657,874)	\$ -	\$ (21,657,874)	\$ -
(13,394,963)	-	(13,394,963)	-
(16,685,012)	-	(16,685,012)	-
(3,753,074)	-	(3,753,074)	-
<b>(55,490,923)</b>	<b>-</b>	<b>(55,490,923)</b>	<b>-</b>
-	(327,774)	(327,774)	-
-	6,759	6,759	-
-	34,658	34,658	-
-	(1,630)	(1,630)	-
-	(107,784)	(107,784)	-
-	<b>(395,771)</b>	<b>(395,771)</b>	<b>-</b>
<b>(55,490,923)</b>	<b>(395,771)</b>	<b>(55,886,694)</b>	<b>-</b>
-	-	-	(1,578,853)
18,349,422	-	18,349,422	-
12,590,134	-	12,590,134	1,509,813
12,308,132	-	12,308,132	-
2,257,600	-	2,257,600	-
2,603,306	-	2,603,306	-
3,451,448	-	3,451,448	-
7,322,293	9,600	7,331,893	1,289
623,043	-	623,043	139,678
(100,000)	100,000	-	-
<b>59,405,378</b>	<b>109,600</b>	<b>59,514,978</b>	<b>1,650,780</b>
3,914,455	(286,171)	3,628,284	71,927
210,432,220	11,275,788	221,708,008	738,350
8,003	(81,987)	(73,984)	-
<b>\$ 214,354,678</b>	<b>\$ 10,907,630</b>	<b>\$ 225,262,308</b>	<b>\$ 810,277</b>

## CITY OF WEST HOLLYWOOD

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	General	Capital Projects Funds		Debt Service
		Debt Funded Capital Projects	Redevelopment Agency Capital Projects	Funds Capital Projects Debt Service
<b>Assets:</b>				
Pooled cash and investments	\$ 68,059,139	\$ -	\$ -	\$ 5,896,051
Receivables:				
Accounts	805,440	350,000	-	135,457
Taxes	1,265,437	-	-	-
Loans	-	-	-	-
Allowance for forgiveness	-	-	-	-
Accrued interest	34,263	-	-	53,456
Prepaid costs	4,706	-	-	-
Deposits	39,000	-	-	-
Due from other governments	4,484,624	-	-	-
Due from other funds	2,153,914	-	-	-
Advances to other funds	8,393,261	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	1,475,953	-	18,228,438
<b>Total Assets</b>	<b>\$ 85,239,784</b>	<b>\$ 1,825,953</b>	<b>\$ -</b>	<b>\$ 24,313,402</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 5,575,527	\$ 2,648,050	\$ 239,629	\$ -
Accrued liabilities	1,215,130	-	-	-
Deferred revenues	5,190,276	-	-	-
Unearned revenues	3,016,505	-	-	-
Deposits payable	1,677,700	1,475,953	-	-
Due to other governments	-	-	-	-
Due to other funds	-	990,123	725,978	-
Advances from other funds	-	-	7,673,636	-
<b>Total Liabilities</b>	<b>16,675,138</b>	<b>5,114,126</b>	<b>8,639,243</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	2,797,135	14,602,329	2,066,666	-
Reserved for prepaid costs	4,706	-	-	-
Reserved for advances to other funds	5,896,897	-	-	-
Reserved for inventory	-	-	-	-
Reserved for deposits	39,000	-	-	-
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service funds	-	-	-	-
Permanent funds	-	-	-	-
Designated for self-insurance	500,000	-	-	-
Designated for debt service	-	-	-	9,873,044
Designated for future year CIP	43,500,000	-	-	-
Designated for future expenditures	3,692,076	-	-	-
Designated for emergencies	5,000,000	-	-	-
Undesignated	7,134,832	(17,890,502)	(10,705,909)	14,440,358
<b>Total Fund Balances</b>	<b>68,564,646</b>	<b>(3,288,173)</b>	<b>(8,639,243)</b>	<b>24,313,402</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 85,239,784</b>	<b>\$ 1,825,953</b>	<b>\$ -</b>	<b>\$ 24,313,402</b>

## CITY OF WEST HOLLYWOOD

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>		
Pooled cash and investments	\$ 38,492,350	\$ 112,447,540
Receivables:		
Accounts	3,588,888	4,879,785
Taxes	-	1,265,437
Loans	20,612,199	20,612,199
Allowance for forgiveness	(19,952,812)	(19,952,812)
Accrued interest	86,838	174,557
Prepaid costs	619	5,325
Deposits	-	39,000
Due from other governments	1,564,511	6,049,135
Due from other funds	725,978	2,879,892
Advances to other funds	-	8,393,261
Inventories	770	770
Restricted assets:		
Cash and investments with fiscal agents	1,422,217	21,126,608
<b>Total Assets</b>	<b>\$ 46,541,558</b>	<b>\$ 157,920,697</b>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 4,096,539	\$ 12,559,745
Accrued liabilities	2,019	1,217,149
Deferred revenues	1,059,523	6,249,799
Unearned revenues	469,465	3,485,970
Deposits payable	1,028,963	4,182,616
Due to other governments	1,890,384	1,890,384
Due to other funds	1,163,791	2,879,892
Advances from other funds	719,625	8,393,261
<b>Total Liabilities</b>	<b>10,430,309</b>	<b>40,858,816</b>
<b>Fund Balances:</b>		
Reserved:		
Reserved for encumbrances	8,773,628	28,239,758
Reserved for prepaid costs	619	5,325
Reserved for advances to other funds	-	5,896,897
Reserved for inventory	770	770
Reserved for deposits	-	39,000
Unreserved:		
Unreserved, reported in nonmajor:		
Special revenue funds	3,215,665	3,215,665
Capital projects funds	10,068,923	10,068,923
Debt service funds	14,058,630	14,058,630
Permanent funds	(6,986)	(6,986)
Designated for self-insurance	-	500,000
Designated for debt service	-	9,873,044
Designated for future year CIP	-	43,500,000
Designated for future expenditures	-	3,692,076
Designated for emergencies	-	5,000,000
Undesignated	-	(7,021,221)
<b>Total Fund Balances</b>	<b>36,111,249</b>	<b>117,061,881</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 46,541,558</b>	<b>\$ 157,920,697</b>

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CITY OF WEST HOLLYWOOD

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010**

Fund balances of governmental funds	\$ 117,061,881
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	161,206,260
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets	962,277
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities	(66,221,386)
Compensated Absences	(2,979,645)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds	(1,687,624)
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	6,249,799
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	575,657
The net post-employment benefit liability is recorded in the government-wide financial statements but not in the fund financial statements	(812,541)
<b>Net assets of governmental activities</b>	<b><u>\$ 214,354,678</u></b>

## CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	General	Capital Projects Funds		Debt Service
		Debt Funded Capital Projects	Redevelopment Agency Capital Projects	Fund Capital Projects Debt Service
<b>Revenues:</b>				
Taxes	\$ 38,252,603	\$ -	\$ -	\$ -
Licenses and permits	3,380,036	-	-	-
Intergovernmental	3,656,267	-	-	-
Charges for services	2,594,947	-	-	-
Use of money and property	3,047,050	-	81,607	1,167,956
Fines and forfeitures	8,207,443	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	662,728	-	-	-
<b>Total Revenues</b>	<b>59,801,074</b>	<b>-</b>	<b>81,607</b>	<b>1,167,956</b>
<b>Expenditures:</b>				
Current:				
General government	18,042,480	50,022	592,247	-
Public safety	13,889,678	-	-	-
Public services	28,572,861	-	-	-
Capital outlay	1,316,428	15,451,856	454,967	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	455,748	2,146,934
Debt issuance costs	-	-	-	790,384
<b>Total Expenditures</b>	<b>61,821,447</b>	<b>15,501,878</b>	<b>1,502,962</b>	<b>2,937,318</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,020,373)	(15,501,878)	(1,421,355)	(1,769,362)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	20,329,758	2,227,308	489,354
Transfers out	(5,925,441)	-	-	(19,979,758)
Refunding bonds issued	-	-	-	22,160,000
Bonds issued	-	-	-	34,780,000
Bond premium	-	-	-	665,937
Bond discount	-	-	-	(95,813)
Refunded bonds redeemed	-	-	-	(21,810,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,925,441)</b>	<b>20,329,758</b>	<b>2,227,308</b>	<b>16,209,720</b>
Net Change in Fund Balances	(7,945,814)	4,827,880	805,953	14,440,358
Fund Balances, Beginning of Year	76,510,460	(8,116,053)	(9,445,196)	9,873,044
<b>Fund Balances, End of Year</b>	<b>\$ 68,564,646</b>	<b>\$ (3,288,173)</b>	<b>\$ (8,639,243)</b>	<b>\$ 24,313,402</b>

## CITY OF WEST HOLLYWOOD

**STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>		
Taxes	\$ 7,944,742	\$ 46,197,345
Licenses and permits	-	3,380,036
Intergovernmental	4,617,550	8,273,817
Charges for services	694,977	3,289,924
Use of money and property	2,569,731	6,866,344
Fines and forfeitures	762,221	8,969,664
Contributions	1,373,409	1,373,409
Developer participation	388,298	388,298
Miscellaneous	47,271	709,999
<b>Total Revenues</b>	<b>18,398,199</b>	<b>79,448,836</b>
<b>Expenditures:</b>		
Current:		
General government	3,015,226	21,699,975
Public safety	724,134	14,613,812
Public services	7,520,617	36,093,478
Capital outlay	11,982,804	29,206,055
Debt service:		
Principal retirement	220,000	220,000
Interest and fiscal charges	564,160	3,166,842
Debt issuance costs	-	790,384
<b>Total Expenditures</b>	<b>24,026,941</b>	<b>105,790,546</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,628,742)	(26,341,710)
<b>Other Financing Sources (Uses):</b>		
Transfers in	5,825,441	28,871,861
Transfers out	(3,066,662)	(28,971,861)
Refunding bonds issued	-	22,160,000
Bonds issued	-	34,780,000
Bond premium	-	665,937
Bond discount	-	(95,813)
Refunded bonds redeemed	-	(21,810,000)
<b>Total Other Financing Sources (Uses)</b>	<b>2,758,779</b>	<b>35,600,124</b>
Net Change in Fund Balances	(2,869,963)	9,258,414
Fund Balances, Beginning of Year	38,981,212	107,803,467
<b>Fund Balances, End of Year</b>	<b>\$ 36,111,249</b>	<b>\$ 117,061,881</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  
JUNE 30, 2010**

Net change in fund balances - total governmental funds	\$ 9,258,414
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	27,143,643
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	(34,192,200)
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period	(1,083,772)
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	(155,099)
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	3,146,578
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	148,807
The current year expense for post-employment benefits is recognized in the government-wide statements only	(351,916)
<b>Change in net assets of governmental activities</b>	<b><u>\$ 3,914,455</u></b>

**CITY OF WEST HOLLYWOOD  
BUDGETARY COMPARISON STATEMENT  
GENERAL FUND  
YEAR ENDED JUNE 30, 2010**

	<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	\$ 76,510,460	\$ 76,510,460	\$ 76,510,460	\$ -
<b>Resources (Inflows):</b>				
Taxes	38,957,061	37,306,061	38,252,603	946,542
Licenses and permits	3,721,200	3,435,700	3,380,036	(55,664)
Intergovernmental	3,410,925	3,636,925	3,656,267	19,342
Charges for services	2,540,802	2,556,587	2,594,947	38,360
Use of money and property	3,452,400	3,332,400	3,047,050	(285,350)
Fines and forfeitures	8,532,000	7,957,000	8,207,443	250,443
Miscellaneous	132,939	169,322	662,728	493,406
<b>Amounts Available for Appropriation</b>	<b>137,257,787</b>	<b>134,904,455</b>	<b>136,311,534</b>	<b>1,407,079</b>
<b>Charges to Appropriation (Outflow):</b>				
General government				
City Council	1,089,694	1,293,594	1,271,375	22,219
City Manager	1,059,552	1,269,152	1,114,076	155,076
Economic Development Department	1,136,158	1,362,574	1,013,895	348,679
Public Safety Administration	1,207,489	1,209,889	1,193,781	16,108
City Attorney	1,153,000	892,926	853,748	39,178
Administrative Services	975,752	998,752	963,807	34,945
Legal Services	1,186,007	1,186,007	1,165,478	20,529
City Clerk	1,065,954	1,106,544	1,091,501	15,043
Human Resources	1,314,849	1,327,737	1,283,698	44,039
Finance Administration	1,690,834	1,718,264	1,715,408	2,856
Revenue Management	795,247	1,815,588	1,741,701	73,887
General Accounting	579,363	606,146	591,103	15,043
Budget & Compensation	479,642	479,642	441,801	37,841
Organizational Services	158,000	193,111	493	192,618
Information Technology	1,380,975	1,473,995	1,431,565	42,430
Public Information & Prosecution Services	1,596,598	1,723,091	1,657,047	66,044
Assistant City Manager	502,016	536,249	512,003	24,246
Sub-total General Government	<u>17,371,130</u>	<u>19,193,261</u>	<u>18,042,480</u>	<u>1,150,781</u>
Public safety				
City Police/Protective Services	14,345,219	14,395,219	13,889,678	505,541
Sub-total Public Safety	<u>14,345,219</u>	<u>14,395,219</u>	<u>13,889,678</u>	<u>505,541</u>

CITY OF WEST HOLLYWOOD  
 BUDGETARY COMPARISON STATEMENT  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2010

Page 2 of 2

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Services				
Human Services Administration	490,622	641,528	633,120	8,408
Recreation Services	3,645,857	4,011,206	3,945,876	65,330
Social Services	5,007,198	5,427,470	5,026,288	401,182
Facilities & Field Services	5,011,949	4,999,625	4,781,528	218,097
Housing & Rent Stabilization Administration	322,882	328,184	304,799	23,385
Rent Information & Records	1,259,107	1,280,807	1,255,596	25,211
Housing & Residential Code Compliance	522,789	550,625	514,827	35,798
Community Development Administration	506,253	525,381	513,745	11,636
Planning	2,287,186	3,658,093	3,199,965	458,128
Commercial Code Compliance	1,071,611	1,226,772	1,149,095	77,677
Building & Safety	1,217,480	1,337,716	1,286,426	51,290
Transportation & Public Works Administration	487,480	511,480	500,296	11,184
Parking	3,738,552	3,760,798	3,713,744	47,054
Transportation	328,701	349,680	291,374	58,306
City Engineering	1,547,778	1,576,089	1,456,182	119,907
Sub-total Public Services	<u>27,445,445</u>	<u>30,185,454</u>	<u>28,572,861</u>	<u>1,612,593</u>
Capital outlay				
Capital Projects	395,000	2,844,847	1,316,428	1,528,419
Nondepartmental				
Transfers out	7,216,354	7,216,354	5,925,441	1,290,913
Total Charges to Appropriations	<u>66,773,148</u>	<u>73,835,135</u>	<u>67,746,888</u>	<u>6,088,247</u>
<b>Budgetary Fund Balance, June 30</b>	<u><b>\$ 70,484,639</b></u>	<u><b>\$ 61,069,320</b></u>	<u><b>\$ 68,564,646</b></u>	<u><b>\$ 7,495,326</b></u>

## CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Sewer District	Other Enterprise Funds	Totals	
<b>Assets:</b>				
Current:				
Cash and investments	\$ 93,021	\$ 995,290	\$ 1,088,311	\$ 591,890
Receivables:				
Accounts	-	14,142	14,142	-
Accrued interest	215	2,485	2,700	-
Due from other governments	-	68,043	68,043	-
<b>Total Current Assets</b>	<b>93,236</b>	<b>1,079,960</b>	<b>1,173,196</b>	<b>591,890</b>
Noncurrent:				
Capital assets - net of accumulated depreciation	9,550,225	392,766	9,942,991	-
<b>Total Noncurrent Assets</b>	<b>9,550,225</b>	<b>392,766</b>	<b>9,942,991</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 9,643,461</b>	<b>\$ 1,472,726</b>	<b>\$ 11,116,187</b>	<b>\$ 591,890</b>
<b>Liabilities and Net Assets:</b>				
<b>Liabilities:</b>				
Current:				
Accounts payable	\$ 24,179	\$ 192,340	\$ 216,519	\$ -
Deposits payable	-	8,271	8,271	-
<b>Total Current Liabilities</b>	<b>24,179</b>	<b>200,611</b>	<b>224,790</b>	<b>-</b>
<b>Total Liabilities</b>	<b>24,179</b>	<b>200,611</b>	<b>224,790</b>	<b>-</b>
<b>Net Assets:</b>				
Invested in capital assets	9,550,225	392,766	9,942,991	-
Unrestricted	69,057	879,349	948,406	591,890
<b>Total Net Assets</b>	<b>9,619,282</b>	<b>1,272,115</b>	<b>10,891,397</b>	<b>591,890</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,643,461</b>	<b>\$ 1,472,726</b>	<b>\$ 11,116,187</b>	<b>\$ 591,890</b>

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

Net Assets per Statement of Net Assets - Proprietary Funds	\$ 10,891,397
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	11,779
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	4,454
<b>Net Assets per Statement of Net Assets</b>	<b>\$ 10,907,630</b>

## CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Sewer District	Other Enterprise Funds	Totals	
<b>Operating Revenues:</b>				
Sales and service charges	\$ -	\$ 2,359,970	\$ 2,359,970	\$ 407,471
Fines and forfeitures	-	12,607	12,607	-
Miscellaneous	-	669	669	-
<b>Total Operating Revenues</b>	<b>-</b>	<b>2,373,246</b>	<b>2,373,246</b>	<b>407,471</b>
<b>Operating Expenses:</b>				
Administration and general	-	252,592	252,592	199,713
Treatment	-	2,186,626	2,186,626	-
Depreciation expense	327,774	6,479	334,253	54,698
<b>Total Operating Expenses</b>	<b>327,774</b>	<b>2,445,697</b>	<b>2,773,471</b>	<b>254,411</b>
Operating Income (Loss)	(327,774)	(72,451)	(400,225)	153,060
<b>Nonoperating Revenues (Expenses):</b>				
Interest revenue	941	8,659	9,600	201
<b>Total Nonoperating Revenues (Expenses)</b>	<b>941</b>	<b>8,659</b>	<b>9,600</b>	<b>201</b>
Income (Loss) Before Transfers	(326,833)	(63,792)	(390,625)	153,261
Transfers in	-	100,000	100,000	-
Changes in Net Assets	(326,833)	36,208	(290,625)	153,261
<b>Net Assets:</b>				
Beginning of Year, as previously reported	9,946,115	1,317,894	11,264,009	438,629
Restatements	-	(81,987)	(81,987)	-
Beginning of Fiscal Year, as restated	9,946,115	1,235,907	11,182,022	438,629
<b>End of Fiscal Year</b>	<b>\$ 9,619,282</b>	<b>\$ 1,272,115</b>	<b>\$ 10,891,397</b>	<b>\$ 591,890</b>

**Reconciliation of Changes in Net Assets to the Statement of Activities:**

Changes in Net Assets, per the Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	\$ (290,625)
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	4,454
<b>Changes in Net Assets of Business-Type Activities per Statement of Activities</b>	<b>\$ (286,171)</b>

## CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Sewer District	Other Enterprise Funds	Totals	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers and users	\$ (23,151)	\$ 2,338,874	\$ 2,315,723	\$ 407,471
Cash received from/(paid to) interfund service provided	-	-	-	(249,933)
Cash paid to suppliers for goods and services	24,179	(2,197,570)	(2,173,391)	-
Cash paid to employees for services	-	(252,592)	(252,592)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>1,028</b>	<b>(111,288)</b>	<b>(110,260)</b>	<b>157,538</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Cash transfers in	-	100,000	100,000	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(42,578)	(82,714)	(125,292)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(42,578)</b>	<b>(82,714)</b>	<b>(125,292)</b>	<b>-</b>
<b>Cash Flows from Investing Activities:</b>				
Interest received	1,713	11,001	12,714	201
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>1,713</b>	<b>11,001</b>	<b>12,714</b>	<b>201</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(39,837)</b>	<b>(83,001)</b>	<b>(122,838)</b>	<b>157,739</b>
Cash and Cash Equivalents at Beginning of Year	132,858	1,078,291	1,211,149	434,151
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 93,021</b>	<b>\$ 995,290</b>	<b>\$ 1,088,311</b>	<b>\$ 591,890</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (327,774)	\$ (72,451)	\$ (400,225)	\$ 153,060
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>				
Depreciation	327,774	6,479	334,253	54,698
(Increase) decrease in accounts receivable	-	(13,913)	(13,913)	-
(Increase) decrease in due from other governments	-	(8,136)	(8,136)	-
Increase (decrease) in accounts payable	24,179	(10,944)	13,235	(50,220)
Increase (decrease) in deposits payable	(23,151)	(12,323)	(35,474)	-
<b>Total Adjustments</b>	<b>328,802</b>	<b>(38,837)</b>	<b>289,965</b>	<b>4,478</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 1,028</b>	<b>\$ (111,288)</b>	<b>\$ (110,260)</b>	<b>\$ 157,538</b>

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

There were no non-cash investing, capital, and financing activities during the year.

CITY OF WEST HOLLYWOOD

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 2010

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	<u>Agency Funds</u>
<b>Assets:</b>	
Pooled cash and investments	\$ 110,276
Receivables:	
Accounts	212,784
Taxes	151,808
Accrued interest	72
Restricted assets:	
Cash and investments with fiscal agents	<u>113,518</u>
<b>Total Assets</b>	<b><u><u>\$ 588,458</u></u></b>
<b>Liabilities:</b>	
Accounts payable	\$ 399,476
Due to other governments	74,087
Due to bondholders	<u>114,895</u>
<b>Total Liabilities</b>	<b><u><u>\$ 588,458</u></u></b>

# NOTES TO FINANCIAL SECTION



**CITY OF WEST HOLLYWOOD**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**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 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. As of June 30, 2010, one project area, the East Side Redevelopment Project Area, has been formed.

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 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.

**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 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.

As of June 30, 2010, only the Community Development Commission, the Marketing Corporation and the Library Fund have separately issued financial statements. The Commission's statements may be obtained at City Hall. 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. Interfund services provided and used are not eliminated in the process of consolidation. 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 program revenues are reported instead as general revenues. Certain indirect costs are included in program expenses reported for individual functions and activities.

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

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, with the exception of State Gas Tax revenues, for which the revenue recognition period is 310 days. 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.
- The Redevelopment Agency Capital Projects Fund accounts for loans and advances from the City, bond proceeds available for project improvements, interest income on invested funds, certain miscellaneous income and costs incurred to implement the Redevelopment Plan 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 Capital Projects Debt Service 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.

**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.

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)****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.
- 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 fund balance reserve 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.

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

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.

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

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

## 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 320 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.

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

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

**Note 1: Organization and Summary of Significant Accounting Policies (Continued)****e. Reconciliation of Government-Wide and Fund Financial Statements**

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of assets.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds, and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Governmental long-term debts have not been included in the Governmental Fund activity - Certificates of Participation and Tax Allocation Bonds Payable." The details of this (\$66,221,386) difference are summarized as follows and further explained in Note 9.

Tax Allocation Bonds Payable	\$ (10,230,000)
Lease Revenue Bonds Payable, Series A	(20,770,000)
Lease Revenue Bonds Payable, Series B	(34,780,000)
Less: Unamortized original issue discount	173,963
Add: Unamortized original issue premium	<u>(615,349)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (66,221,386)</u>

2. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$27,143,643 difference are as follows:

Capital outlay	\$ 29,786,812
Less: Depreciation expense	<u>(2,643,169)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 27,143,643</u>

**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 Measure R 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. Encumbrances outstanding at year-end are reported as a reservation of fund balance. 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:**

<u>Fund</u>	<u>Amount</u>
<b>Special Revenue Funds:</b>	
Permit Parking	\$26,086
Sunset Mitigation	223,903
<u>Fund</u>	<u>Amount</u>
<b>Capital Projects Funds:</b>	
Redevelopment Agency Capital Projects	\$8,639,243
Debt Funded Capital Projects	3,288,173
<b>Permanent Fund:</b>	
Laurel Avenue Trust	\$6,986

*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, 2010, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 134,166,038
Business-type activities	1,088,311
Component unit	483,551
Fiduciary funds	<u>223,794</u>
 Total Cash and Investments	 <u><u>\$ 135,961,694</u></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, 2010, the carrying amount of the City's deposits was \$6,506,747 and the bank balance was \$7,704,049. The \$1,197,302 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.

**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.

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

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
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 Paper.
9. State and Local Bonds.

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

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, 2010, the City's investments in external investment pools and money market mutual funds are unrated.

**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.

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

As of June 30, 2010, 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, 2010, 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, 2010, 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	\$ 51,947,649	\$ -	\$ -	\$ 51,947,649
Los Angeles County Investment Pool	56,052,641	-	-	56,052,641
Cash with fiscal agents				
Money Market Mutual Funds	17,345,618	-	-	17,345,618
Certificate of Deposit	8,000	-	-	8,000
Investment agreements	-	2,108,504	1,992,535	4,101,039
<b>Total</b>	<b>\$ 125,353,908</b>	<b>\$ 2,108,504</b>	<b>\$ 1,992,535</b>	<b>\$ 129,454,947</b>

**Note 4: Loans Receivable**

**Housing Loans**

The City has established the Citywide Affordable Housing Trust Fund, accounted for as a special revenue fund, and the Redevelopment Agency Low and Moderate Housing Fund, accounted for as a capital projects 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 of \$17,459,763 and \$2,493,049, respectively, were outstanding at June 30, 2010, 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	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:							
Capital assets, not being depreciated:							
Land	\$ 51,233,390	\$ -	\$ 51,233,390	\$ -	\$ -	\$ -	\$ 51,233,390
Construction-in-progress	11,311,033	-	11,311,033	27,266,359	-	(172,629)	38,404,763
<b>Total Capital Assets, Not Being Depreciated</b>	<b>62,544,423</b>	<b>-</b>	<b>62,544,423</b>	<b>27,266,359</b>	<b>-</b>	<b>(172,629)</b>	<b>89,638,153</b>
Capital assets, being depreciated:							
Buildings	24,222,360	-	24,222,360	-	-	-	24,222,360
Improvements other than buildings	7,256,827	-	7,256,827	1,070,918	-	-	8,327,745
Machinery and equipment	5,749,865	(41,934)	5,707,931	709,886	-	-	6,417,817
Furniture and fixtures	80,590	-	80,590	-	-	-	80,590
Office equipment	1,239,472	-	1,239,472	-	-	-	1,239,472
Infrastructure	78,696,475	-	78,696,475	739,649	-	172,629	79,608,753
<b>Subtotal - Depreciable Assets</b>	<b>117,245,589</b>	<b>(41,934)</b>	<b>117,203,655</b>	<b>2,520,453</b>	<b>-</b>	<b>172,629</b>	<b>119,896,737</b>
<b>Total Capital Assets</b>	<b>179,790,012</b>	<b>(41,934)</b>	<b>179,748,078</b>	<b>29,786,812</b>	<b>-</b>	<b>-</b>	<b>209,534,890</b>
Less accumulated depreciation:							
Buildings	6,076,031	-	6,076,031	451,507	-	-	6,527,538
Improvements other than buildings	795,533	(8,003)	787,530	173,415	-	-	960,945
Machinery and equipment	3,733,741	(41,934)	3,691,807	329,603	-	-	4,021,410
Furniture and fixtures	74,360	-	74,360	1,267	-	-	75,627
Office equipment	1,148,630	-	1,148,630	85,474	-	-	1,234,104
Infrastructure	33,852,405	-	33,852,405	1,656,601	-	-	35,509,006
<b>Total Accumulated Depreciation</b>	<b>45,680,700</b>	<b>(49,937)</b>	<b>45,630,763</b>	<b>2,697,867</b>	<b>-</b>	<b>-</b>	<b>48,328,630</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>71,564,889</b>	<b>8,003</b>	<b>71,572,892</b>	<b>(177,414)</b>	<b>-</b>	<b>172,629</b>	<b>71,568,107</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 134,109,312</b>	<b>\$ 8,003</b>	<b>\$ 134,117,315</b>	<b>\$ 27,088,945</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 161,206,260</b>

\* The adjustments are to report prior year reclassifications and disposals of capital assets.

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

Governmental Activities:	
General government	\$ 220,750
Public safety	79,693
Public services	2,342,726
Internal Service Fund	54,698
<b>Total Depreciation Expense</b>	<b>\$ 2,697,867</b>

**Note 6: Proprietary Fund Capital Assets**

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Enterprise Funds:				
Solid Waste Fund				
Depreciable Assets:				
Machinery				
and Equipment	\$ 32,183	\$ -	\$ -	\$ 32,183
Office Equipment	34,734	-	-	34,734
Subtotal	<u>66,917</u>	<u>-</u>	<u>-</u>	<u>66,917</u>
Less: accumulated depreciation for:				
Machinery				
and Equipment	32,183	-	-	32,183
Office Equipment	34,734	-	-	34,734
Subtotal	<u>66,917</u>	<u>-</u>	<u>-</u>	<u>66,917</u>
Total Solid Waste	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Sewer District Fund				
Non-depreciable assets:				
Construction in progress	\$ 1,367,777	\$ 42,578	\$ -	\$ 1,410,355
Depreciable assets:				
Improvements	16,323,319	-	-	16,323,319
Subtotal	<u>17,691,096</u>	<u>42,578</u>	<u>-</u>	<u>17,733,674</u>
Less: accumulated depreciation for:				
Improvements	7,855,675	327,774	-	8,183,449
Total Sewer District	<u>\$ 9,835,421</u>	<u>\$ (285,196)</u>	<u>\$ -</u>	<u>\$ 9,550,225</u>
Sewer Charge Fund				
Depreciable assets:				
Improvements	\$ 317,059	\$ 82,714	\$ -	\$ 399,773
Subtotal	<u>317,059</u>	<u>82,714</u>	<u>-</u>	<u>399,773</u>
Less: accumulated depreciation for:				
Improvements	528	6,479	-	7,007
Total Sewer Charge	<u>\$ 316,531</u>	<u>\$ 76,235</u>	<u>\$ -</u>	<u>\$ 392,766</u>

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

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

## Business-Type Activities:

Sewer District	\$ 327,774
Sewer Charges	<u>6,479</u>
Total Business-Type Activities	<u><u>\$ 334,253</u></u>

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

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Component Unit				
WH Marketing				
Furniture and				
Equipment	\$ 104,780	\$ -	\$ -	\$ 104,780
Furniture and				
Equipment under				
capital lease purchase	34,597	-	-	34,597
Leasehold	<u>2,832</u>	<u>-</u>	<u>-</u>	<u>2,832</u>
Subtotal	<u>142,209</u>	<u>-</u>	<u>-</u>	<u>142,209</u>
Less: accumulated				
depreciation for:				
Furniture and				
Equipment	73,701	8,837	-	82,538
Furniture and				
Equipment				
capital lease	17,470	6,915	-	24,385
Leasehold	<u>2,072</u>	<u>-</u>	<u>-</u>	<u>2,072</u>
Subtotal	<u>93,243</u>	<u>15,752</u>	<u>-</u>	<u>108,995</u>
Total Component				
Unit	<u><u>\$ 48,966</u></u>	<u><u>\$ (15,752)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,214</u></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.

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

**Funding Policy**

The City changed its contribution rates during the year. Participants were required to contribute 7% of their annual covered salary before November 26, 2007, and 8% of their annual covered salary after that date. 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 14.474% for miscellaneous employees, of annual covered payroll. The contribution requirements of plan members and the City are established by and may be amended by PERS.

**Annual Pension Cost**

For 2010, the City's annual pension cost of \$2,796,868 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2007, actuarial valuation, using the entry age normal actuarial cost method.

The June 30, 2009, actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases ranging from 3.55% to 14.45% that vary by age, duration of service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010, was 24 years for remaining unfunded. 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>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2008	\$ 2,140,168	100%	\$ -
6/30/2009	2,739,905	100%	-
6/30/2010	2,796,868	100%	-

SCHEDULE OF FUNDING PROGRESS FOR MISCELLANEOUS PLAN  
(LATEST INFORMATION AVAILABLE)

<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>
6/30/07	\$43,764,011	\$49,956,454	\$6,192,443	87.6%	\$16,030,208	38.6%
6/30/08	46,085,423	60,836,070	14,750,647	75.8%	17,777,208	83.0%
6/30/09	52,276,133	74,625,363	22,349,230	70.1%	18,625,061	120.0%

**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 2009-2010, the City contributed \$24,000 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, 2010
Annual required contribution	\$ 374,000
Interest on OPEB obligation (a)	23,021
Adjustment to annual required contribution	<u>(20,901)</u>
Annual OPEB cost	376,120
Less: contributions made	<u>(24,000)</u>
Increase in net OPEB obligation	352,120
Net OPEB obligation - beginning of year	460,625
Adjustments	<u>(204)</u>
Net OPEB obligation - beginning of year, adjusted	<u>460,421</u>
Net OPEB obligation - end of year	<u><u>\$ 812,541</u></u>

(a) Rate is estimated at 5%.

**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 2009-10 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>
6/30/2008	\$ 83,425	\$ 15,300	18.34%	\$ 136,625
6/30/2009	348,796	25,000	7.17%	460,421
6/30/2010	376,120	24,000	6.38%	812,541

**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. This is the second year of the plan. The actuarial valuation is prepared biennially. The table below presents the latest information available. (000's omitted)

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
Actual	6/30/2006	\$ -	\$ 723	\$ 723	0.0%	\$ 11,200	6.5%	5.0%	3.00%
Estimated	6/30/2008	-	2,762	2,762	0.0%	16,615	16.6%	5.0%	3.25%
Actual	6/30/2009	-	3,106	3,106	0.0%	17,155	18.1%	5.0%	3.25%

June 30, 2007, numbers were not developed.

**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.

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

In the June 30, 2010, actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a 5.0% 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, 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 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, 2010, was twenty-seven years. The number of active plan participants is 207.

**Note 9: Long-Term Debt****a. Refunding Certificates of Participation**

On March 19, 1998, the City of West Hollywood issued \$27,105,000 fixed rate and \$5,360,000 variable demand rate Certificates of Participation. The fixed rate certificates bear interest rates that vary from 3.7% to 5.0% and interest is payable semi-annually each February 1 and August 1, commencing August 1, 1998. These mature on February 1 of each year starting 1999 through 2025.

The variable rate certificates were redeemed during 2004-2005. The purpose of both these certificates was to defease \$12,180,000 of outstanding 1995 Series A Certificates of Participation. The balance of the 1998 fixed rate Certificates of Participation were used to provide funds to: 1) defease \$9,655,000 of outstanding 1995 Certificates of Participation (City Hall Project) and \$5,375,000 of outstanding 1995, Series B Certificates of Participation, 2) to finance the acquisition and improvements of the public parks, 3) to prepay a certain portion of the lease payments, and 4) fund a reserve for the refunding certificates as well as pay for the execution and delivery of the refunding certificates. On July 15, 2010, the 1998 Fixed Rate Certificates of Participation were currently refunded with the issuance of the Lease Revenue Bonds, Series A.

**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 prepay 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, 2010, the total principal outstanding was \$20,770,000.

**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, 2010, the total principal outstanding was \$34,780,000.

**c. Redevelopment Agency 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, 2010, the total principal outstanding was \$10,230,000.

**d. Accrued employee benefits**

The accrued employee benefits are normally liquidated by the General Fund.

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

Additional information is presented in Note 8.

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

City:	Outstanding July 1, 2009	Additions	Deletions	Outstanding June 30, 2010	Due Within One Year
Certificates of Participation					
1998 Fixed Rate	\$ 20,420,000	\$ -	\$ 20,420,000	\$ -	\$ -
Lease Revenue Bonds					
Series A	-	22,160,000	1,390,000	20,770,000	1,535,000
Series B	-	34,780,000	-	34,780,000	-
Tax Allocation Bonds	10,450,000	-	220,000	10,230,000	225,000
Accrued employee benefits	2,824,546	3,182,156	3,027,057	2,979,645	2,979,645
OPEB Obligation	460,421	376,120	24,000	812,541	-
<b>Totals</b>	<b>\$ 34,154,967</b>	<b>\$ 60,498,276</b>	<b>\$ 25,081,057</b>	<b>69,572,186</b>	<b>\$ 4,739,645</b>

Reconciliation to Statement of Net Assets

Add: unamortized original issue premium	615,349
Less: unamortized original issue discount	(173,963)
	<u>\$ 70,013,572</u>

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

As previously discussed, the Agency 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. The Agency has committed to appropriate each year, from these resources, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$18,551,928 with annual debt service requirements as indicated below. For the current year, the total tax increment revenue, net of pass through payments, recognized by the Agency was \$4,358,361 in the Redevelopment Agency Debt Service Fund and \$1,548,617 in the Redevelopment Agency Low & Moderate Housing Fund, and the debt service obligation on the bonds was \$781,745.

The following is a schedule, by years, of future debt service payments as of June 30, 2010:

Fiscal Year	Tax Allocation Bonds 2003 Bonds			
	Principal		Interest	
2010-2011	\$	225,000	\$	553,395
2011-2012		235,000		543,608
2012-2013		245,000		532,808
2013-2014		260,000		521,120
2014-2015		270,000		508,533
2015-2020		1,565,000		2,319,670
2020-2025		2,030,000		1,836,756
2025-2030		2,665,000		1,181,019
2030-2035		2,735,000		325,019
Totals	\$	10,230,000	\$	8,321,928

Fiscal Year	Lease Revenue Bonds 2009 Series A		Lease Revenue Bonds 2009 Series B	
	Principal	Interest	Principal	Interest
2010-2011	\$ 1,535,000	\$ 901,600	\$ -	\$ 2,752,888
2011-2012	1,595,000	855,550	-	2,752,888
2012-2013	1,645,000	807,700	-	2,752,888
2013-2014	1,730,000	725,450	-	2,752,888
2014-2015	1,815,000	656,250	-	2,752,888
2015-2020	10,450,000	2,059,800	-	13,764,438
2020-2025	2,000,000	100,000	11,575,000	12,501,175
2025-2030	-	-	6,435,000	8,531,775
2030-2035	-	-	8,340,000	5,612,475
2035-2040	-	-	8,430,000	1,784,063
Totals	\$ 20,770,000	\$ 6,106,350	\$ 34,780,000	\$ 55,958,366

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

**g. Noncommitment Debt**

On August 6, 1992, the Community Facilities District sold \$835,000 of City of West Hollywood Community Facilities District No. 92-1 (Seismic Upgrade Project) Special Tax Bonds, Series 1992. The bonds, dated August 1, 1992, are in denominations of \$5,000. They mature on August 1 of each year starting in 1993 to 2012. The bonds have varying interest rates ranging from 6.25% to 10.15% and interest is payable semi-annually on each February 1 and August 1, commencing February 1, 1993. The bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are issued under resolutions adopted by the City Council of the City of West Hollywood, acting as the legislative body of the District, on July 20, 1992. The purpose of the bonds is to finance the construction and installation of seismic resistance improvements to certain properties within the City of West Hollywood.

Funds for payment of bond principal and interest requirements, as they come due, are to be obtained from a special tax levied by the City on behalf of the District against lands within the District. The bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations payable solely from the proceeds of the special taxes and funds held pursuant to the fiscal agent agreement. Because neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged for payment of these bonds, they are not reflected in the Statement of Net Assets. The outstanding balance at June 30, 2010, was \$65,000.

**h. Lease Payable - Component Unit**

The West Hollywood Marketing Corporation entered into capital leases in December 2006 and May 2007, in order to acquire a photocopier and upgrades. The original lease amounts were \$30,546 and \$1,783. Lease payments were as follows:

Original balance	\$ 34,597
Principal paid in fiscal year:	
2006-2007	(2,448)
2007-2008	(5,795)
2008-2009	(6,276)
2009-2010	<u>(6,209)</u>
Balance at June 30, 2010	<u>\$ 13,869</u>

The future lease payments are as follows:

2010-2011	\$ 8,838
2011-2012	<u>6,119</u>
	14,957
Less interest	<u>(1,088)</u>
Total	<u>\$ 13,869</u>

**Note 10: Unearned Revenue**

The City received rent stabilization fees relating to fiscal year 2010-2011 in fiscal year 2009-2010. These are recorded as unearned revenue in the General Fund in the amount of \$2,207,865, along with various other unearned revenues of \$808,640, for a total of \$3,016,505. These unearned amounts will be reduced and 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 and interest accrued but not available on the loan to the Redevelopment Agency.

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

The composition of interfund balances as of June 30, 2010, was as follows:

Funds	Due to Other Funds			Total
	Debt Funded Capital Projects	Redevelopment Agency Capital Projects	Nonmajor Governmental Funds	
Due From Other Funds:				
General	\$ 990,123	\$ -	\$ 1,163,791	\$ 2,153,914
Nonmajor Governmental Funds	-	725,978	-	725,978
Total	<u>\$ 990,123</u>	<u>\$ 725,978</u>	<u>\$ 1,163,791</u>	<u>\$ 2,879,892</u>

The due to General Fund of \$2,153,914 and the due to Nonmajor Governmental Funds of \$725,978 was a result of temporary deficit cash balances in the Debt Funded Capital Projects, Redevelopment Agency Capital Projects and other nonmajor governmental funds.

**Advances To/From Other Funds**

Funds	Advances From Other Funds:		Total
	RDA Capital Projects	Nonmajor Governmental Funds	
Advances to Other Funds:			
General	<u>\$ 7,673,636</u>	<u>\$ 719,625</u>	<u>\$ 8,393,261</u>

The City has advanced \$7,673,636 to the Redevelopment Agency to fund redevelopment projects. The General Fund has advanced \$99,430 to the Laurel Avenue Trust Fund to fund capital improvements to donated property and has advanced \$620,195 to the West Hollywood Library Fund to fund its operating costs.

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

Interfund Transfers

	Transfers Out			Total
	General Fund	Capital Projects Debt Service	Nonmajor Governmental Funds	
Transfers In:				
Redevelopment Agency				
Capital Projects	\$ -	\$ -	\$ 2,227,308	\$ 2,227,308
Debt Funded Capital Projects	-	19,979,758	350,000	20,329,758
Capital Projects Debt Service	-	-	489,354	489,354
Nonmajor Governmental Funds	5,825,441	-	-	5,825,441
Nonmajor Enterprise Funds	100,000	-	-	100,000
<b>Total</b>	<b>\$ 5,925,441</b>	<b>\$ 19,979,758</b>	<b>\$ 3,066,662</b>	<b>\$ 28,971,861</b>

The General Fund made a transfer of \$5,250,000 to the General Reserves Capital Projects Fund for Sunset Blvd Beautification Project. The General Fund also made a transfer of \$575,441 to the Sunset Mitigation Fund and \$100,000 to the Street Maintenance Fund to subsidize both operations.

Capital Project Debt Service Fund transferred \$19,979,758 from recently issued Build America Bonds for costs incurred regarding the West Hollywood Park Master Plan. The West Hollywood Library Fund transferred \$350,000 of its fundraising proceeds to the Debt Funded Capital Projects Fund for the library construction.

The Redevelopment Agency Debt Service Fund transferred \$2,227,308 to the Redevelopment Agency Capital Projects Fund for redevelopment purposes.

Parking Improvement Fund transferred \$489,354 to Capital Projects Debt Service Fund for the debt service payment on the City's Parking Structure.

**Note 12: Fund Equity Restatements**

Beginning fund equity and net assets have been restated as follows:

Governmental Activities:	
To correct overdepreciation of capital assets from a prior year.	<u>\$ 8,003</u>
Proprietary Funds / Business-Type Activities:	
Solid Waste Fund	
To correct prepaid costs.	<u>(81,987)</u>
<b>Total</b>	<u><u>\$ (73,984)</u></u>

#### IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

##### Note 13: 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 \$13.3 million was paid for these services in fiscal year 2009-2010.

##### Note 14: Self-Insurance Contingencies

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

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 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 coverages. The Authority's pool began covering claims of its members in 1978. Each 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

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year. Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police.

Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$5,000,000 to \$10,000,000 are paid under reinsurance policies and are subject to a \$2,500,000 annual aggregate deductible; (4b) costs of covered claims from \$10,000,000 to \$50,000,000 are covered through excess insurance policies; (4c) Costs of covered claims for subsidence losses are paid by excess insurance with a sub-limit of \$25,000,000 per occurrence per member. This \$25,000,000 subsidence sub-limit is composed of \$10,000,000 in reinsurance and \$15,000,000 in excess insurance. The excess insurance layer has a \$15,000,000 annual aggregate. The costs associated with 4a, 4b, and 4c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits. The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence.

Workers' Compensation - The City of West Hollywood also participates in the workers' compensation pool administered by the Authority. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3) losses from \$100,000 to \$2,000,000 and the loss development

**Note 14: Self-Insurance Contingencies (Continued)**

reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

**c. Purchased Insurance**

Environmental Insurance - The City of West Hollywood participates in the pollution legal liability and remediation legal liability 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 \$50,000,000 for the 3-year period from July 1, 2008 through July 1, 2011. Each member of the Authority has a \$10,000,000 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. The City of West Hollywood's property is currently insured according to a schedule of covered property submitted by the City of West Hollywood to the Authority. The City of West Hollywood currently has all-risk property insurance protection in the amount of \$48,118,079. 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 retroactive 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 \$41,350,404. 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 retroactive adjustments.

Crime Insurance - The City of West Hollywood purchases blanket fidelity bond 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 retroactive adjustments.

**d. Adequacy of Protection**

During the past three fiscal years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

**e. Library Project Insurance**

The City has insurance with Allianz Global Risks US Insurance Company for the construction of the Library project, which covers for up to \$15,000,000. The City has 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 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 covers from May 19, 2009 to July 19, 2011.

**Note 14: Self-Insurance Contingencies (Continued)**

In addition, the City 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 covers from May 19, 2009 to July 19, 2011.

**Note 15: Litigation and Contingent Liabilities****a. Litigation**

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.

**b. Contingency**

A retrospective deposit balance will be paid to California JPIA in 2013-2014. The final amount has not yet been determined. It is currently estimated to be \$1,885,429.

**Note 16: Transactions with the State of California****a. Proposition 1A Borrowing by the State of California**

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of West Hollywood was \$1,446,258.

This borrowing by the State of California was recognized as a receivable in the accompanying financial statements. Under the modified accrual basis of accounting, the borrowed tax revenues are not permitted to be recognized as revenue in the governmental fund financial statements until the tax revenues are received from the State of California (expected to be fiscal year 2012-13). In the government-wide financial statements, the tax revenues were recognized in the fiscal year for which they were levied (fiscal year 2009-10).

**b. Delay of State Gas Tax Payments**

In March 2010, the State Legislature passed legislation delaying a variety of State payments to local agencies in response to anticipated State cash flow problems in fiscal year 2010-2011. AB5 8x contains provisions to delay a portion (approximately 60%) of the payments of State Gas Tax monies for the first nine months of 2010-2011 (July 2010 through March 2011) to be paid no later than April 28, 2011.

**c. SERAF Shift for fiscal year 2009-2010 and 2010-2011**

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California

**Note 16: Transactions with the State of California (Continued)**

Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010, the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies.

The payment of the SERAF was due on May 10, 2010, for fiscal year 2009-2010 and it was made in the amount of \$1,837,160. The legislation allowed this payment to be made from any available monies present in any project area(s). Subsequent legislation was passed which even allowed the funding for this payment to be borrowed from the Low and Moderate Income Housing Fund with appropriate findings from its legislative body. Any amounts borrowed from Low and Moderate Income Housing (including any suspended set-aside amounts) are to be repaid by June 30, 2015. If those amounts are not repaid, by that date, then the set-aside percentage to Low and Moderate Income Housing will increase from 20% to 25% for the remainder of the life of the Agency.

To accomplish the payment, the Agency utilized \$1,837,160 from its available resources. In the accompanying financial statements, the amount paid to the County has been reported as a use of current year resources.

It is estimated that the Agency's share of the SERAF shift for fiscal year 2010-2011 will amount to approximately \$377,876 and this amount will be payable in May 2011, if the is not successful.

**Note 17: Subsequent Event**

In November 2010, the Redevelopment Agency made a loan from the Low and Moderate Housing Fund to the West Hollywood Community Housing Corporation for approximately \$1,975,000 to facilitate acquisition and predevelopment work for an affordable housing development at 1145-1151 La Brea Avenue.

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# SUPPLEMENTAL INFORMATION



# COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

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	<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	\$ 537,249	\$ 2,849,364	\$ 641,714	\$ 781,318
Receivables:				
Accounts	11,557	750,980	-	94,675
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	-	6,449	1,489	1,521
Prepaid costs	-	-	-	-
Due from other governments	294,795	-	-	59,115
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 843,601</b>	<b>\$ 3,606,793</b>	<b>\$ 643,203</b>	<b>\$ 936,629</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 46,754	\$ 299,986	\$ 287,982	\$ 67,022
Accrued liabilities	-	-	-	-
Deferred revenues	297,329	-	-	-
Unearned revenues	153,684	-	-	-
Deposits payable	9,637	-	330	3,642
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>507,404</b>	<b>299,986</b>	<b>288,312</b>	<b>70,664</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	127,166	-	-	264,241
Reserved for prepaid costs	-	-	-	-
Reserved for inventory	-	-	-	-
Unreserved:				
Designated for capital improvement projects	116,804	-	-	-
Designated for debt service	-	-	-	-
Undesignated	92,227	3,306,807	354,891	601,724
<b>Total Fund Balances</b>	<b>336,197</b>	<b>3,306,807</b>	<b>354,891</b>	<b>865,965</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 843,601</b>	<b>\$ 3,606,793</b>	<b>\$ 643,203</b>	<b>\$ 936,629</b>

## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

(Continued)

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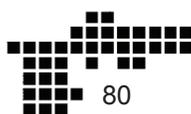
	<b>Special Revenue Funds</b>			
	<b>Air Quality Improvement</b>	<b>Traffic</b>	<b>Public Beautification and Art</b>	<b>Quimby Act</b>
<b>Assets:</b>				
Pooled cash and investments	\$ 272,553	\$ 729,149	\$ 530,127	\$ 664,750
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	618	1,720	1,464	1,532
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b>\$ 273,171</b>	<b>\$ 730,869</b>	<b>\$ 531,591</b>	<b>\$ 666,282</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 24,409	\$ 17,087	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	89,251	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>24,409</b>	<b>106,338</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	157,963	23,781	36,000
Reserved for prepaid costs	-	-	-	-
Reserved for inventory	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	273,171	548,497	401,472	630,282
<b>Total Fund Balances</b>	<b>273,171</b>	<b>706,460</b>	<b>425,253</b>	<b>666,282</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 273,171</b>	<b>\$ 730,869</b>	<b>\$ 531,591</b>	<b>\$ 666,282</b>

## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

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	\$ 513,837	\$ 66,443	\$ 2,289,096	\$ 8,686
Receivables:				
Accounts	-	-	42,423	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	1,269	184	6,387	31
Prepaid costs	-	-	-	-
Due from other governments	95,794	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	632,551	-
<b>Total Assets</b>	<b>\$ 610,900</b>	<b>\$ 66,627</b>	<b>\$ 2,970,457</b>	<b>\$ 8,717</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 87,029	\$ 19,250	\$ 1,184,242	\$ 34,803
Accrued liabilities	-	-	-	-
Deferred revenues	60,826	-	-	-
Unearned revenues	-	-	226,530	-
Deposits payable	604	-	663,605	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b>148,459</b>	<b>19,250</b>	<b>2,074,377</b>	<b>34,803</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	51,969	-	4,616,526	428
Reserved for prepaid costs	-	-	-	-
Reserved for inventory	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	410,472	47,377	(3,720,446)	(26,514)
<b>Total Fund Balances</b>	<b>462,441</b>	<b>47,377</b>	<b>896,080</b>	<b>(26,086)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 610,900</b>	<b>\$ 66,627</b>	<b>\$ 2,970,457</b>	<b>\$ 8,717</b>



## CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

(Continued)

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**Special Revenue Funds**


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	<u>CDBG</u>	<u>Housing Trust</u>	<u>Sunset Mitigation</u>	<u>Avenues of Art and Design</u>
<b>Assets:</b>				
Pooled cash and investments	\$ 553,549	\$ 416,353	\$ -	\$ 14,301
Receivables:				
Accounts	25,000	-	939,888	1,200
Loans	659,387	17,459,763	-	-
Allowance for loan forgiveness	-	(17,459,763)	-	-
Accrued interest	-	1,221	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 1,237,936</u></b>	<b><u>\$ 417,574</u></b>	<b><u>\$ 939,888</u></b>	<b><u>\$ 15,501</u></b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 578,548	\$ 152,620	\$ -	\$ 66
Accrued liabilities	-	-	-	2,019
Deferred revenues	1	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	659,387	-	-	-
Due to other funds	-	-	1,163,791	-
Advances from other funds	-	-	-	-
<b>Total Liabilities</b>	<b><u>1,237,936</u></b>	<b><u>152,620</u></b>	<b><u>1,163,791</u></b>	<b><u>2,085</u></b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	510,442	1,210,754	-	-
Reserved for prepaid costs	-	-	-	-
Reserved for inventory	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	(510,442)	(945,800)	(223,903)	13,416
<b>Total Fund Balances</b>	<b><u>-</u></b>	<b><u>264,954</u></b>	<b><u>(223,903)</u></b>	<b><u>13,416</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,237,936</u></b>	<b><u>\$ 417,574</u></b>	<b><u>\$ 939,888</u></b>	<b><u>\$ 15,501</u></b>

## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

Page 5 of 7

	Special Revenue Funds		Capital Projects Funds	
	West Hollywood Library Fund	Measure R	Community Facilities	Santa Monica Boulevard
<b>Assets:</b>				
Pooled cash and investments	\$ 877,706	\$ 238,936	\$ -	\$ 6,351,031
Receivables:				
Accounts	1,723,165	-	-	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	-	477	-	14,638
Prepaid costs	619	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Inventories	770	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	2,371	-
<b>Total Assets</b>	<b>\$ 2,602,260</b>	<b>\$ 239,413</b>	<b>\$ 2,371</b>	<b>\$ 6,365,669</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 374,459	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	620,195	-	-	-
<b>Total Liabilities</b>	<b>994,654</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for prepaid costs	619	-	-	-
Reserved for inventory	770	-	-	-
Unreserved:				
Designated for capital improvement projects	1,606,217	-	2,371	6,365,669
Designated for debt service	-	-	-	-
Undesignated	-	239,413	-	-
<b>Total Fund Balances</b>	<b>1,607,606</b>	<b>239,413</b>	<b>2,371</b>	<b>6,365,669</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,602,260</b>	<b>\$ 239,413</b>	<b>\$ 2,371</b>	<b>\$ 6,365,669</b>

## CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

(Continued)

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	Capital Projects Funds		Debt Service Fund	Permanent Fund
	General Reserves Capital Projects	Redevelopment Agency Low & Moderate Housing	Redevelopment Agency Debt Service	Laurel Avenue Trust
<b>Assets:</b>				
Pooled cash and investments	\$ 2,150,676	\$ 4,254,340	\$ 13,658,941	\$ 92,231
Receivables:				
Accounts	-	-	-	-
Loans	-	2,493,049	-	-
Allowance for loan forgiveness	-	(2,493,049)	-	-
Accrued interest	-	9,362	38,263	213
Prepaid costs	-	-	-	-
Due from other governments	701,367	91,456	321,984	-
Due from other funds	-	-	725,978	-
Inventories	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	239,574	547,721	-
<b>Total Assets</b>	<b>\$ 2,852,043</b>	<b>\$ 4,594,732</b>	<b>\$ 15,292,887</b>	<b>\$ 92,444</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 919,022	\$ -	\$ 3,260	\$ -
Accrued liabilities	-	-	-	-
Deferred revenues	701,367	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	351,145	-	-	-
Due to other governments	-	-	1,230,997	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	99,430
<b>Total Liabilities</b>	<b>1,971,534</b>	<b>-</b>	<b>1,234,257</b>	<b>99,430</b>
<b>Fund Balances:</b>				
Reserved:				
Reserved for encumbrances	1,774,358	-	-	-
Reserved for prepaid costs	-	-	-	-
Reserved for inventory	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	1,314,624	-	-
Designated for debt service	-	-	14,058,630	-
Undesignated	(893,849)	3,280,108	-	(6,986)
<b>Total Fund Balances</b>	<b>880,509</b>	<b>4,594,732</b>	<b>14,058,630</b>	<b>(6,986)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,852,043</b>	<b>\$ 4,594,732</b>	<b>\$ 15,292,887</b>	<b>\$ 92,444</b>

## CITY OF WEST HOLLYWOOD

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010**

Page 7 of 7

	<b>Total Governmental Funds</b>
<b>Assets:</b>	
Pooled cash and investments	\$ 38,492,350
Receivables:	
Accounts	3,588,888
Loans	20,612,199
Allowance for loan forgiveness	(19,952,812)
Accrued interest	86,838
Prepaid costs	619
Due from other governments	1,564,511
Due from other funds	725,978
Inventories	770
Restricted assets:	
Cash and investments with fiscal agents	1,422,217
<b>Total Assets</b>	<b>\$ 46,541,558</b>
<b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 4,096,539
Accrued liabilities	2,019
Deferred revenues	1,059,523
Unearned revenues	469,465
Deposits payable	1,028,963
Due to other governments	1,890,384
Due to other funds	1,163,791
Advances from other funds	719,625
<b>Total Liabilities</b>	<b>10,430,309</b>
<b>Fund Balances:</b>	
Reserved:	
Reserved for encumbrances	8,773,628
Reserved for prepaid costs	619
Reserved for inventory	770
Unreserved:	
Designated for capital improvement projects	9,405,685
Designated for debt service	14,058,630
Undesignated	3,871,917
<b>Total Fund Balances</b>	<b>36,111,249</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 46,541,558</b>

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## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

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	\$ -	\$ 477,903	\$ 396,441	\$ -
Intergovernmental	1,085,543	1,959,082	-	989,432
Charges for services	-	-	-	-
Use of money and property	-	34,410	7,491	5,098
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	45,546	-	-
<b>Total Revenues</b>	<b>1,085,543</b>	<b>2,516,941</b>	<b>403,932</b>	<b>994,530</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	148,693	-	-	-
Public services	1,004,366	1,963,952	320,536	591,869
Capital outlay	4,000	480,570	398,395	36,936
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,157,059</b>	<b>2,444,522</b>	<b>718,931</b>	<b>628,805</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,516)	72,419	(314,999)	365,725
<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>
Net Change in Fund Balances	(71,516)	72,419	(314,999)	365,725
Fund Balances, Beginning of Year	407,713	3,234,388	669,890	500,240
<b>Fund Balances, End of Year</b>	<b>\$ 336,197</b>	<b>\$ 3,306,807</b>	<b>\$ 354,891</b>	<b>\$ 865,965</b>

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

(Continued)

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	Special Revenue Funds			
	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act
<b>Revenues:</b>				
Taxes	\$ 42,867	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	2,673	8,614	(3,437)	6,532
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	23,418	141,638	43,199
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>45,540</b>	<b>32,032</b>	<b>138,201</b>	<b>49,731</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	196,845	-
Public safety	-	-	-	-
Public services	8,828	181,476	-	-
Capital outlay	-	7,338	-	161,625
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>8,828</b>	<b>188,814</b>	<b>196,845</b>	<b>161,625</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,712	(156,782)	(58,644)	(111,894)
<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>
Net Change in Fund Balances	36,712	(156,782)	(58,644)	(111,894)
Fund Balances, Beginning of Year	236,459	863,242	483,897	778,176
<b>Fund Balances, End of Year</b>	<b>\$ 273,171</b>	<b>\$ 706,460</b>	<b>\$ 425,253</b>	<b>\$ 666,282</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

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	<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	\$ 747,819	\$ 134,205	\$ -	\$ -
Intergovernmental	6,951	-	-	-
Charges for services	-	-	-	-
Use of money and property	4,518	939	1,486,677	717,482
Fines and forfeitures	-	-	762,221	-
Contributions	-	-	-	-
Developer participation	-	-	112,188	-
Miscellaneous	-	725	-	-
<b>Total Revenues</b>	<b>759,288</b>	<b>135,869</b>	<b>2,361,086</b>	<b>717,482</b>
<b>Expenditures:</b>				
Current:				
General government	-	155,972	-	-
Public safety	-	-	-	-
Public services	714,979	-	787,911	693,276
Capital outlay	-	-	6,204,066	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>714,979</b>	<b>155,972</b>	<b>6,991,977</b>	<b>693,276</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,309	(20,103)	(4,630,891)	24,206
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(489,354)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(489,354)</b>	<b>-</b>
Net Change in Fund Balances	44,309	(20,103)	(5,120,245)	24,206
Fund Balances, Beginning of Year	418,132	67,480	6,016,325	(50,292)
<b>Fund Balances, End of Year</b>	<b>\$ 462,441</b>	<b>\$ 47,377</b>	<b>\$ 896,080</b>	<b>\$ (26,086)</b>

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

(Continued)

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	Special Revenue Funds			
	CDBG	Housing Trust	Sunset Mitigation	Avenues of Art and Design
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	172,909	-	-	-
Charges for services	-	-	562,274	132,703
Use of money and property	-	27,430	-	-
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	67,855	-	-
Miscellaneous	-	1,000	-	-
<b>Total Revenues</b>	<b>172,909</b>	<b>96,285</b>	<b>562,274</b>	<b>132,703</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	591,500	112,875
Public safety	-	-	575,441	-
Public services	172,909	680,260	-	-
Capital outlay	-	24,339	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>172,909</b>	<b>704,599</b>	<b>1,166,941</b>	<b>112,875</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(608,314)	(604,667)	19,828
<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>
Net Change in Fund Balances	-	(608,314)	(29,226)	19,828
Fund Balances, Beginning of Year	-	873,268	(194,677)	(6,412)
<b>Fund Balances, End of Year</b>	<b>\$ -</b>	<b>\$ 264,954</b>	<b>\$ (223,903)</b>	<b>\$ 13,416</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010**

Page 5 of 7

	Special Revenue Funds		Capital Projects Funds	
	West Hollywood Library Fund	Measure R	Community Facilities	Santa Monica Boulevard
<b>Revenues:</b>				
Taxes	\$ -	\$ 238,529	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	2,572	884	-	68,026
Fines and forfeitures	-	-	-	-
Contributions	1,373,409	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>1,375,981</b>	<b>239,413</b>	<b>-</b>	<b>68,026</b>
<b>Expenditures:</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public services	399,949	-	-	-
Capital outlay	-	-	-	437,434
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>399,949</b>	<b>-</b>	<b>-</b>	<b>437,434</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	976,032	239,413	-	(369,408)
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	-	-
Transfers out	(350,000)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(350,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	626,032	239,413	-	(369,408)
Fund Balances, Beginning of Year	981,574	-	2,371	6,735,077
<b>Fund Balances, End of Year</b>	<b>\$ 1,607,606</b>	<b>\$ 239,413</b>	<b>\$ 2,371</b>	<b>\$ 6,365,669</b>

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

(Continued)

Page 6 of 7

	Capital Projects Funds		Debt Service Fund	Permanent Fund
	General Reserves Capital Projects	Redevelopment Agency Low & Moderate Housing	Redevelopment Agency Debt Service	Laurel Avenue Trust
<b>Revenues:</b>				
Taxes	\$ -	\$ 1,548,617	\$ 4,358,361	\$ -
Intergovernmental	403,633	-	-	-
Charges for services	-	-	-	-
Use of money and property	-	33,890	164,937	995
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>403,633</b>	<b>1,582,507</b>	<b>4,523,298</b>	<b>995</b>
<b>Expenditures:</b>				
Current:				
General government	-	24,175	1,933,859	-
Public safety	-	-	-	-
Public services	-	-	-	306
Capital outlay	4,228,101	-	-	-
Debt service:				
Principal retirement	-	66,946	153,054	-
Interest and fiscal charges	-	171,673	392,487	-
<b>Total Expenditures</b>	<b>4,228,101</b>	<b>262,794</b>	<b>2,479,400</b>	<b>306</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,824,468)	1,319,713	2,043,898	689
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,250,000	-	-	-
Transfers out	-	-	(2,227,308)	-
<b>Total Other Financing Sources (Uses)</b>	<b>5,250,000</b>	<b>-</b>	<b>(2,227,308)</b>	<b>-</b>
Net Change in Fund Balances	1,425,532	1,319,713	(183,410)	689
Fund Balances, Beginning of Year	(545,023)	3,275,019	14,242,040	(7,675)
<b>Fund Balances, End of Year</b>	<b>\$ 880,509</b>	<b>\$ 4,594,732</b>	<b>\$ 14,058,630</b>	<b>\$ (6,986)</b>

## CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

Page 7 of 7

	<b>Total Governmental Funds</b>
<b>Revenues:</b>	
Taxes	\$ 7,944,742
Intergovernmental	4,617,550
Charges for services	694,977
Use of money and property	2,569,731
Fines and forfeitures	762,221
Contributions	1,373,409
Developer participation	388,298
Miscellaneous	47,271
	<u>18,398,199</u>
<b>Total Revenues</b>	<b>18,398,199</b>
<b>Expenditures:</b>	
Current:	
General government	3,015,226
Public safety	724,134
Public services	7,520,617
Capital outlay	11,982,804
Debt service:	
Principal retirement	220,000
Interest and fiscal charges	564,160
	<u>24,026,941</u>
<b>Total Expenditures</b>	<b>24,026,941</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,628,742)</u>
<b>Other Financing Sources (Uses):</b>	
Transfers in	5,825,441
Transfers out	<u>(3,066,662)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>2,758,779</b>
Net Change in Fund Balances	<u>(2,869,963)</u>
Fund Balances, Beginning of Year	<u>38,981,212</u>
<b>Fund Balances, End of Year</b>	<b><u>\$ 36,111,249</u></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.

**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, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 407,713	\$ 407,713	\$ 407,713	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	1,083,113	3,342,625	1,085,543	(2,257,082)
<b>Amounts Available for Appropriation</b>	<b>1,490,826</b>	<b>3,750,338</b>	<b>1,493,256</b>	<b>(2,257,082)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public safety	100,000	100,000	148,693	(48,693)
Public services	983,049	1,078,429	1,004,366	74,063
Capital outlay	-	2,280,752	4,000	2,276,752
<b>Total Charges to Appropriations</b>	<b>1,083,049</b>	<b>3,459,181</b>	<b>1,157,059</b>	<b>2,302,122</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 407,777</b>	<b>\$ 291,157</b>	<b>\$ 336,197</b>	<b>\$ 45,040</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
PROPOSITION A  
YEAR ENDED JUNE 30, 2010**

	<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	\$ 3,234,388	\$ 3,234,388	\$ 3,234,388	\$ -
<b>Resources (Inflows):</b>				
Taxes	600,000	600,000	477,903	(122,097)
Intergovernmental	355,000	1,693,234	1,959,082	265,848
Use of money and property	5,000	5,000	34,410	29,410
Miscellaneous	50,000	50,000	45,546	(4,454)
<b>Amounts Available for Appropriation</b>	<b>4,244,388</b>	<b>5,582,622</b>	<b>5,751,329</b>	<b>168,707</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	2,468,432	2,468,432	1,963,952	504,480
Capital outlay	300,000	511,798	480,570	31,228
<b>Total Charges to Appropriations</b>	<b>2,768,432</b>	<b>2,980,230</b>	<b>2,444,522</b>	<b>535,708</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 1,475,956</b>	<b>\$ 2,602,392</b>	<b>\$ 3,306,807</b>	<b>\$ 704,415</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 PROPOSITION C  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 669,890	\$ 669,890	\$ 669,890	\$ -
<b>Resources (Inflows):</b>				
Taxes	510,000	510,000	396,441	(113,559)
Use of money and property	12,000	12,000	7,491	(4,509)
<b>Amounts Available for Appropriation</b>	<b>1,191,890</b>	<b>1,191,890</b>	<b>1,073,822</b>	<b>(118,068)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	327,309	327,309	320,536	6,773
Capital outlay	300,000	683,758	398,395	285,363
<b>Total Charges to Appropriations</b>	<b>627,309</b>	<b>1,011,067</b>	<b>718,931</b>	<b>292,136</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 564,581</b>	<b>\$ 180,823</b>	<b>\$ 354,891</b>	<b>\$ 174,068</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 GAS TAX  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 500,240	\$ 500,240	\$ 500,240	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	696,000	729,229	989,432	260,203
Use of money and property	1,000	1,000	5,098	4,098
<b>Amounts Available for Appropriation</b>	<b>1,197,240</b>	<b>1,230,469</b>	<b>1,494,770</b>	<b>264,301</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	698,568	878,635	591,869	286,766
Capital outlay	25,000	137,820	36,936	100,884
<b>Total Charges to Appropriations</b>	<b>723,568</b>	<b>1,016,455</b>	<b>628,805</b>	<b>387,650</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 473,672</b>	<b>\$ 214,014</b>	<b>\$ 865,965</b>	<b>\$ 651,951</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 AIR QUALITY IMPROVEMENT  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 236,459	\$ 236,459	\$ 236,459	\$ -
<b>Resources (Inflows):</b>				
Taxes	44,000	44,000	42,867	(1,133)
Use of money and property	2,500	2,500	2,673	173
<b>Amounts Available for Appropriation</b>	<b>282,959</b>	<b>282,959</b>	<b>281,999</b>	<b>(960)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	24,160	24,160	8,828	15,332
Capital outlay	5,000	54,000	-	54,000
<b>Total Charges to Appropriations</b>	<b>29,160</b>	<b>78,160</b>	<b>8,828</b>	<b>69,332</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 253,799</b>	<b>\$ 204,799</b>	<b>\$ 273,171</b>	<b>\$ 68,372</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 TRAFFIC  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 863,242	\$ 863,242	\$ 863,242	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	7,000	7,000	8,614	1,614
Developer participation	10,000	10,000	23,418	13,418
<b>Amounts Available for Appropriation</b>	<b>880,242</b>	<b>880,242</b>	<b>895,274</b>	<b>15,032</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	153,394	319,676	181,476	138,200
Capital outlay	20,000	85,095	7,338	77,757
<b>Total Charges to Appropriations</b>	<b>173,394</b>	<b>404,771</b>	<b>188,814</b>	<b>215,957</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 706,848</b>	<b>\$ 475,471</b>	<b>\$ 706,460</b>	<b>\$ 230,989</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
PUBLIC BEAUTIFICATION AND ART  
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 483,897	\$ 483,897	\$ 483,897	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	6,000	6,000	(3,437)	(9,437)
Developer participation	-	-	141,638	141,638
<b>Amounts Available for Appropriation</b>	<b>489,897</b>	<b>489,897</b>	<b>622,098</b>	<b>132,201</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	202,000	242,857	196,845	46,012
<b>Total Charges to Appropriations</b>	<b>202,000</b>	<b>242,857</b>	<b>196,845</b>	<b>46,012</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 287,897</b>	<b>\$ 247,040</b>	<b>\$ 425,253</b>	<b>\$ 178,213</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 QUMBY ACT  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 778,176	\$ 778,176	\$ 778,176	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	4,000	4,000	6,532	2,532
Developer participation	-	19,937	43,199	23,262
<b>Amounts Available for Appropriation</b>	<b>782,176</b>	<b>802,113</b>	<b>827,907</b>	<b>25,794</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	33,500	353,951	161,625	192,326
<b>Total Charges to Appropriations</b>	<b>33,500</b>	<b>353,951</b>	<b>161,625</b>	<b>192,326</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 748,676</b>	<b>\$ 448,162</b>	<b>\$ 666,282</b>	<b>\$ 218,120</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 CITY LIGHTING  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 418,132	\$ 418,132	\$ 418,132	\$ -
<b>Resources (Inflows):</b>				
Taxes	677,000	677,000	747,819	70,819
Intergovernmental	6,000	6,000	6,951	951
Use of money and property	2,500	2,500	4,518	2,018
<b>Amounts Available for Appropriation</b>	<b>1,103,632</b>	<b>1,103,632</b>	<b>1,177,420</b>	<b>73,788</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	642,754	698,722	714,979	(16,257)
<b>Total Charges to Appropriations</b>	<b>642,754</b>	<b>698,722</b>	<b>714,979</b>	<b>(16,257)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 460,878</b>	<b>\$ 404,910</b>	<b>\$ 462,441</b>	<b>\$ 57,531</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
PUBLIC ACCESS  
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 67,480	\$ 67,480	\$ 67,480	\$ -
<b>Resources (Inflows):</b>				
Taxes	75,000	75,000	134,205	59,205
Use of money and property	4,000	4,000	939	(3,061)
Miscellaneous	2,000	2,000	725	(1,275)
<b>Amounts Available for Appropriation</b>	<b>148,480</b>	<b>148,480</b>	<b>203,349</b>	<b>54,869</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	128,851	141,351	155,972	(14,621)
<b>Total Charges to Appropriations</b>	<b>128,851</b>	<b>141,351</b>	<b>155,972</b>	<b>(14,621)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 19,629</b>	<b>\$ 7,129</b>	<b>\$ 47,377</b>	<b>\$ 40,248</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
PARKING IMPROVEMENT  
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,016,325	\$ 6,016,325	\$ 6,016,325	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	1,515,000	1,515,000	1,486,677	(28,323)
Fines and forfeitures	750,000	750,000	762,221	12,221
Developer participation	11,000	11,000	112,188	101,188
Miscellaneous	12,000,000	12,000,000	-	(12,000,000)
Refunding bonds issued	8,300,000	8,300,000	-	(8,300,000)
<b>Amounts Available for Appropriation</b>	<b>28,592,325</b>	<b>28,592,325</b>	<b>8,377,411</b>	<b>(20,214,914)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	732,758	918,543	787,911	130,632
Capital outlay	9,669,230	10,529,804	6,204,066	4,325,738
Transfers out	489,354	489,354	489,354	-
<b>Total Charges to Appropriations</b>	<b>10,891,342</b>	<b>11,937,701</b>	<b>7,481,331</b>	<b>4,456,370</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 17,700,983</b>	<b>\$ 16,654,624</b>	<b>\$ 896,080</b>	<b>\$ (15,758,544)</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 PERMIT PARKING  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (50,292)	\$ (50,292)	\$ (50,292)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	780,000	780,000	717,482	(62,518)
<b>Amounts Available for Appropriation</b>	<b>729,708</b>	<b>729,708</b>	<b>667,190</b>	<b>(62,518)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	777,085	782,106	693,276	88,830
<b>Total Charges to Appropriations</b>	<b>777,085</b>	<b>782,106</b>	<b>693,276</b>	<b>88,830</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (47,377)</b>	<b>\$ (52,398)</b>	<b>\$ (26,086)</b>	<b>\$ 26,312</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 CDBG  
 YEAR ENDED JUNE 30, 2010

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	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	913,133	977,008	172,909	(804,099)
<b>Amounts Available for Appropriation</b>	<b>913,133</b>	<b>977,008</b>	<b>172,909</b>	<b>(804,099)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	177,784	688,008	172,909	515,099
Capital outlay	735,349	289,000	-	289,000
<b>Total Charges to Appropriations</b>	<b>913,133</b>	<b>977,008</b>	<b>172,909</b>	<b>804,099</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, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 873,268	\$ 873,268	\$ 873,268	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	15,000	15,000	27,430	12,430
Developer participation	10,000	10,000	67,855	57,855
Miscellaneous	-	-	1,000	1,000
<b>Amounts Available for Appropriation</b>	<b>898,268</b>	<b>898,268</b>	<b>969,553</b>	<b>71,285</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	1,366,224	2,150,958	680,260	1,470,698
Capital outlay	-	3,838,928	24,339	3,814,589
<b>Total Charges to Appropriations</b>	<b>1,366,224</b>	<b>5,989,886</b>	<b>704,599</b>	<b>5,285,287</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (467,956)</b>	<b>\$ (5,091,618)</b>	<b>\$ 264,954</b>	<b>\$ 5,356,572</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 SUNSET MITIGATION  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (194,677)	\$ (194,677)	\$ (194,677)	\$ -
<b>Resources (Inflows):</b>				
Charges for services	600,000	600,000	562,274	(37,726)
Transfers in	575,441	575,441	575,441	-
<b>Amounts Available for Appropriation</b>	<b>980,764</b>	<b>980,764</b>	<b>943,038</b>	<b>(37,726)</b>
<b>Charges to Appropriation (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>\$ (186,177)</b>	<b>\$ (186,177)</b>	<b>\$ (223,903)</b>	<b>\$ (37,726)</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 AVENUES OF ART AND DESIGN  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (6,412)	\$ (6,412)	\$ (6,412)	\$ -
<b>Resources (Inflows):</b>				
Charges for services	180,500	180,500	132,703	(47,797)
<b>Amounts Available for Appropriation</b>	<b>174,088</b>	<b>174,088</b>	<b>126,291</b>	<b>(47,797)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	175,650	175,650	112,875	62,775
<b>Total Charges to Appropriations</b>	<b>175,650</b>	<b>175,650</b>	<b>112,875</b>	<b>62,775</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (1,562)</b>	<b>\$ (1,562)</b>	<b>\$ 13,416</b>	<b>\$ 14,978</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
WEST HOLLYWOOD LIBRARY FUND  
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 981,574	\$ 981,574	\$ 981,574	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	2,572	2,572
Contributions	1,855,353	1,855,353	1,373,409	(481,944)
<b>Amounts Available for Appropriation</b>	<b>2,836,927</b>	<b>2,836,927</b>	<b>2,357,555</b>	<b>(479,372)</b>
<b>Charges to Appropriation (Outflow):</b>				
Public services	371,375	371,375	399,949	(28,574)
Transfers out	-	-	350,000	(350,000)
<b>Total Charges to Appropriations</b>	<b>371,375</b>	<b>371,375</b>	<b>749,949</b>	<b>(378,574)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$2,465,552</b>	<b>\$ 2,465,552</b>	<b>\$ 1,607,606</b>	<b>\$ (857,946)</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.

### 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.

### 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, 2010**

	<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	\$ (8,116,053)	\$ (8,116,053)	\$ (8,116,053)	\$ -
<b>Resources (Inflows):</b>				
Contributions	39,000,000	39,000,000	350,000	(38,650,000)
Transfers in	-	-	19,979,758	19,979,758
Refunding bonds issued	39,000,000	39,000,000	-	(39,000,000)
<b>Amounts Available for Appropriation</b>	<b>69,883,947</b>	<b>69,883,947</b>	<b>12,213,705</b>	<b>(57,670,242)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	-	-	50,022	(50,022)
Capital outlay	26,423,166	27,966,193	15,451,856	12,514,337
<b>Total Charges to Appropriations</b>	<b>26,423,166</b>	<b>27,966,193</b>	<b>15,501,878</b>	<b>12,464,315</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 43,460,781</b>	<b>\$ 41,917,754</b>	<b>\$ (3,288,173)</b>	<b>\$ (45,205,927)</b>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE  
 SANTA MONICA BOULEVARD  
 YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,735,077	\$ 6,735,077	\$ 6,735,077	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	-	-	68,026	68,026
<b>Amounts Available for Appropriation</b>	<b>6,735,077</b>	<b>6,735,077</b>	<b>6,803,103</b>	<b>68,026</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	-	532,513	437,434	95,079
<b>Total Charges to Appropriations</b>	<b>-</b>	<b>532,513</b>	<b>437,434</b>	<b>95,079</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 6,735,077</b>	<b>\$ 6,202,564</b>	<b>\$ 6,365,669</b>	<b>\$ 163,105</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
GENERAL RESERVES CAPITAL PROJECTS  
YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (545,023)	\$ (545,023)	\$ (545,023)	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental	-	1,105,000	403,633	(701,367)
Transfers in	5,250,000	5,250,000	5,250,000	-
<b>Amounts Available for Appropriation</b>	<b>4,704,977</b>	<b>5,809,977</b>	<b>5,108,610</b>	<b>(701,367)</b>
<b>Charges to Appropriation (Outflow):</b>				
Capital outlay	5,250,000	10,075,000	4,228,101	5,846,899
<b>Total Charges to Appropriations</b>	<b>5,250,000</b>	<b>10,075,000</b>	<b>4,228,101</b>	<b>5,846,899</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ (545,023)</b>	<b>\$ (4,265,023)</b>	<b>\$ 880,509</b>	<b>\$ 5,145,532</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
REDEVELOPMENT AGENCY CAPITAL PROJECTS  
YEAR ENDED JUNE 30, 2010**

	<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	\$ (9,445,196)	\$ (9,445,196)	\$ (9,445,196)	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	60,000	60,000	81,607	21,607
Miscellaneous	9,000,000	9,000,000	-	(9,000,000)
Transfers in	-	-	2,227,308	2,227,308
Refunding bonds issued	33,000,000	33,000,000	-	(33,000,000)
<b>Amounts Available for Appropriation</b>	<b>32,614,804</b>	<b>32,614,804</b>	<b>(7,136,281)</b>	<b>(39,751,085)</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	4,023,570	4,130,033	592,247	3,537,786
Capital outlay	24,677,424	29,266,941	454,967	28,811,974
Debt service:				
Interest and fiscal charges	375,000	375,000	455,748	(80,748)
<b>Total Charges to Appropriations</b>	<b>29,075,994</b>	<b>33,771,974</b>	<b>1,502,962</b>	<b>32,269,012</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,538,810</b>	<b>\$ (1,157,170)</b>	<b>\$ (8,639,243)</b>	<b>\$ (7,482,073)</b>

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 REDEVELOPMENT AGENCY LOW AND MODERATE HOUSING  
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,275,019	\$ 3,275,019	\$ 3,275,019	\$ -
<b>Resources (Inflows):</b>				
Taxes	1,050,000	1,050,000	1,548,617	498,617
Use of money and property	-	-	33,890	33,890
<b>Amounts Available for Appropriation</b>	<b>4,325,019</b>	<b>4,325,019</b>	<b>4,857,526</b>	<b>532,507</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	100,000	100,000	24,175	75,825
Capital outlay	750,000	3,416,062	-	3,416,062
Debt service:				
Principal retirement	66,968	66,968	66,946	22
Interest and fiscal charges	173,917	173,917	171,673	2,244
<b>Total Charges to Appropriations</b>	<b>1,090,885</b>	<b>3,756,947</b>	<b>262,794</b>	<b>3,494,153</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 3,234,134</b>	<b>\$ 568,072</b>	<b>\$ 4,594,732</b>	<b>\$ 4,026,660</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.

## CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
 CAPITAL PROJECTS DEBT SERVICE  
 YEAR ENDED JUNE 30, 2010**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 9,873,044	\$ 9,873,044	\$ 9,873,044	\$ -
<b>Resources (Inflows):</b>				
Use of money and property	876,025	876,025	1,167,956	291,931
Transfers in	1,780,267	1,780,267	489,354	(1,290,913)
Refunding bonds issued	-	-	22,160,000	22,160,000
Bonds issued	-	-	34,780,000	34,780,000
Bond premium	-	-	665,937	665,937
<b>Amounts Available for Appropriation</b>	<b>12,529,336</b>	<b>12,529,336</b>	<b>69,136,291</b>	<b>56,606,955</b>
<b>Charges to Appropriation (Outflow):</b>				
Debt service:				
Interest and fiscal charges	1,045,267	1,045,267	2,146,934	(1,101,667)
Debt issuance costs	-	-	790,384	(790,384)
Transfers out	-	-	19,979,758	(19,979,758)
Bond discount	-	-	95,813	(95,813)
Refunded bonds redeemed	810,000	810,000	21,810,000	(21,000,000)
<b>Total Charges to Appropriations</b>	<b>1,855,267</b>	<b>1,855,267</b>	<b>44,822,889</b>	<b>(42,967,622)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 10,674,069</b>	<b>\$ 10,674,069</b>	<b>\$ 24,313,402</b>	<b>\$ 13,639,333</b>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE  
REDEVELOPMENT AGENCY DEBT SERVICE  
YEAR ENDED JUNE 30, 2010**

	<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	\$ 14,242,040	\$ 14,242,040	\$ 14,242,040	\$ -
<b>Resources (Inflows):</b>				
Taxes	3,625,000	3,625,000	4,358,361	733,361
Use of money and property	10,000	10,000	164,937	154,937
<b>Amounts Available for Appropriation</b>	<b>17,877,040</b>	<b>17,877,040</b>	<b>18,765,338</b>	<b>888,298</b>
<b>Charges to Appropriation (Outflow):</b>				
General government	130,000	130,000	1,933,859	(1,803,859)
Debt service:				
Interest and fiscal charges	400,928	400,928	392,487	8,441
Transfers out	-	-	2,227,308	(2,227,308)
Bond discount	-	-	-	-
Refunded bonds redeemed	-	-	-	-
<b>Total Charges to Appropriations</b>	<b>683,960</b>	<b>683,960</b>	<b>4,706,708</b>	<b>(4,022,748)</b>
<b>Budgetary Fund Balance, June 30</b>	<b>\$ 17,193,080</b>	<b>\$ 17,193,080</b>	<b>\$ 14,058,630</b>	<b>\$ (3,134,450)</b>

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## 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.

### SEWER DISTRICT (CONSTRUCTION) FUND – ENTERPRISE:

This fund has equity transferred from the County of Los Angeles, when the City took over the Sewer district. Presently, the only source of revenue is the interest earnings on the investments. Use of this fund is designated for the future improvement of the underground sewer lines.

### 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, 2010**

	<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	\$ 373,045	\$ 439,070	\$ 153,892	\$ 29,283	\$ 995,290
Receivables:					
Accounts	7,406	595	5,976	165	14,142
Accrued interest	960	1,168	357	-	2,485
Due from other governments	15,603	41,168	3,394	7,878	68,043
<b>Total Current Assets</b>	<b>397,014</b>	<b>482,001</b>	<b>163,619</b>	<b>37,326</b>	<b>1,079,960</b>
Noncurrent:					
Capital assets - net of accumulated depreciation	392,766	-	-	-	392,766
<b>Total Noncurrent Assets</b>	<b>392,766</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>392,766</b>
<b>Total Assets</b>	<b>\$ 789,780</b>	<b>\$ 482,001</b>	<b>\$ 163,619</b>	<b>\$ 37,326</b>	<b>\$ 1,472,726</b>
<b>Liabilities and Net Assets:</b>					
<b>Liabilities:</b>					
Current:					
Accounts payable	\$ 157,043	\$ 1,142	\$ 17,024	\$ 17,131	\$ 192,340
Deposits payable	8,271	-	-	-	8,271
<b>Total Current Liabilities</b>	<b>165,314</b>	<b>1,142</b>	<b>17,024</b>	<b>17,131</b>	<b>200,611</b>
<b>Total Liabilities</b>	<b>165,314</b>	<b>1,142</b>	<b>17,024</b>	<b>17,131</b>	<b>200,611</b>
<b>Net Assets:</b>					
Invested in capital assets	392,766	-	-	-	392,766
Unrestricted	231,700	480,859	146,595	20,195	879,349
<b>Total Net Assets</b>	<b>624,466</b>	<b>480,859</b>	<b>146,595</b>	<b>20,195</b>	<b>1,272,115</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 789,780</b>	<b>\$ 482,001</b>	<b>\$ 163,619</b>	<b>\$ 37,326</b>	<b>\$ 1,472,726</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
NON-MAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<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>Operating Revenues:</b>					
Sales and service charges	\$ 606,851	\$ 1,293,911	\$ 172,594	\$ 286,614	\$ 2,359,970
Fines and forfeitures	2,360	7,616	1,029	1,602	12,607
Miscellaneous	669	-	-	-	669
<b>Total Operating Revenues</b>	<b>609,880</b>	<b>1,301,527</b>	<b>173,623</b>	<b>288,216</b>	<b>2,373,246</b>
<b>Operating Expenses:</b>					
Administration and general	64,000	42,877	4,000	141,715	252,592
Treatment	532,825	1,225,667	171,253	256,881	2,186,626
Depreciation expense	6,479	-	-	-	6,479
<b>Total Operating Expenses</b>	<b>603,304</b>	<b>1,268,544</b>	<b>175,253</b>	<b>398,596</b>	<b>2,445,697</b>
Operating Income (Loss)	6,576	32,983	(1,630)	(110,380)	(72,451)
<b>Nonoperating Revenues (Expenses):</b>					
Interest revenue	3,781	3,276	1,587	15	8,659
<b>Total Nonoperating Revenues (Expenses)</b>	<b>3,781</b>	<b>3,276</b>	<b>1,587</b>	<b>15</b>	<b>8,659</b>
Income (Loss) Before Transfers	10,357	36,259	(43)	(110,365)	(63,792)
Transfers in	-	-	-	100,000	100,000
Changes in Net Assets	10,357	36,259	(43)	(10,365)	36,208
<b>Net Assets:</b>					
Beginning of Year, as originally reported	614,109	526,587	146,638	30,560	1,317,894
Restatements	-	(81,987)	-	-	(81,987)
Beginning of Fiscal Year, as restated	614,109	444,600	146,638	30,560	1,235,907
<b>End of Fiscal Year</b>	<b>\$ 624,466</b>	<b>\$ 480,859</b>	<b>\$ 146,595</b>	<b>\$ 20,195</b>	<b>\$ 1,272,115</b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CASH FLOWS  
NON-MAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010**

	<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>Cash Flows from Operating Activities:</b>					
Cash received from customers and users	\$ 590,050	\$ 1,289,148	\$ 171,738	\$ 287,938	\$ 2,338,874
Cash paid to suppliers for goods and services	(550,594)	(1,226,825)	(174,629)	(245,522)	(2,197,570)
Cash paid to employees for services	(64,000)	(42,877)	(4,000)	(141,715)	(252,592)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(24,544)</b>	<b>19,446</b>	<b>(6,891)</b>	<b>(99,299)</b>	<b>(111,288)</b>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Cash transfers in	-	-	-	100,000	100,000
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>100,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Acquisition and construction of capital assets	(82,714)	-	-	-	(82,714)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(82,714)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(82,714)</b>
<b>Cash Flows from Investing Activities:</b>					
Interest received	5,132	3,971	1,883	15	11,001
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>5,132</b>	<b>3,971</b>	<b>1,883</b>	<b>15</b>	<b>11,001</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(102,126)</b>	<b>23,417</b>	<b>(5,008)</b>	<b>716</b>	<b>(83,001)</b>
Cash and Cash Equivalents at Beginning of Year	475,171	415,653	158,900	28,567	1,078,291
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 373,045</b>	<b>\$ 439,070</b>	<b>\$ 153,892</b>	<b>\$ 29,283</b>	<b>\$ 995,290</b>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 6,576	\$ 32,983	\$ (1,630)	\$ (110,380)	\$ (72,451)
<b>Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:</b>					
Depreciation	6,479	-	-	-	6,479
(Increase) decrease in accounts receivable	(7,177)	(595)	(5,976)	(165)	(13,913)
(Increase) decrease in due from other governments	(330)	(11,784)	4,091	(113)	(8,136)
Increase (decrease) in accounts payable	(17,769)	(1,158)	(3,376)	11,359	(10,944)
Increase (decrease) in deposits payable	(12,323)	-	-	-	(12,323)
<b>Total Adjustments</b>	<b>(31,120)</b>	<b>(13,537)</b>	<b>(5,261)</b>	<b>11,081</b>	<b>(38,837)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (24,544)</b>	<b>\$ 19,446</b>	<b>\$ (6,891)</b>	<b>\$ (99,299)</b>	<b>\$ (111,288)</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% of the Transient Occupancy Tax (hotel bed Tax) collected by the City on behalf of West Hollywood Marketing Corporation. This receipt of 1% 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, 2010

	<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	\$ -	\$ 1,305	\$ 108,971	\$ 110,276
Receivables:				
Accounts	212,784	-	-	212,784
Taxes	-	-	151,808	151,808
Accrued interest	-	72	-	72
Restricted assets:				
Cash and investments with fiscal agents	-	113,518	-	113,518
<b>Total Assets</b>	<b><u>\$ 212,784</u></b>	<b><u>\$ 114,895</u></b>	<b><u>\$ 260,779</u></b>	<b><u>\$ 588,458</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 138,697	\$ -	\$ 260,779	\$ 399,476
Due to other governments	74,087	-	-	74,087
Due to bondholders	-	114,895	-	114,895
<b>Total Liabilities</b>	<b><u>\$ 212,784</u></b>	<b><u>\$ 114,895</u></b>	<b><u>\$ 260,779</u></b>	<b><u>\$ 588,458</u></b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2010**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b><u>Business Improvement</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 13,830	\$ 498,224	\$ 512,054	\$ -
Receivables:				
Accounts	220,750	137,303	145,269	212,784
Taxes	153,917	-	153,917	-
<b>Total Assets</b>	<b><u>\$ 388,497</u></b>	<b><u>\$ 635,527</u></b>	<b><u>\$ 811,240</u></b>	<b><u>\$ 212,784</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 388,497	\$ 561,440	\$ 811,240	\$ 138,697
Due to other governments	-	74,087	-	74,087
<b>Total Liabilities</b>	<b><u>\$ 388,497</u></b>	<b><u>\$ 635,527</u></b>	<b><u>\$ 811,240</u></b>	<b><u>\$ 212,784</u></b>
<b><u>Community District Debt Service</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 85,661	\$ 29,375	\$ 113,731	\$ 1,305
Receivables:				
Accrued interest	343	559	830	72
Restricted assets:				
Cash and investments with fiscal agents	34,153	112,231	32,866	113,518
<b>Total Assets</b>	<b><u>\$ 120,157</u></b>	<b><u>\$ 142,165</u></b>	<b><u>\$ 147,427</u></b>	<b><u>\$ 114,895</u></b>
<b>Liabilities:</b>				
Due to bondholders	\$ 120,157	\$ 142,165	\$ 147,427	\$ 114,895
<b>Total Liabilities</b>	<b><u>\$ 120,157</u></b>	<b><u>\$ 142,165</u></b>	<b><u>\$ 147,427</u></b>	<b><u>\$ 114,895</u></b>
<b><u>Hotel Marketing Benefit Zone</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 1,518,298	\$ 1,409,327	\$ 108,971
Receivables:				
Taxes	-	151,808	-	151,808
<b>Total Assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,670,106</u></b>	<b><u>\$ 1,409,327</u></b>	<b><u>\$ 260,779</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,670,106	\$ 1,409,327	\$ 260,779
<b>Total Liabilities</b>	<b><u>\$ -</u></b>	<b><u>\$ 1,670,106</u></b>	<b><u>\$ 1,409,327</u></b>	<b><u>\$ 260,779</u></b>

## CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2010**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b><u>Totals - All Agency Funds</u></b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 99,491	\$ 2,045,897	\$2,035,112	\$ 110,276
Receivables:				
Accounts	220,750	137,303	145,269	212,784
Taxes	153,917	151,808	153,917	151,808
Accrued interest	343	559	830	72
Restricted assets:				
Cash and investments with fiscal agents	34,153	112,231	32,866	113,518
<b>Total Assets</b>	<b><u>\$ 508,654</u></b>	<b><u>\$ 2,447,798</u></b>	<b><u>\$ 2,367,994</u></b>	<b><u>\$ 588,458</u></b>
<b>Liabilities:</b>				
Accounts payable	\$ 388,497	\$ 2,231,546	\$ 2,220,567	\$ 399,476
Due to other governments	-	74,087	-	74,087
Due to bondholders	120,157	142,165	147,427	114,895
<b>Total Liabilities</b>	<b><u>\$ 508,654</u></b>	<b><u>\$ 2,447,798</u></b>	<b><u>\$ 2,367,994</u></b>	<b><u>\$ 588,458</u></b>

# STATISTICAL SECTION



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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 Taxpayers - *Current Year and Nine 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, 2010*

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

Table 13 - East Side Project Area Bonds Coverage - *Last Seven 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 Seven 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*

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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				Fiscal Year
	2001	2002	2003	2004	2005
Governmental activities					
Invested in capital assets, net of related debt	\$ 28,305,177	\$ 74,877,305	\$ 75,773,265	\$ 76,368,465	\$ 81,802,689
Restricted	6,921,288	14,585,862	920,268	20,795,829	22,213,608
Unrestricted	31,804,686	28,986,811	38,150,731	26,840,466	34,378,132
Total governmental activities net assets	\$ 67,031,151	\$ 118,449,978	\$ 114,844,264	\$ 124,004,760	\$ 138,394,429
Business-type activities					
Invested in capital assets, net of related debt	\$ 1,024,531	\$ 11,741,182	\$ 11,430,276	\$ 11,110,118	\$ 10,812,425
Restricted	-	-	-	-	-
Unrestricted	2,220,068	1,868,372	1,877,114	1,988,256	1,962,405
Total business-type activities net assets	\$ 3,244,599	\$ 13,609,554	\$ 13,307,390	\$ 13,098,374	\$ 12,774,830
Primary government					
Invested in capital assets, net of related debt	\$ 29,329,708	\$ 86,618,487	\$ 87,203,541	\$ 87,478,583	\$ 92,615,114
Restricted	6,921,288	14,585,862	920,268	20,795,829	22,213,608
Unrestricted	34,024,754	30,855,183	40,027,845	28,828,722	36,340,537
Total primary government net assets	\$ 70,275,750	\$ 132,059,532	\$ 128,151,654	\$ 137,103,134	\$ 151,169,259

Note: The City of West Hollywood implemented GASB 34 for the fiscal year ended June 30, 2001.  
Information prior to the implementation is unavailable.

Source: City of West Hollywood.

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Fiscal Year				
2006	2007	2008	2009	2010
\$ 83,025,801	\$ 82,839,263	\$ 85,785,512	\$ 103,042,403	\$ 94,984,874
30,203,837	42,540,457	51,021,978	49,054,483	57,860,664
44,313,953	61,562,154	71,516,525	58,335,334	61,509,140
<u>\$ 157,543,591</u>	<u>\$ 186,941,874</u>	<u>\$ 208,324,015</u>	<u>\$ 210,432,220</u>	<u>\$ 214,354,678</u>
\$ 10,593,768	\$ 10,270,624	\$ 9,947,480	\$ 10,151,952	\$ 9,942,991
-				
1,127,018	1,270,903	1,440,942	1,123,836	964,639
<u>\$ 11,720,786</u>	<u>\$ 11,541,527</u>	<u>\$ 11,388,422</u>	<u>\$ 11,275,788</u>	<u>\$ 10,907,630</u>
\$ 93,619,569	\$ 93,109,887	\$ 95,732,992	\$ 113,194,355	\$ 104,927,865
30,203,837	42,540,457	51,021,978	49,054,483	57,860,664
45,440,971	62,833,057	72,957,467	59,459,170	62,473,779
<u>169,264,377</u>	<u>198,483,401</u>	<u>219,712,437</u>	<u>221,708,008</u>	<u>225,262,308</u>

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				Fiscal Year
	2001	2002	2003	2004	2005
Governmental activities:					
General government	\$ 11,493,082	\$ 12,256,946	\$ 11,660,643	\$ 13,336,517	\$ 14,701,420
Public safety	10,202,108	11,159,356	11,012,150	11,223,737	11,072,802
Public services	32,368,829	30,444,978	53,406,669	29,813,574	33,426,113
Interest on long-term debt	-	-	2,330,775	-	-
Total governmental activities expenses	<u>54,064,019</u>	<u>53,861,280</u>	<u>78,410,237</u>	<u>54,373,828</u>	<u>59,200,335</u>
Business-type activities:					
Solid waste	1,158,516	1,158,692	1,283,410	1,202,666	1,096,935
Landscape and lighting	603,372	885,139	73,536	83,326	147,299
Sewer	249,348	578,569	606,188	618,254	610,894
Street maintenance	299,053	313,616	306,866	276,658	305,569
Total business-type activities expenses	<u>2,310,289</u>	<u>2,936,016</u>	<u>2,270,000</u>	<u>2,180,904</u>	<u>2,160,697</u>
Total primary government expenses	<u>\$ 56,374,308</u>	<u>\$ 56,797,296</u>	<u>\$ 80,680,237</u>	<u>\$ 56,554,732</u>	<u>\$ 61,361,032</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 334,616	\$ 282,684	\$ 369,514	\$ 894,792	\$ 868,099
Public safety	415,282	668,429	708,219	289,521	800,865
Public services	14,228,437	14,777,639	17,312,306	16,487,845	18,260,961
Operating grants and contributions	5,597,417	5,193,906	10,341,249	5,449,185	6,484,701
Capital grants and contributions	7,171,796	3,160,438	13,698,814	1,929,252	332,050
Total governmental activities program revenues	<u>27,747,548</u>	<u>24,083,096</u>	<u>42,430,102</u>	<u>25,050,595</u>	<u>26,746,676</u>
Business-type activities:					
Charges for services:					
Solid waste	1,149,304	1,228,677	1,234,292	1,284,162	1,140,457
Landscape and lighting	139,945	133,161	162,903	138,117	136,105
Sewer	175,270	200,139	226,048	200,911	201,155
Street maintenance	283,733	293,977	285,506	288,359	286,867
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>1,748,252</u>	<u>1,855,954</u>	<u>1,908,749</u>	<u>1,911,549</u>	<u>1,764,584</u>
Total primary government program revenues	<u>\$ 29,495,800</u>	<u>\$ 25,939,050</u>	<u>\$ 44,338,851</u>	<u>\$ 26,962,144</u>	<u>\$ 28,511,260</u>
Net (expense)/revenue					
Governmental activities	\$ (26,316,471)	\$ (29,778,184)	\$ (35,980,135)	\$ (29,323,233)	\$ (32,453,659)
Business-type activities	<u>(562,037)</u>	<u>(1,080,062)</u>	<u>(361,251)</u>	<u>(269,355)</u>	<u>(396,113)</u>
Total Primary government net expense	<u>\$ (26,878,508)</u>	<u>\$ (30,858,246)</u>	<u>\$ (36,341,386)</u>	<u>\$ (29,592,588)</u>	<u>\$ (32,849,772)</u>

(Continued)

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		Fiscal Year				
2006	2007	2008	2009	2010		
\$ 16,479,257	\$ 15,648,141	\$ 21,093,563	\$ 23,286,253	\$ 22,283,500		
11,212,181	13,597,148	13,164,284	14,031,263	14,693,505		
30,573,381	34,361,851	35,875,120	47,202,159	37,851,081		
2,073,243	2,052,121	2,039,747	1,994,805	3,753,074		
60,338,062	65,659,261	72,172,714	86,514,480	78,581,160		
1,137,797	1,258,380	1,136,337	1,202,666	1,266,869		
198,252	160,241	156,616	182,353	175,253		
1,310,820	685,782	1,006,626	824,817	930,895		
334,287	346,350	366,655	392,463	396,000		
2,981,156	2,450,753	2,666,234	2,602,299	2,769,017		
\$ 63,319,218	\$ 68,110,014	\$ 74,838,948	\$ 89,116,779	\$ 81,350,177		
\$ 492,019	\$ 532,160	\$ 446,180	\$ 406,506	\$ 502,745		
999,856	684,303	692,071	1,260,919	1,149,849		
18,535,109	20,879,091	23,401,515	15,417,753	14,551,173		
3,244,620	5,003,291	4,828,524	5,317,302	4,688,118		
743,180	232,089	1,027,706	4,439,194	2,198,352		
24,014,784	27,330,934	30,395,996	26,841,674	23,090,237		
1,159,211	1,190,664	1,231,080	1,289,496	1,301,527		
163,312	162,704	172,501	176,224	173,623		
196,513	563,497	686,056	607,434	609,880		
285,348	283,569	284,924	284,872	288,216		
-	-	-	-	-		
-	-	-	-	-		
1,804,384	2,200,434	2,374,561	2,358,026	2,373,246		
\$ 25,819,168	\$ 29,531,368	\$ 32,770,557	\$ 29,199,700	\$ 25,463,483		
\$ (36,323,278)	\$ (38,328,327)	\$ (41,776,718)	\$ (59,672,806)	\$ (55,490,923)		
(1,176,772)	(250,319)	(291,673)	(244,273)	(395,771)		
\$ (37,500,050)	\$ (38,578,646)	\$ (42,068,391)	\$ (59,917,079)	\$ (55,886,694)		

CITY OF WEST HOLLYWOOD

**TABLE 3**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Page 1 of 2

	Fiscal Year				Fiscal Year
	2001	2002	2003	2004	2005
General Fund					
Reserved	\$ 11,215,199	\$ 14,898,400	\$ 12,827,655	\$ 8,252,813	\$ 7,366,598
Unreserved	13,412,643	8,567,266	18,619,896	25,105,511	34,649,072
Total General Fund	<u>\$ 24,627,842</u>	<u>\$ 23,465,666</u>	<u>\$ 31,447,551</u>	<u>\$ 33,358,324</u>	<u>\$ 42,015,670</u>
All other governmental funds					
Reserved	\$ 11,110,349	\$ 21,587,999	\$ 3,285,441	\$ 1,306,137	\$ 1,853,944
Unreserved, reported in:					
Special revenue funds	8,544,473	10,927,125	13,068,315	9,167,038	8,124,694
Capital projects funds	(10,377,354)	(16,333,371)	(16,087,901)	(2,869,830)	(4,446,100)
Debt service funds	4,365,576	3,877,980	6,234,461	8,044,882	9,104,625
Permanent funds	14,815	19,534	(7,340)	(19,008)	(14,039)
Total all other governmental funds	<u>\$ 13,657,859</u>	<u>\$ 20,079,267</u>	<u>\$ 6,492,976</u>	<u>\$ 15,629,219</u>	<u>\$ 14,623,124</u>

Note: The City of West Hollywood implemented GASB 34 for the fiscal year ended June 30, 2001  
Information prior to implementation is unavailable.

Source: City of West Hollywood.

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Fiscal Year				
2006	2007	2008	2009	2010
\$ 8,667,835	\$ 9,586,060	\$ 11,088,861	\$ 12,483,127	\$ 8,737,738
43,109,866	59,779,958	71,182,870	64,027,333	59,826,908
<u>\$ 51,777,701</u>	<u>\$ 69,366,018</u>	<u>\$ 82,271,731</u>	<u>\$ 76,510,460</u>	<u>\$ 68,564,646</u>
\$ 1,739,931	\$ 1,828,522	\$ 6,367,024	\$ 43,819,590	\$ 25,444,012
12,827,476	17,077,571	21,073,781	2,682,085	3,215,665
(3,999,838)	(1,053,737)	(7,352,494)	(39,316,074)	(18,527,488)
12,596,942	16,259,331	20,005,025	24,115,084	38,372,032
(13,161)	(13,378)	(9,825)	(7,675)	(6,986)
<u>\$ 23,151,350</u>	<u>\$ 34,098,309</u>	<u>\$ 40,083,511</u>	<u>\$ 31,293,010</u>	<u>\$ 48,497,235</u>

CITY OF WEST HOLLYWOOD

**TABLE 4  
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				Fiscal Year
	2001	2002	2003	2004	2005
<b>Revenues</b>					
Taxes	\$ 28,851,907	\$ 27,600,100	\$ 28,790,692	\$ 33,002,400	\$ 37,952,941
Licenses and permits	2,777,259	1,935,265	3,321,312	3,430,860	3,768,824
Intergovernmental	13,131,601	6,429,614	13,726,715	7,834,915	9,019,572
Charges for services	2,405,407	2,421,986	2,791,718	3,008,760	3,000,706
Use of money and property	6,428,474	6,631,903	4,895,491	6,304,030	6,191,455
Fines and forfeitures	8,450,029	9,198,259	8,907,842	8,695,339	8,615,254
Contributions	-	-	-	-	-
Other	1,221,241	3,463,635	15,991,927	400,676	320,347
Developer fees	637,111	1,435,273	2,630,914	1,145,013	2,959,411
<b>Total revenues</b>	<b>63,903,029</b>	<b>59,116,035</b>	<b>81,056,611</b>	<b>63,821,993</b>	<b>71,828,510</b>
<b>Expenditures</b>					
Current:					
General government	9,251,147	10,926,359	11,588,027	12,101,089	13,874,481
Public Safety	9,908,515	10,512,934	10,928,765	10,887,777	10,698,220
Public Services	26,434,085	28,024,826	28,749,190	25,541,870	27,292,421
Capital outlay	16,120,960	9,549,859	26,028,650	12,626,053	4,722,669
Debt service:					
Principal retirement	755,000	685,000	1,885,000	725,000	5,420,000
Interest and fiscal charges	2,046,344	2,214,602	2,342,520	2,028,213	2,169,468
Cost of issuance	-	-	-	364,975	-
<b>Total expenditures</b>	<b>64,516,051</b>	<b>61,913,580</b>	<b>81,522,152</b>	<b>64,274,977</b>	<b>64,177,259</b>
Excess (deficiency) of revenues over (under) expenditures	(613,022)	(2,797,545)	(465,541)	(452,984)	7,651,251
<b>Other financing sources (uses)</b>					
Transfers in	6,253,719	4,561,054	8,556,204	15,664,745	8,062,551
Transfers out	(6,357,572)	(4,739,593)	(8,556,204)	(15,664,745)	(8,062,551)
Long-term debt issued	-	-	-	11,500,000	-
Refunding bonds issued	-	-	-	-	-
Bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Bond discount	-	-	-	-	-
Sale of capital assets	-	-	2,800,000	-	-
<b>Total other financing sources (uses)</b>	<b>(103,853)</b>	<b>(178,539)</b>	<b>2,800,000</b>	<b>11,500,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (716,875)</b>	<b>\$ (2,976,084)</b>	<b>\$ 2,334,459</b>	<b>\$ 11,047,016</b>	<b>\$ 7,651,251</b>
Debt service as a percentage of noncapital expenditures	5.2%	5.5%	5.4%	5.3%	12.2%
Capital Outlay*	10,246,400	9,549,859	3,770,247	11,913,594	2,046,977

Note: The City of West Hollywood implemented GASB 34 for the fiscal year ended June 30, 2001.

Information prior to implementation is unavailable.

\*Capital Outlay in Note 1 in the Notes to Financial Statements

Source: City of West Hollywood.

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Fiscal Year				
2006	2007	2008	2009	2010
\$ 45,207,616	\$ 46,101,241	\$ 48,030,682	\$ 47,964,152	\$ 46,197,345
3,685,402	4,713,679	6,463,934	3,749,814	3,380,036
5,630,843	7,291,616	9,326,675	10,216,862	8,273,817
3,465,762	3,305,877	3,204,181	3,192,149	3,289,924
7,878,304	9,464,842	11,800,400	9,518,263	6,866,344
9,035,814	9,527,735	9,426,028	9,404,794	8,969,664
-	-	-	3,122,985	1,373,409
790,001	6,514,931	1,627,926	657,738	709,999
2,171,542	3,703,886	3,963,162	345,161	388,298
<u>77,865,284</u>	<u>90,623,807</u>	<u>93,842,988</u>	<u>88,171,918</u>	<u>79,448,836</u>
16,166,120	15,194,716	17,656,982	22,464,073	21,699,975
11,139,872	11,319,265	12,671,110	13,951,163	14,613,812
27,346,605	30,204,839	33,086,061	44,571,826	36,093,478
6,322,213	6,663,064	8,463,971	19,191,828	29,206,055
845,000	890,000	935,000	980,000	22,030,000
2,076,761	2,066,311	2,052,264	2,013,074	3,166,842
-	-	-	-	790,384
<u>63,896,571</u>	<u>66,338,195</u>	<u>74,865,388</u>	<u>103,171,964</u>	<u>127,600,546</u>
<u>13,968,714</u>	<u>24,285,612</u>	<u>18,977,600</u>	<u>(15,000,046)</u>	<u>(48,151,710)</u>
2,684,606	2,697,002	3,354,513	5,450,450	28,871,861
(2,684,606)	(2,723,708)	(3,441,197)	(5,550,450)	(28,971,861)
-	-	-	-	-
-	-	-	-	22,160,000
-	-	-	-	34,780,000
-	-	-	-	665,937
-	-	-	-	(95,813)
2,879,467	3,697,706	-	91	-
<u>2,879,467</u>	<u>3,671,000</u>	<u>(86,684)</u>	<u>(99,909)</u>	<u>57,410,124</u>
<u>\$ 16,848,181</u>	<u>\$ 27,956,612</u>	<u>\$ 18,890,916</u>	<u>\$(15,099,955)</u>	<u>\$ 9,258,414</u>
5.0%	4.6%	4.2%	3.5%	25.8%
5,420,275	2,424,732	4,462,135	18,777,662	29,786,812

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>
2001	9,609,872	8,648,356	5,858,141	1,145,752	1,250,839	26,512,959
2002	7,888,469	7,764,588	6,468,352	1,359,588	1,347,024	24,828,020
2003	8,050,754	8,265,707	6,898,409	1,443,358	1,425,024	26,083,252
2004	9,288,712	8,667,158	7,280,610	1,949,270	1,747,267	28,933,016
2005	11,262,704	10,295,808	7,585,418	1,931,179	1,942,270	33,017,379
2006	12,791,327	11,856,503	8,000,302	2,045,703	2,111,391	36,805,225
2007	13,598,347	12,186,463	9,786,521	2,050,259	2,259,576	39,881,166
2008	13,133,591	12,951,731	10,436,713	1,965,000	2,375,905	40,862,940
2009	12,124,316	12,112,025	10,941,349	1,940,166	2,611,390	39,729,245
2010	12,590,134	10,730,268	9,971,747	2,123,395	2,383,438	37,798,981

Notes:

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

(2) Does not include Prop A and C transportation 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 2012-11.

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	
2001	3,346,543,784	174,156,701	0	3,520,700,485	471,914,181	16,603,289	488,517,470	0.17865
2002	3,729,600,821	206,602,688	0	3,936,203,509	555,918,793	30,961,708	586,880,501	0.17865
2003	3,949,650,885	167,150,905	0	4,116,801,790	582,850,126	25,257,243	608,107,369	0.17865
2004	4,187,962,732	167,112,510	257,447	4,355,332,689	594,564,717	25,344,256	619,908,973	0.17865
2005	4,542,034,409	161,139,825	278,447	4,703,452,681	641,884,711	30,302,657	672,187,368	0.17865
2006	5,068,388,464	173,298,910	0	5,241,687,374	758,954,278	34,246,200	793,200,478	0.17865
2007	5,794,475,935	197,498,151	0	5,991,974,086	865,128,068	34,143,901	899,271,969	0.17865
2008	6,373,345,094	228,602,564	0	6,601,947,658	951,801,448	56,859,555	1,008,661,003	0.17865
2009	7,009,111,165	236,763,650	0	7,245,874,815	1,058,948,970	78,842,651	1,137,791,621	0.17865
2010	7,306,658,686	255,528,456	0	7,562,187,142	1,102,501,562	76,501,939	1,179,003,501	0.17865

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

(1) Rate includes City rate (.1639) and Lighting (.014865) which totals 0.17865

Source: Los Angeles County Auditor-Controller:

CITY OF WEST HOLLYWOOD

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

Fiscal Year	(1) Prop 13 Direct Tax Tax Rate	Overlapping Rates (2)						Total Direct & Overlapping Rates
		Los Angeles Unified School	Los Angeles Community College	County Detention Facilities	Metro- politan Water	Flood Control	County Sanitation District #4	
2001	1.00000	0.04076	0.00000	0.00131	0.00880	0.00156	0.00134	1.05377
2002	1.00000	0.04813	0.01600	0.00113	0.00770	0.00107	0.00104	1.07507
2003	1.00000	0.03698	0.01460	0.00103	0.00670	0.00088	0.00000	1.06019
2004	1.00000	0.07714	0.01986	0.00099	0.00610	0.00047	0.00000	1.10456
2005	1.00000	0.08885	0.01810	0.00092	0.00580	0.00024	0.00000	1.11391
2006	1.00000	0.08433	0.01430	0.00080	0.00520	0.00005	0.00000	1.10468
2007	1.00000	0.10682	0.02146	0.00066	0.00470	0.00005	0.00000	1.13369
2008	1.00000	0.12334	0.00737	0.00000	0.00450	0.00000	0.00000	1.13521
2009	1.00000	0.12481	0.02212	0.00000	0.00430	0.00000	0.00000	1.15123
2010	1.00000	0.15181	0.02311	0.00000	0.00430	0.00000	0.00000	1.17922

Notes:

(1) The Prop 13 rate of 1% includes allocations of 0.17946 for the City of West Hollywood.

(2) 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 NINE YEARS AGO**

<u>Taxpayer</u>	2010		2000	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
Pacific Design Center LLC	\$ 162,420,257	2.24%	154,100,000	4.38%
Mani Brothers 9200 Sunset De LLC	145,337,841	2.01%		0.00%
BRCP Millennium LLC	109,285,806	1.51%		0.00%
Mondrian Holdings LLS	84,174,738	1.16%	20,344,817	0.58%
CLPF West Hollywood LP	81,593,734	1.13%		0.00%
Studio Lending Group LLC	68,297,106	0.94%		0.00%
Turnberry Regent LLC	58,140,000	0.80%		0.00%
CAC Exchange I LLC Time Warner Cable	54,837,340	0.76%		0.00%
W Bel Age LLC	53,272,641	0.74%	41,036,572	1.17%
LHO LE Parc LP	47,444,665	0.65%		0.00%
Sunset Millenium Associates LLC		0.00%	69,204,659	1.97%
BA Studios LLC			36,624,059	1.04%
Arden Realty Limited Partnership		0.00%	26,881,756	0.76%
RWH Holdings Inc.		0.00%	25,827,775	0.73%
Luckman Management Coompany LP		0.00%	20,812,313	0.59%
Innkeepers Summerfield General LP		0.00%	19,778,660	0.56%
<b>TOTALS</b>	<u>\$ 864,804,128</u>	<u>11.94%</u>	<u>\$ 414,610,611</u>	<u>11.78%</u>

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		Collections in Subsequent Years	Total Collections to Date (1)	
		Amount	Percent of Levy		Amount	Percent of Levy
2001	6,930,360	7,216,622	104.1%	175,373	7,391,995	106.7%
2002	8,482,027	8,124,063	95.8%	285,735	8,409,798	99.1%
2003	8,678,757	8,389,163	96.7%	(205,225)	8,183,937	94.3%
2004	9,406,397	9,394,507	99.9%	572,073	9,966,580	106.0%
2005	10,449,634	10,163,361	97.3%	1,007,929	11,171,290	106.9%
2006	12,398,968	11,924,543	96.2%	2,043,054	13,967,597	112.7%
2007	14,597,691	14,014,192	96.0%	1,261,990	15,276,182	104.6%
2008	16,098,006	15,743,855	97.8%	1,332,882	17,076,737	106.1%
2009	17,997,324	17,933,878	99.6%	1,696,862	19,630,740	109.1%
2010	18,868,848	18,094,850	95.9%	1,085,434	19,180,284	101.7%

Notes: (1) Includes secured property taxes and unsecured taxes of the Redevelopment Agency. Collections in subsequent years includes supplemental assessments for revaluations after the tax levy. The County does not provide updates to the initial levy. Total excludes penalties and interest received.

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			
2001	0	31,735,000	0	0	0	31,735,000	2.7%	876.10
2002	0	31,050,000	0	0	0	31,050,000	2.6%	841.42
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%	782.93
2008	10,665,000	21,185,000	0	0	0	31,850,000	2.0%	742.15
2009	10,450,000	20,420,000	0	0	0	30,870,000	1.7%	640.42
2010	10,230,000	0	55,550,000	0	0	65,780,000	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.
- (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 2010 at this time.

Source: City of West Hollywood

CITY OF WEST HOLLYWOOD

**TABLE 11  
DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2010  
(UNAUDITED)**

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of West Hollywood</u>	<u>Amount Applicable to City of West Hollywood June 30, 2010</u>
Overlapping General Fund Debt:			
Metropolitan Water District	121,475,156	0.788%	957,432
Los Angeles County Community College District	2,365,515,000	1.288%	30,462,964
Los Angeles Unified School District	13,389,185,000	1.592%	<u>213,172,814</u>
Subtotal, overlapping debt			244,593,210
City direct governmental debt			55,550,000
Total direct and overlapping governmental debt:			<u><u>\$ 300,143,210</u></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

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CITY OF WEST HOLLYWOOD

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

Page 1 of 2

	Fiscal Year				
	2001	2002	2003	2004	2005
Debt limit	\$ 534,446,400	\$ 601,330,601	\$ 632,879,805	\$ 669,881,700	\$ 724,258,134
Total net debt applicable to limit	34,235,000	33,765,000	32,465,000	43,965,000	38,605,000
Legal debt margin	<u>\$ 500,211,400</u>	<u>\$ 567,565,601</u>	<u>\$ 600,414,805</u>	<u>\$ 625,916,700</u>	<u>\$ 685,653,134</u>
Total net debt applicable to the limit as percentage of debt limit	6.41%	5.62%	5.13%	6.56%	5.33%

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)

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	2006	2007	2008	2009	2010
Debt limit	\$ 786,253,106	\$ 898,796,113	\$ 990,292,149	\$ 1,086,881,222	\$ 1,134,328,071
Total net debt applicable to limit	38,605,000	38,605,000	38,605,000	38,605,000	68,440,000
Legal debt margin	\$ 747,648,106	\$ 860,191,113	\$ 951,687,149	\$ 1,048,276,222	\$ 1,065,888,071
Total net debt applicable to the limit as percentage of debt limit	4.91%	4.30%	3.90%	3.55%	6.03%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed value	<u>\$ 7,562,187,142</u>
Debt limit (1)	1,134,328,071
Debt applicable to limit:	
Lease Revenue Bonds	\$ 56,940,000
Tax allocation bonds	\$ 11,500,000
Net amount of debt applicable to debt limit	<u>68,440,000</u>
Legal debt margin	<u>\$ 1,065,888,071</u>

CITY OF WEST HOLLYWOOD

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

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2004	1,549,207	279,908	1,269,299	235,000	549,938	784,938	1.62
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

Note: East Side Redevelopment Agency Bonds of \$11,500,000 were issued in fiscal year 2003-04.

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>
2001	36,223	1,164,641,896	32,152	5.7%
2002	36,902	1,200,126,844	32,522	6.8%
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	N/A	N/A	N/A

Notes: Annual income and unemployment figures for 2010 was not available at time of publication of this CAFR.

Sources: (1) California Department of Finance. E-1 Population Estimates 2010

(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.

(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. 2010 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 SIX YEARS AGO**

Page 1 of 2

	2010		2009		2008		2007	
	# Employees	% Percent of Total City Employment	#	%	#	%	#	%
Interative Corp (aka Ticketmaster)	1,300	5.4%	1,300	5.4%	1,300	5.4%	1,300	5.4%
Target Corp.	500	2.1%	411	1.7%	411	1.7%	411	1.7%
Mondrian Holdings LLC (Mondrian Hotel)	400	1.7%	400	1.7%	400	1.7%	400	1.7%
Wyndham Bel Age Hotel LP	230	1.0%	230	1.0%	230	1.0%	230	1.0%
House of Blues Concerts Inc	300	1.2%	230	1.0%	230	1.0%	150	0.6%
Dailey & Associates	251	1.0%	209	0.9%	209	0.9%	209	0.9%
City of West Hollywood	209	0.9%	205	0.9%	206	0.9%	203	0.8%
Hollywood Standard LLC (The Standard Hotel)	185	0.8%	189	0.8%	189	0.8%	189	0.8%
Gordon Ramsey at The London	170	0.7%	-	0.0%	-	0.0%	-	0.0%
Hyatt Corp (Hyatt West Hollywood Hotel)	165	0.7%	165	0.7%	165	0.7%	165	0.7%
HMBL LLC (Best Western Sunset Plaza)	125	0.5%	125	0.5%	125	0.5%	125	0.5%
Outrigger Lodging Services LLP (La Parc Suite Hotel)	105	0.4%	105	0.4%	105	0.4%	105	0.4%
KKHG Management LLC (Argyle 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%
Suissa Miller Advertising LLC	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%
New Line Cinema Corp (Sold)	-	0.0%	-	0.0%	-	0.0%	100	0.4%
<b>Total Jobs By Principal Employers</b>	<b>4,340</b>	<b>18.1%</b>	<b>3,969</b>	<b>16.5%</b>	<b>3,970</b>	<b>16.5%</b>	<b>3,987</b>	<b>16.6%</b>
<b>Total Jobs (estimated) in City of West Hollywood</b>	<b>24,020</b>	<b>100%</b>	<b>26,421</b>	<b>100%</b>	<b>26,421</b>	<b>100%</b>	<b>26,159</b>	<b>100%</b>

Notes: Employer information from 1997 is not available; The first available information is 2003.

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

(Continued)

Page 2 of 2

	2006		2005		2004		2003	
	#	%	#	%	#	%	#	%
Interative Corp (aka Ticketmaster)	1,300	5.0%	1,300	5.1%	1,300	5.2%	-	0.0%
Target Corp.	411	1.6%	411	1.6%	411	1.6%	-	0.0%
Mondrian Holdings LLC (Mondrian Hotel)	400	1.5%	400	1.6%	500	2.0%	500	2.0%
Wyndham Bel Age Hotel LP	230	0.9%	230	0.9%	200	0.8%	200	0.8%
House of Blues Concerts Inc	150	0.6%	150	0.6%	150	0.6%	150	0.6%
Dailey & Associates	209	0.8%	260	1.0%	260	1.0%	260	1.1%
City of West Hollywood	201	0.8%	202	0.8%	195	0.8%	197	0.8%
Hollywood Standard LLC	189	0.7%	189	0.7%	180	0.7%	-	0.0%
Gordon Ramsey at The London	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Hyatt Corp (Hyatt West Hollywood Hotel)	165	0.6%	165	0.6%	165	0.7%	165	0.7%
HMBL LLC (Best Western Sunset Plaza)	125	0.5%	-	0.0%	-	0.0%	-	0.0%
Outrigger Lodging Services LLP	105	0.4%	105	0.4%	105	0.4%	105	0.4%
KKHG Management LLC (Argyle Hotel)	100	0.4%	100	0.4%	133	0.5%	133	0.5%
SC Club LP (Key Club)	100	0.4%	60	0.2%	60	0.2%	60	0.2%
Suissa Miller Advertising LLC	100	0.4%	-	0.0%	-	0.0%	-	0.0%
Sunset Conglomerate Restaurant	100	0.4%	100	0.4%	100	0.4%	100	0.4%
New Line Cinema Corp (Sold)	100	0.4%	100	0.4%	100	0.4%	100	0.4%
<b>Total Jobs By Principal Employers</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>1,970</b>	<b>8.0%</b>
<b>Total Jobs (estimated)City of Weho</b>	<b>25,900</b>	<b>100%</b>	<b>25,609</b>	<b>100%</b>	<b>25,117</b>	<b>100%</b>	<b>24,600</b>	<b>100%</b>

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

Function	Fiscal Year									
	00	01	02	03	04	05	06	07	08	09
General Government										
Legislative & Executive	26.8	27.0	27.0	21.5	21.5	22.5	22.5	22.5	24.6	24.6
Administration	17.3	18.8	18.8	26.8	26.8	27.8	27.8	28.8	28.8	28.8
Finance & Information Technology	21.0	21.0	21.0	22.0	22.0	22.0	22.0	22.0	21.9	21.9
Public Information (1)	-	-	-	8.7	8.7	8.7	8.7	8.7	8.8	8.8
Community Services										
Human Services	39.9	42.2	43.7	49.2	46.5	47.2	47.2	47.2	50.6	50.6
Housing & Rent Stabilization	20.0	21.0	21.0	17.8	16.8	18.0	17.0	17.0	18.0	17.0
Community Development	32.5	33.0	33.0	29.0	30.0	33.0	33.0	33.0	28.0	28.0
Transportation	22.0	24.0	24.0	23.0	23.0	23.0	23.0	24.0	26.0	26.0
Total	<u>179.5</u>	<u>186.9</u>	<u>188.4</u>	<u>197.8</u>	<u>195.1</u>	<u>202.1</u>	<u>201.1</u>	<u>203.1</u>	<u>206.6</u>	<u>205.6</u>

Notes:

(1) The Public Information Division was created in 2003.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

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

Function	Fiscal Year									
	01	02	03	04	05	06	07	08	09	10
Police (1)										
Incidents	7,667	7,274	7,338	7,353	7,591	7,650	7,763	7,425	6,700	7,060
Arrests	2,271	2,268	2,406	2,464	2,715	2,800	3,976	3,477	2,955	2,882
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	4	4	5	5	5	5	5	5	6	6
Community Development										
Commercial building permits	210	113	142	321	307	254	304	253	254	235
Residential building permits	735	480	467	401	460	483	442	531	377	551
Parking										
Citations issued	191,177	216,718	198,076	197,370	181,337	187,854	183,311	194,003	190,000	190,979

Notes:

(1) Police statistics are base on calendar year; Information for 2010 is an estimate.

Source: City of West Hollywood.

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

Function/ program	Fiscal Year									
	01	02	03	04	05	06	07	08	09	10
<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	1	1
Parking Lots	1	1	1	4	4	4	4	4	4	4
<b>Cultural &amp; Recreation:</b>										
Parks	4	4	5	5	5	5	5	5	6	6
<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	54	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	5	5	10	10

Source: City of West Hollywood

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