

CITY OF WEST HOLLYWOOD

Comprehensive Annual
Financial Report

Fiscal Year Ending
June 30, 2008



West Hollywood California



Cover

A Moment in Time, by Gifford Meyers, 2001

The Childrens Clock, by Lynn Goodpasture, 2003

Art projects throughout West Hollywood contribute to the City's reputation as a West Coast center for public art.



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2008

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

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INTRODUCTION



City Hall headquarters | West Hollywood's 20th anniversary celebration
West Hollywood's 20th anniversary, celebrated throughout the year, was the theme of the City's contingent in the Christopher Street West lesbian and gay pride parade.





CITY OF WEST HOLLYWOOD

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DEPARTMENT
OF FINANCE
& TECHNOLOGY
SERVICES

December 17, 2008

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, 2008. 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.

The West Hollywood Comprehensive Annual Financial Report is presented in three sections:

- (1) An Introductory Section, which includes this Letter of Transmittal from the City Manager and the Director of Finance, a Directory of City Officials, and a City Organizational Chart.
- (2) A Financial Section, presenting the Independent Auditors' Report, Management's Discussion and Analysis, the basic financial statements, notes to the financial statements, and supplementary information on individual funds for which data is not provided separately within basic financial statements.
- (3) A Statistical Section, which sets forth relevant financial and non-financial data depicting the City's historical trends and other significant facts.



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, 2008, 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, 2008, 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.

CASH MANAGEMENT

The City continues to maintain its Investment Policy, which is submitted annually to the City Council, along with monthly Treasurer's Reports, documenting investment activity and portfolio balances during the fiscal year. The City invests in the Local Agency Investment Fund (LAIF), the Los Angeles County Pooled Investment Fund (LACPIF), and time deposits with maturity rates ranging from 30 days to 2 years. The goals and priorities of the City's investment policy are safety, liquidity, and yield.

RISK MANAGEMENT

Effective May 1, 1994, the City joined the Southern California Joint Powers Insurance Authority (SCJPIA). The Authority, which began covering claims in 1978, is composed of 84 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 coverage. Annual premiums are determined using a retrospective method, with the City liable for the first \$30,000 of costs for its own claims, and a proportionate share of claim costs in excess of \$30,000 up to \$15 million for its own and other member claims. The CJPIA purchases excess insurance for claims over \$15 million, and up to \$50 million.

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 14 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 around 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, 2008, it is important to provide information on the structure of the local economy in this report. This and other economic factors are also discussed further in the Management Discussion and Analysis.

The City’s economy consists of three major industries:

- Retail and Tourism Industries, including hotels, restaurants and nightclubs.
- The Entertainment Industry, which includes major motion picture and recording studios, music publishing administration, and media buying agencies.
- The Interior Design Industry, including the Pacific Design Center.

For the year ended June 30, 2008, the City of West Hollywood continued to be a vibrant, livable, and successful community for both its residents and businesses. In general, the City’s economy reflected the national and state economies however, these particular industries significantly shape the character of the City and the role the City plays in the greater Los Angeles region. The City’s sales tax base is highly diversified, especially given its small geographic area. The City’s transient occupancy tax has seen a complete recovery since the tragic events of September 11, 2001. During this time,

property tax revenues continued to grow from increased assessed valuations of commercial and residential properties. The City's local economy continued to expand and the revenue base remained well diversified. Development is continuing to occur on all the major thoroughfares. The City is dedicated to maintaining a balance between the quality of residential life and the desire for continued development. The City's goals, clearly laid out in the Strategic Plan, include providing opportunities for residents and businesses to constructively and fairly address conflicts, encouraging participation in public life, and ensuring that the City provide its citizens with the highest level of service.

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.

Refunding Certificates of Participation 1998 – On March 1998, the City refinanced the following outstanding issues: Series A, Series B, and the 1995 Certificates of Participation by issuing \$27,105,000 fixed rate Certificates of Participation and \$5,360,000 Variable Rate Certificates of Participation. The projects refinanced from prior issues include: City Hall, Municipal Parking Structure I, the homeless shelter, Pac-Bell Parking Facility, and Fire Station No. 7. The new project undertaken was the Plummer Park Community Center

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.



MAJOR ACCOMPLISHMENTS FOR THE YEAR

- The City maintained a focus on strengthening Public Safety capability, including outreach to the public on public safety in general and emergency preparedness in particular.
- Included in the City's efforts to revise the General Plan, community outreach programs were held to gain insight and input from local business, residents and customers. The General Plan update includes the development of a Westside Specific Plan and an update to the Historic Resources Inventory.
- The City continued the implementation of the project management and design phases of the new Library, Plummer Park, Mid-City Parking structure and Sunset Blvd project. The entire project is estimated to be \$140 million.
- Staff continued to incorporate information from a community study conducted in 2006 on the social service, transportation and housing needs of the community. Included in the study were responses to 4,000 surveys, 20 stakeholder interviews and a community forum. Anecdotal and statistical information gathered through this process will guide City service delivery and expansion over the next five years.
- A rate was achieved city-wide of 51% of solid waste diverted away from landfills. A program to divert restaurant food waste from landfills to sanitary composting facilities has been very successful and continues to grow.

MAJOR INITIATIVES FOR THE FUTURE

In 2009, the City will celebrate 25 years of cityhood. In celebration of this landmark, the City has embarked upon a new capital improvement project to develop premiere public facilities, parks and open space: the "25th Anniversary Capital Improvement Project." The project will include three major capital investments which are either proposed, planned or in progress. The entire project will cost \$140 million.

- The continued implementation of Phase I of the West Hollywood Park Master Plan which includes the development of a new West Hollywood Library (\$78 million)
- West Hollywood City Hall Community Service Center and Parking Project (\$20 million) and

- The continued implementation of Phase I of the Plummer Park Master Plan.(\$42 million)

Phase I of the West Hollywood Master Plan will replace the current library with a new 42,000 square foot state of the art library, public meeting rooms, and a 92 space parking garage. In addition to the library, Phase I will include a 2.5 acre increase in parkland and a green space for West Hollywood Park, new tennis courts and a 333-space municipal parking garage.

The West Hollywood Community Service Center and Parking Project will include the construction of a new three-story building adjoining the current City Hall building. The 3rd floor of the new building will include a “one-stop” community service center, meeting rooms and office space. An important component of the project will be the construction of a 200 space parking structure that will be available for use by adjacent residents, visitors and business patrons.

Phase I of the Plummer Park Master Plan will include renovation and expansion of Fiesta Hall into a quality multi-purpose venue for the community with the capacity to accommodate theatre style seating; improvement and expansion of parkland and green space and additional parking for park patrons and the public.

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, 2007. This is the fourteenth 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 2006-2008 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, and Norma Soto-Coronado, Accountant.

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

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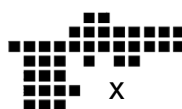
Finance Policies



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, 2007

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.



Charles S. Cox

President

Jeffrey R. Egan

Executive Director

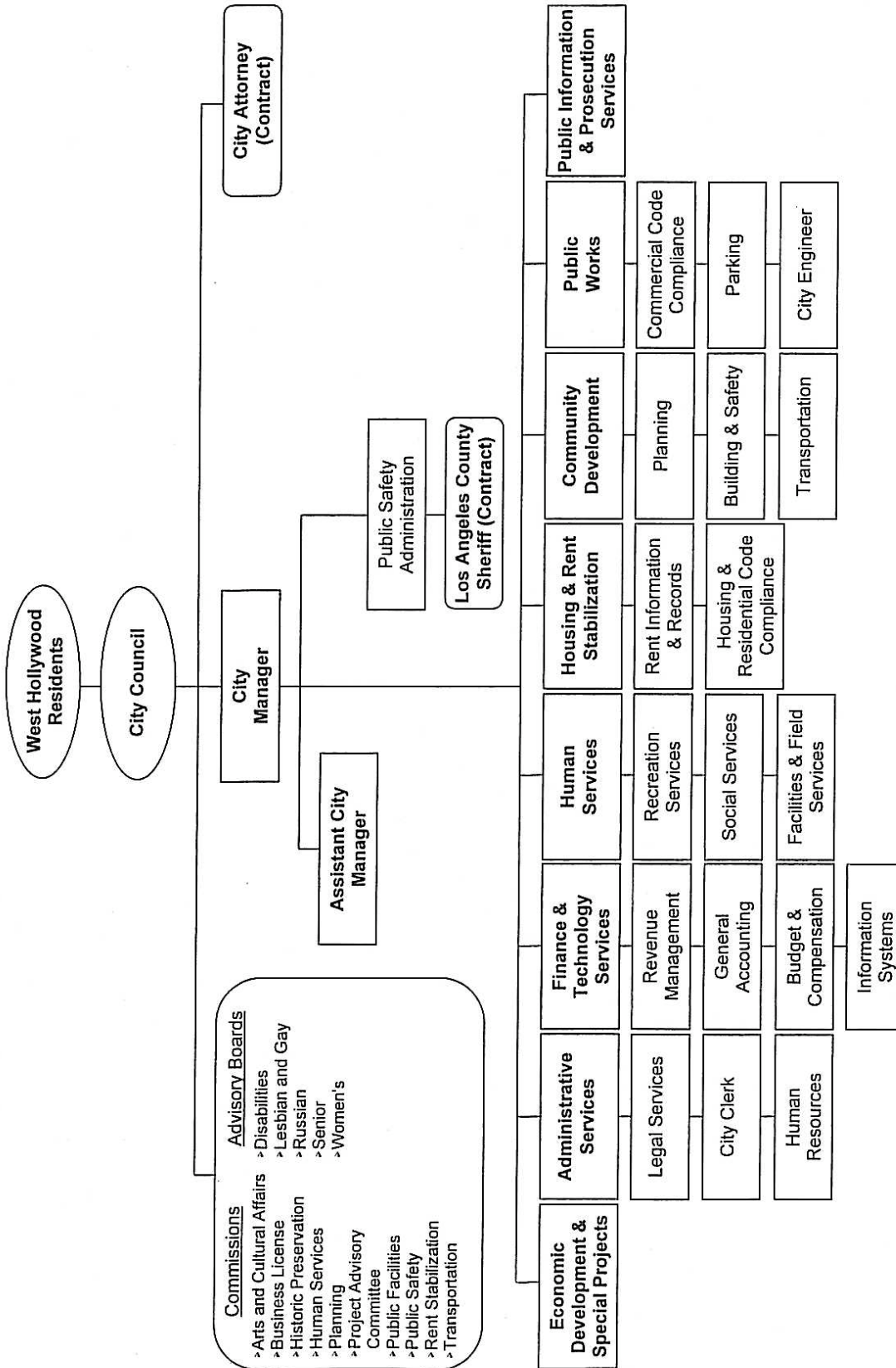
DIRECTORY OF CITY OFFICIALS AS OF JUNE 30, 2008

Mayor and City Council

Mayor.....	<i>Jeffrey Prang</i>
Mayor Pro Tempore.....	<i>Abbe Land</i>
Council Member	<i>John Duran</i>
Council Member	<i>Sal Guarriello</i>
Council Member	<i>John Heilman</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.....	<i>Susan Healy Keene</i>
Director of Economic Development	<i>Ray Reynolds</i>
Director of Housing & Rent Stabilization.....	<i>Allyne Winderman</i>
Director of Human Services.....	<i>Lloyd Long</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>



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FINANCIAL SECTION



Asia de Cuba restaurant on the Sunset Strip | West Hollywood Farmers Market
Fine dining is a City tradition and the fresh produce from the City-sponsored Farmer's Market makes high quality ingredients available to the trendy restaurants on the Sunset Strip and to those who dine at home.



Retired

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of West Hollywood, California, as of and for the year ended June 30, 2008, 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, 2008, 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 17, 2008, 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.



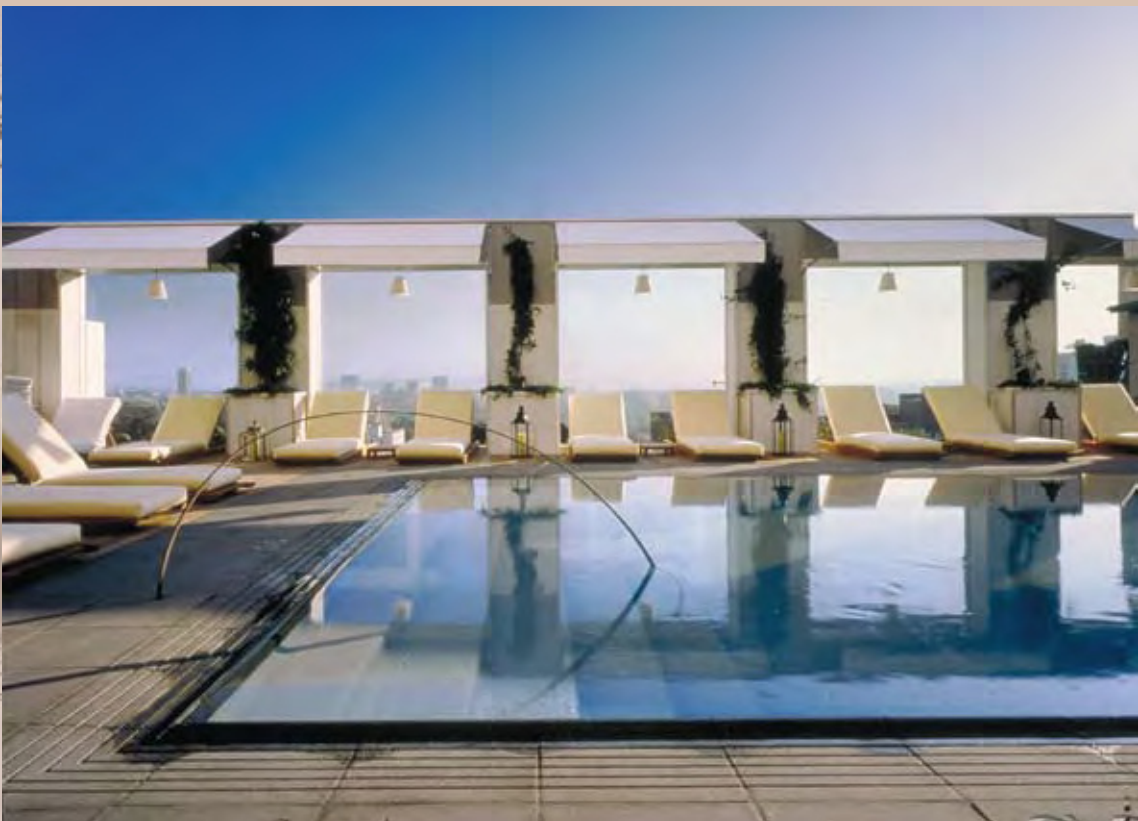
To The Honorable Mayor and Members of the City Council
The City of West Hollywood, California

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 & Lunghard, LLP

December 17, 2008

MANAGEMENT, DISCUSSION AND ANALYSIS



The Lot Studio | Mondrian Hotel rooftop pool

The entertainment industry – studios, hotels, restaurants – provides part of the diversified revenue base of the City that enables residents and visitors alike to enjoy well maintained local parks.



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, 2008. 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 \$270.7 million and total liabilities were \$51.0 million at June 30, 2008. The assets exceeded liabilities by \$219.7 million (*net assets*). Of this amount, \$73.0 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2008, total net assets increased by \$21.2 million. Total revenues from all sources were \$96.1 million and total expenses for all functions/programs were \$74.8 million.
- Of total revenues, program revenues were \$32.8 million and general revenues were \$63.3 million. Program revenues are separated into three categories: Charges for Services, \$26.9 million; Operating Contributions and Grants \$4.8 million; and Capital Contributions and Grants, \$1.0 million.

Fund Based

- For fiscal year ending June 30, 2008, total Fund Balance of the General Fund was \$82.3 million, or 146 percent of total General Fund expenditures of \$56.2 million. Reserved Fund Balance was \$11.1 million, Designated Fund Balance was \$52.7 million, and Undesignated Fund Balance was \$18.5 million.
- For the General Fund, actual resources available for appropriation during the year were \$138.5 million; this consists of \$69.4 million in fund balance and \$69.1 million in revenue inflows which was \$10.7 million over budget. Actual charges (outflows) of \$56.2 million were \$11.8 million less than the budget of \$68 million. Capital projects, not completed during the fiscal year, were \$5.3 million and will be carried forward to FY 08-09. 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 29) 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 30-31) 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. *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, and the West Hollywood Marketing Corporation. Although legally separate, these *component units* are important because the City is financially accountable for them.

The *government-wide financial statements* report both the City, as the *primary government*, and the legally separate *component units*. The Redevelopment Agency, Housing Authority, Public Facilities Corporation, Community Foundation and the Public Financing Authority 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-five 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 and RDA Capital Projects Fund. These two 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 69 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 32 to 35.

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 38 to 40.

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 41.

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 43 to 68.

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 69 to 151.

GOVERNMENT - WIDE FINANCIAL ANALYSIS

This analysis will focus on the fiscal year ending June 30, 2008, 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 29 to 31. Management has included comparative data from fiscal year ending June 30, 2007 in its analysis.

Net Assets (Table 1)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 141.4	\$ 120.0	\$ 1.5	\$ 1.3	\$ 142.9	\$ 121.4
Capital assets	117.9	115.9	9.9	10.3	127.8	126.1
Total assets	259.2	235.9	11.5	11.6	270.7	247.5
Long-term debt outstanding	34.9	35.5	-	-	34.9	35.5
Other liabilities	16.0	13.4	0.1	0.1	16.1	13.5
Total liabilities	50.9	48.9	0.1	0.1	51.0	49.0
Net assets:						
Invested in capital assets, net of debt	85.8	82.8	9.9	10.3	95.7	93.1
Restricted	51.0	42.5	-	-	51.0	42.5
Unrestricted	71.5	61.6	1.4	1.3	73.0	62.8
Total net assets	\$ 208.3	\$ 186.9	\$ 11.4	\$ 11.5	\$ 219.7	\$ 198.5

The City’s Government-Wide total net assets were \$219.7 million, with assets of \$270.7 million and liabilities of \$51.0 million. The net investment in capital assets of \$95.7

million represents 43.5 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, \$51.0 million (23 percent) represents resources that are subject to external restrictions in how they may be used. This was an increase of \$8.5 million mainly related to \$31.0 million restricted to capital projects. The remaining balance of \$73.0 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	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for Services	\$ 24.5	\$ 22.1	\$ 2.4	\$ 2.2	\$ 26.9	\$ 24.3
Operating Contributions & Grants	4.8	5.0	-	-	4.8	5.0
Capital Contributions & Grants	1.0	0.2	-	-	1.0	0.2
Sub-total Program Revenues	30.4	27.3	2.4	2.2	32.8	29.5
General Revenues:						
Property taxes	16.1	15.4	-	-	16.1	15.4
Transient occupancy taxes	13.1	13.6	-	-	13.1	13.6
Sales taxes	13.9	12.5	-	-	13.9	12.5
Franchise taxes	2.1	2.1	-	-	2.1	2.1
Business license taxes	2.5	2.3	-	-	2.5	2.3
Motor Vehicle in lieu	3.0	2.7	-	-	3.0	2.7
Use of money and property	12.2	9.2	0.09	0.04	12.3	9.3
Other	0.3	6.5	-	-	0.3	6.5
Sale of Capital Asset	-	2.2	-	-	-	2.2
Sub-total General Revenues	63.2	66.6	0.09	0.04	63.3	66.7
Total Revenues	93.6	93.9	2.5	2.2	96.1	96.2

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

Expenses						
General Government	\$ 21.1	\$ 15.6	\$ -	\$ -	\$ 21.1	\$ 15.6
Public Safety	13.2	13.6	-	-	13.2	13.6
Public Services	35.9	34.4	-	-	35.9	34.4
Solid Waste	-	-	1.1	1.3	1.1	1.3
Sewer District	-	-	0.4	0.3	0.4	0.3
Landscape	-	-	0.2	0.2	0.2	0.2
Sewer	-	-	0.6	0.4	0.6	0.4
Interest on Long-Term Debt	2.0	2.0	-	-	2.0	2.0
Street Maintenance	-	-	0.4	0.3	0.4	0.3
Total Expenses	72.2	65.6	2.7	2.5	74.8	68.1
Increase (decrease) in Net Assets	\$ 21.5	\$ 28.3	\$ (0.2)	\$ (0.2)	\$ 21.3	\$ 28.1
Transfers	(0.09)	(0.03)	0.05	0.03	(0.03)	-
Net Assets at Beginning of Year	186.9	157.5	11.5	11.7	198.5	169.3
Restatements	-	1.1	-	-	-	1.1
Net Assets at End of Year	\$ 208.3	\$ 187.0	\$ 11.4	\$ 11.5	\$ 219.7	\$ 198.5

The government's net assets increased \$21.2 million (Table 2), with total revenues of \$96.1 million and total expenses of \$74.8 million. Program revenues were \$32.8 million and general revenues were \$63.3 million, funding the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$26.9 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 \$4.8 and \$1 million respectively. Property tax was the second largest revenue at \$16.1 million, followed by Sales Tax, at \$13.9 million, and the fourth largest revenue source was Transient Occupancy Tax at \$13.1 million. These last three sources are all *general revenues derived from the citizenry or taxpayers*.

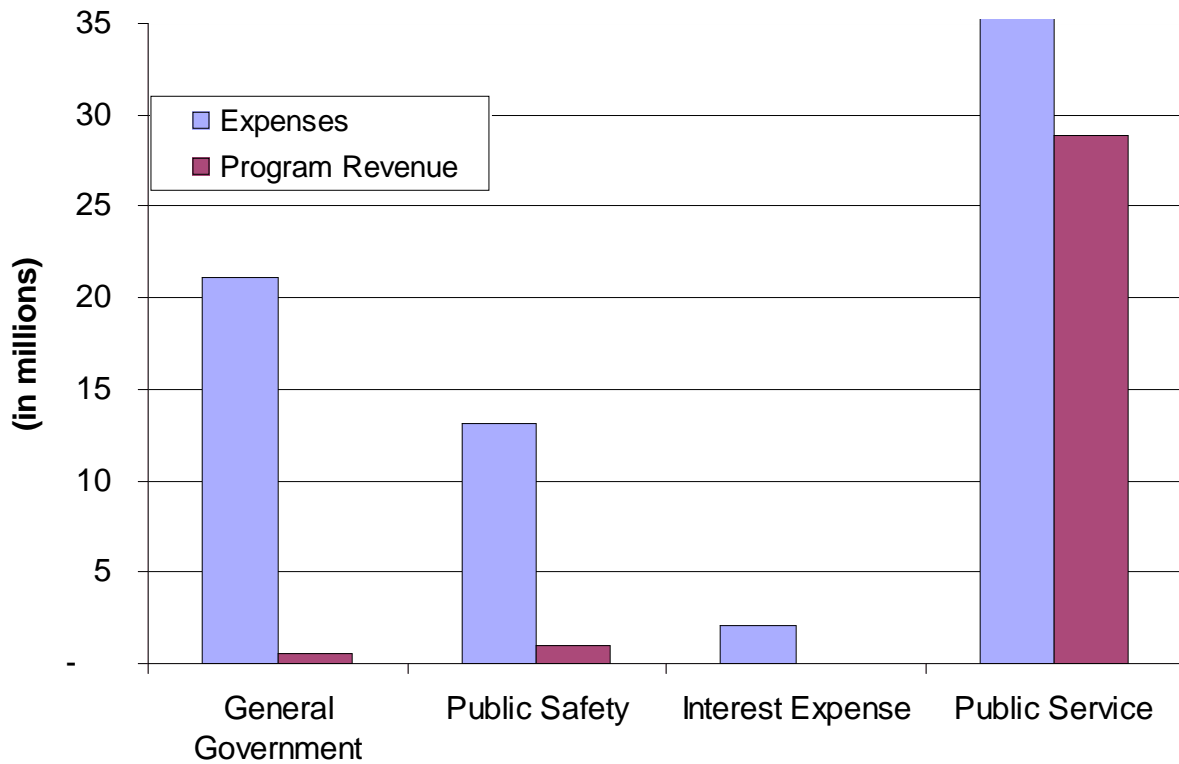
In terms of the explanation behind the change in net assets, of the total increase of \$21.2 million, \$13 million was in the General Fund and the other \$8.2 million was in Other Governmental Funds. In the General Fund, revenues exceeded expenditures by \$13.0 million. The major variance compared with the prior year is shown in Table 3 on page 15. The revenue increases were primarily due to the strong economy in FY07-08. The increase in Other Governmental Funds was due to excess revenues over expenditures in four nonmajor funds. In Parking Improvements, the revenue exceeded expenditures by \$1.5 million due to strong parking demands in the City. In the Housing Trust Fund, there were increased collections from In Lieu Housing Fees for \$2.5 million.

The Capital Project Debt Service Fund had an excess of revenue of \$1.2 due to increased interest earnings. Also, the Redevelopment Agency had increased collections in Property Taxes. The fund had a surplus of \$2.5 million at the end of the fiscal year.

In comparison to the prior fiscal year, the government's total revenues decreased by \$.2 million while Program revenue increased by \$3.3 million. General Revenues decreased by \$3.5 million. For Program revenues, Charges for Services increased \$2.7 million and Capital Contributions and Grants increased by \$.8 million. The only decrease in Program Revenues was Operating Contributions and Grants in the amount of \$.2 million. For the General Revenue, the major increases were Use of Money & Property for \$3.0 million, Sales Tax at \$1.4 million, and Property Tax at \$.7 million. Major decreases were Transient Occupancy Tax at \$.5 million, Other Revenue at \$6.2 million and Sale of Capital Assets for \$2.2 million. Compared to the prior year, the government's total expenditures increased \$6.7 million. This increase occurred in the governmental activities only, with an increase in Public Safety of \$.4 million and an increase of \$1.5 million in Public Service. General Government had the largest increase of \$5.5 million.

Governmental Activities. Governmental activities increased the City's *net assets* by \$21.4 million (Table 2). The cost of all governmental activities this year was \$72.2 million or 96.2 percent of the *primary government* expenditures and was an increase of \$6.6 million from the prior year. As shown in the *Statement of Activities* on page 30, the amount that taxpayers financed through City taxes was \$41.8 million. The other portion of the costs was paid by those who directly benefited from the programs (\$24.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5.9 million). The City used part of the \$63.2 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 14 through 18.

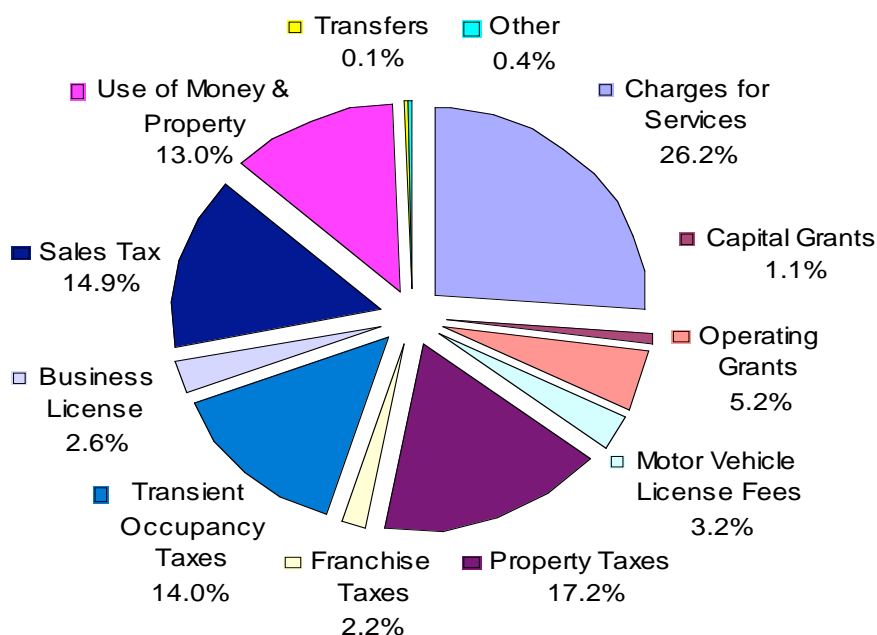
Expenses and Program Revenues – Governmental Activities (Graph 1)



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 \$21.1 million with program revenues of \$.5 million, while *Public Safety* had expenses of \$13.2 million with program revenues of \$1.0 million. From the prior year, *General Government* had a \$5.5 million increase and *Public Safety* had a \$.4 million decrease. Expenses in *Public Services* represented \$35.9 million or 49.7 percent of total expenses for Governmental Activities. Of this amount, \$28.9 million was funded by *program revenues* and the remaining \$7.0 million was funded by *general revenues*. Interest on long term debt was \$2.0 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 \$24.5 million or 26.1 percent. *Charges for Service’s* consist primarily of: parking fines - \$7.1 million, licenses and permits - \$6.5 million, developer fees - \$4.0 million, rent stabilization fees - \$1.9 million, vehicle code fines - \$1.6 million, and other misc. charges of \$3.4 million.

Revenues by Source – Governmental Activities (Graph 2)

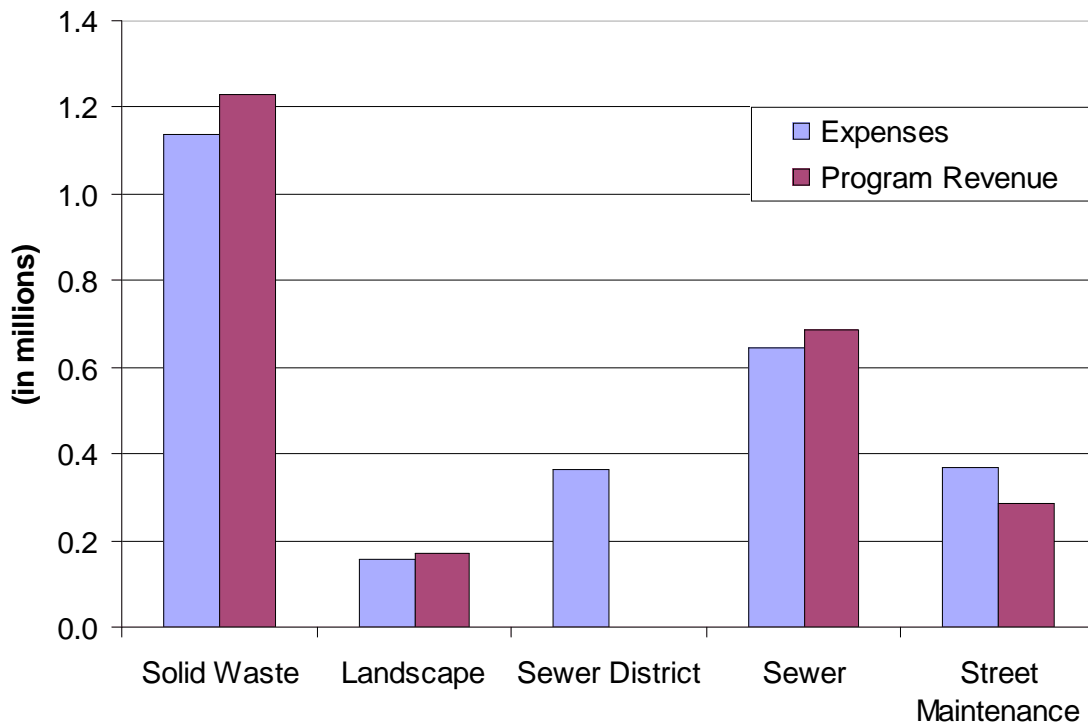
Other program revenues include operating and capital grants that together represented 6.2 percent of the total, or \$5.8 million. Operating and capital grants includes: \$3.9 million in various Federal, State, & County grants, \$1.3 million in Community Development Block Grant and \$0.6 million in Gas Tax.

For General Revenues, the four major categories were property tax – \$16.1 million, transient occupancy tax – \$13.1 million, sales tax – \$13.9 million, and use of money and property – \$12.2 million. These four sources represented 59.0 percent of the Governmental Activities.

Business-type Activities. Net assets at June 30, 2008, were \$11.4 million, with assets equaling \$11.5 million and liabilities of \$0.1 million. Unrestricted net assets represented 13 percent or \$ 1.4 million of net assets; this may be used to meet the government's ongoing obligations to citizens and creditors (page 29). Investment in capital assets represented the largest portion of net assets at 87.3 percent or \$9.9 million. Business-type activities decreased the City's net assets by \$.1 million in 2008 (Table 2). Revenues of the City's business-type activities were \$ 2.5 million, while the expenses were \$2.7 million.

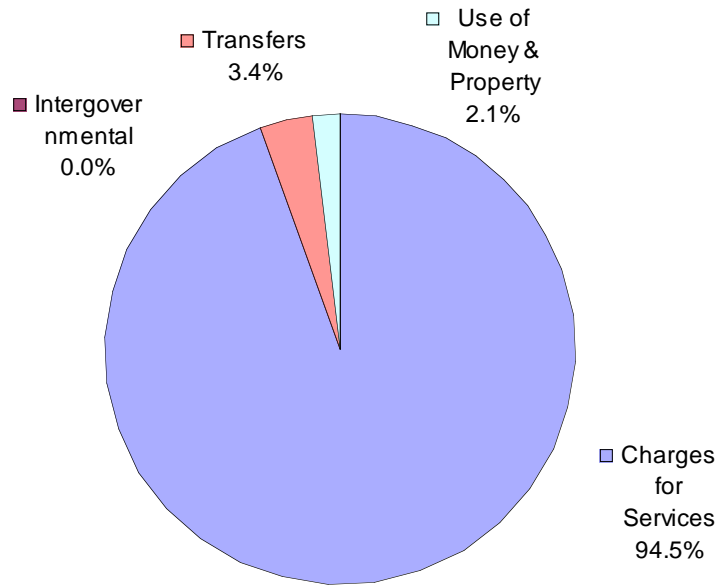
Graph 3 presents the costs of each of the City's business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs 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 two major governmental funds the General Fund and the Redevelopment Agency’s Capital Project Fund. Both funds are discussed in depth later in the MD&A. The other twenty-three 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 32) reported combined ending fund balances of \$122.3 million. Approximately 85.7 percent of this total amount (\$104.9 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: 1) Liquidation of contracts and purchase orders of the prior period - \$10.2 million, 2) Advances to other funds, particularly from the City to the Redevelopment Agency - \$6.6 million, and 3) Prepaid costs -.4 million.

Governmental Revenues – Table 3 presents a summary of governmental fund revenues for the fiscal year ended June 30, 2008, compared to prior year revenues.

Comparison of Governmental Revenues (Table 3)
Fiscal Years 2007-08 and 2006-07

	Amount FY 07-08	% of Total Revenues	Amount FY 06-07	% of Total Revenues	Variance Over/(Under) FY 06-07	% Increase/ (Decrease) FY 06-07
Property Tax	\$ 16,149,587	17.2%	\$ 14,644,055	16.2%	\$ 1,505,532	10.3%
Sales Tax	14,051,477	15.0%	13,301,067	14.7%	750,410	5.6%
Transient Tax	13,133,591	14.0%	13,598,347	15.0%	(464,756)	-3.4%
Other Taxes	4,696,027	5.0%	4,557,772	5.0%	138,255	3.0%
License & Permits	6,463,934	6.9%	4,713,679	5.2%	1,750,255	37.1%
Intergovernmental	9,326,675	9.9%	7,291,616	8.0%	2,035,059	27.9%
Charges for Services	3,204,181	3.4%	3,305,877	3.6%	(101,696)	-3.1%
Use of Money & Property	11,800,400	12.6%	9,464,842	10.4%	2,335,558	24.7%
Fines and Forfeitures	9,426,028	10.0%	9,527,735	10.5%	(101,707)	-1.1%
Miscellaneous	1,627,926	1.7%	6,514,931	7.2%	(4,887,005)	-75.0%
Developers Fees	3,963,162	4.2%	3,703,886	4.1%	259,276	7.0%
TOTAL	\$ 93,842,988	100.0%	\$ 90,623,807	100.0%	\$ 3,219,181	3.6%

Revenues of governmental funds for fiscal year 2007-08 were \$93.8 million, with an increase of \$3.2 million or 3.6 percent from the prior fiscal year. There were several significant increases in revenue sources for the City, which is an excellent sign that the local economy in West Hollywood was robust during the fiscal year.. The following are key points and graphs of the Governmental Fund revenues.

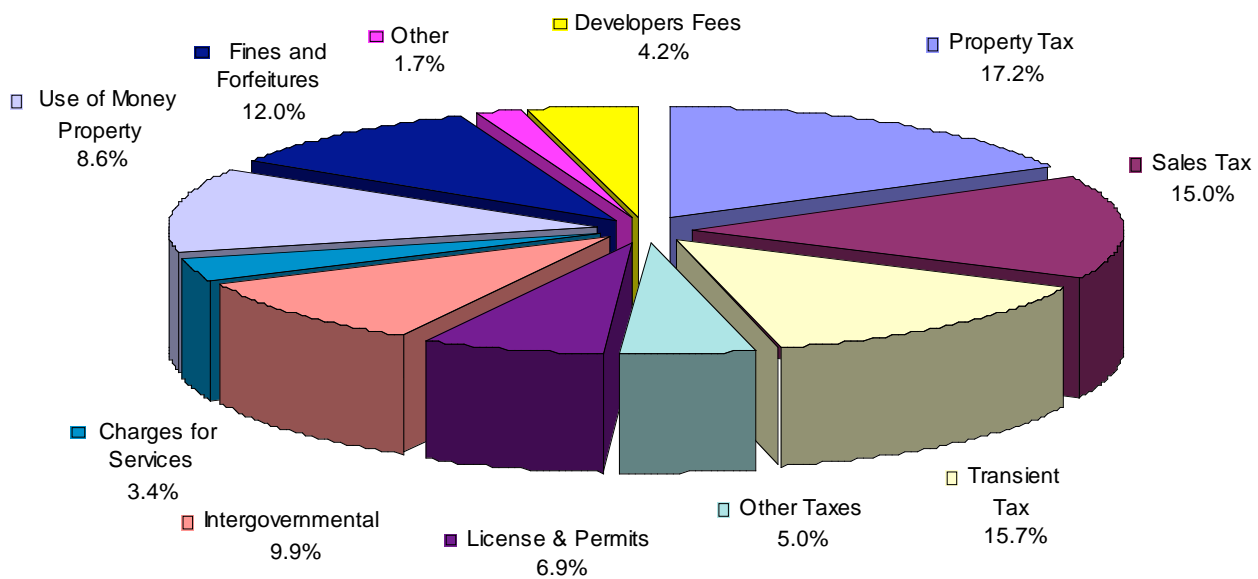
- The largest governmental revenue was property tax at \$16.1 million with an increase of \$1.5million, or 10.3 percent over the prior year. Significant increases accrued in the Redevelopment Agency area.
- Sales Tax was the second highest revenue sources for the City at \$14.1 million with an increase of \$.7 million or 5.6 percent over prior year. The increase is due to higher retail sales and an increase in restaurants and night club business.

- License and Permits at \$6,463,934 had a significant increase of \$1.7 million or 37.1 percent. Increases were due to high activity in construction and development primarily from the development of the Red Building at the Pacific Design Center.
- Intragovernmental revenue at \$9.3 million had an increase of \$2.0 million or 27.9 percent. The City had a CDBG drawdown of \$1,300,000 and \$1,000,000 in the LHFP Grant for the Sierra Bonita project.
- Use of Money and Property at \$11.8 million had an increase of \$2.3 million or 24.7 percent over prior years. The change was attributed to an increase in interest earnings, bus shelter revenue and the tall wall revenue.

There were a couple of significant decreases the last fiscal year. The decreases are:

- Transient Occupancy Tax revenue at \$13.1 million had a decrease of 3.4 percent over the prior year because several hotels, including a major hotel, had on-going renovations, which caused closure or limited room availability.
- Miscellaneous Revenues at \$1.6 million had a decrease due to a one-time revenue in the prior year resulting from the City prevailing in litigation which resulted in the variance.

Governmental Fund Revenues – Fiscal Year 2007-08 (Graph 5)



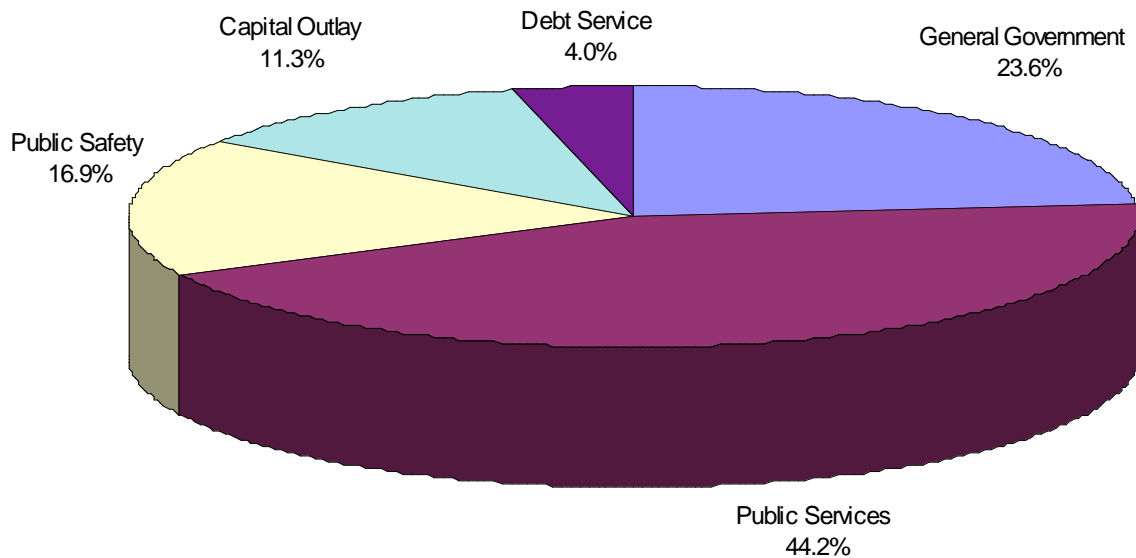
Governmental Expenditures – Table 4 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2008, compared to prior year amounts.

Operating expenditures for 2007-08 were \$63.4 million, an increase of 11.8 percent or \$6.7 million from the prior fiscal year, with Public Safety, Public Service and General Government having a combined increase of \$6.7 million. The following areas had significant expenditure changes: salaries & benefits increased \$3.1 million, and contract services increased \$0.5 million, Public Safety (Sheriff costs) increased \$1.3 million and reimbursement for housing projects by \$1.1 million.

Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2007-08 and 2006-07

	Amount FY 07-08	% of Total Expenditures	Amount FY 06-07	% of Total Expenditures	Variance Over/(Under) FY 06-07	% Increase/ (Decrease) FY 06-07
General Government	\$ 17,656,982	23.6%	\$ 15,194,716	22.9%	\$ 2,462,266	16.2%
Public Safety	12,671,110	16.9%	11,319,265	17.1%	1,351,845	11.9%
Public Services	33,086,061	44.2%	30,204,839	45.5%	2,881,222	9.5%
Total Operating Expenditures	63,414,153	84.7%	56,718,820	85.5%	6,695,333	11.8%
Capital Outlay	8,463,971	11.3%	6,663,064	10.0%	1,800,907	27.0%
Debt Service	2,987,264	4.0%	2,956,311	4.5%	30,953	1.0%
TOTAL	\$ 74,865,388	100.0%	\$ 66,338,195	100.0%	\$ 8,527,193	12.9%

Governmental Fund Expenditures – Fiscal Year 2007-08 (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 38 to 40). 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 115.

Revenues for Enterprise Funds include assessments and other charges for services. Total operating revenues for all Enterprise Funds are \$2.3 million, while non-operating revenues and transfers represent \$1.3 million. Operating expenses for the fiscal year were \$2.7 million. The City also has one Internal Service Fund to allocate costs of the City's information systems infrastructure to the various departments. The interdepartmental charge for services (revenues) in the fiscal year was \$0.4 million with general government expenses of \$0.2 million.

Fiduciary Funds account for resources held for the benefit of parties outside the City, in which the City is acting as trustee (page 119). The *Statement of Fiduciary Net Assets* reports two activities for which the City has a fiduciary responsibility. The City administers a Business Improvement District Fund 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.

REDEVELOPMENT AGENCY CAPITAL PROJECT FUND

Redevelopment Agency Capital Project Funds account for the expenditures made for improvements in the redevelopment project area. The Redevelopment Agency Capital Project Fund is the other major fund (pages 32-37).

Fund Balance decreased by \$1.5 million due to expenditures exceeding revenues. The two sources of *revenue* in the fund were \$.1 million from the Use of Money & Property and \$.9 million from Transfers. The transfer is from the Redevelopment Debt Service Fund. Revenue increased by \$.7 million or an increase over two hundred percent compared to the prior year.

Total Expenditures were \$2.5 million or \$.9 million; an increase of 53 percent over the prior fiscal year. The fund had contributed to the Sierra Bonita Low & Mod Housing

project for \$1.5 million. This expenditure represents an increase in the expenditure but also a decrease in fund balance.

GENERAL FUND – FUND BALANCE ANALYSIS

The General Fund is the chief operating fund of the City (pages 32 to 37). The fund balance had an increase of \$13.0 million (Table 5). This was primarily the result of the revenues exceeding projections by \$10.7 million. As mentioned earlier, Sales Tax, , Property Tax, Use Of Money & Property and License & Permits had significant increases from prior year that exceeded \$5.0 million together. Also, the budgeted appropriations exceeded the actual expenditures by \$6.5 million. Capital Projects had a decrease of \$5.3 million because of timing between the fiscal years.

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 131 percent of total General Fund operating expenditures, while total fund balance represents 152 percent of that same amount. Fund Balance in the General Fund at June 30, 2008 is \$82.3 million, which is represented by three components. The Unreserved/undesignated fund balance is \$18.5 million, an increase of \$11.4 million. The remainder of fund balance, \$63.8 million, is made up of: Reserved/designated of \$11.1 million and Unreserved/designated of \$52.7 million.

Reserved/designated fund balances consist of: \$3.8 million for encumbrances and \$6.9 million for advances to other funds, which include advances to the Redevelopment Agency for \$6.8 million, an increase of \$1.5 million from prior year. Unreserved/designated fund balance consists of: \$.5 million for self-insurance, \$1.5 million designated for a housing grant match, \$40.0 million designated for future capital improvement master plan, \$5 million for emergency reserves as required by the Finance Policies, \$3.7 million designated for future expenditures and \$2.0 million for litigation costs.

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)

	FY 07-08	FY 06-07	FY 05-06	FY 04-05	FY 03-04
Fund Balance					
Reserved	\$ 11,088,861	\$ 9,586,060	\$ 8,667,835	\$ 7,366,598	\$ 8,252,813
Designated Unreserved	52,692,076	52,692,076	39,192,076	32,835,991	24,890,782
Undesignated Unreserved	18,490,794	7,087,882	3,917,790	1,813,081	214,729
Total Fund Balance	<u>\$ 82,271,731</u>	<u>\$ 69,366,018</u>	<u>\$ 51,777,701</u>	<u>\$ 42,015,670</u>	<u>\$ 33,358,324</u>
Beginning Balance	\$ 69,366,018	\$ 51,777,701	\$ 42,015,670	\$ 33,358,324	\$ 31,447,551
Operating Surplus /(Deficit)	12,905,713	17,009,653	8,319,955	8,657,346	1,910,773
Restatement		578,664	1,442,076	-	-
Ending Balance	<u>\$ 82,271,731</u>	<u>\$ 69,366,018</u>	<u>\$ 51,777,701</u>	<u>\$ 42,015,670</u>	<u>\$ 33,358,324</u>

GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS

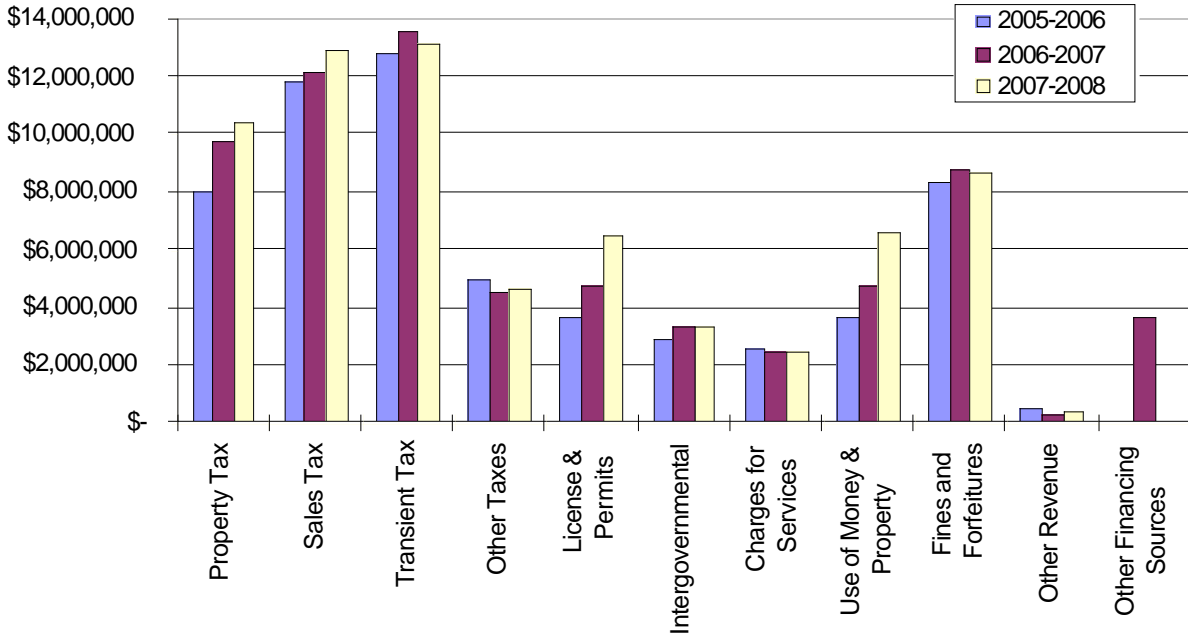
Revenues – For fiscal year 2007-08, General Fund Revenues and Other Financing Sources were \$69.1 million, an increase of 1.4 percent due to the various increase in revenues mentioned on page 19 (General Fund – Fund Balance Analysis). Following are key points and graphs of General Fund Revenues:

General Fund Revenues and Other Financing Sources (Table 6)
Fiscal Years 2007-08 and 2006-07

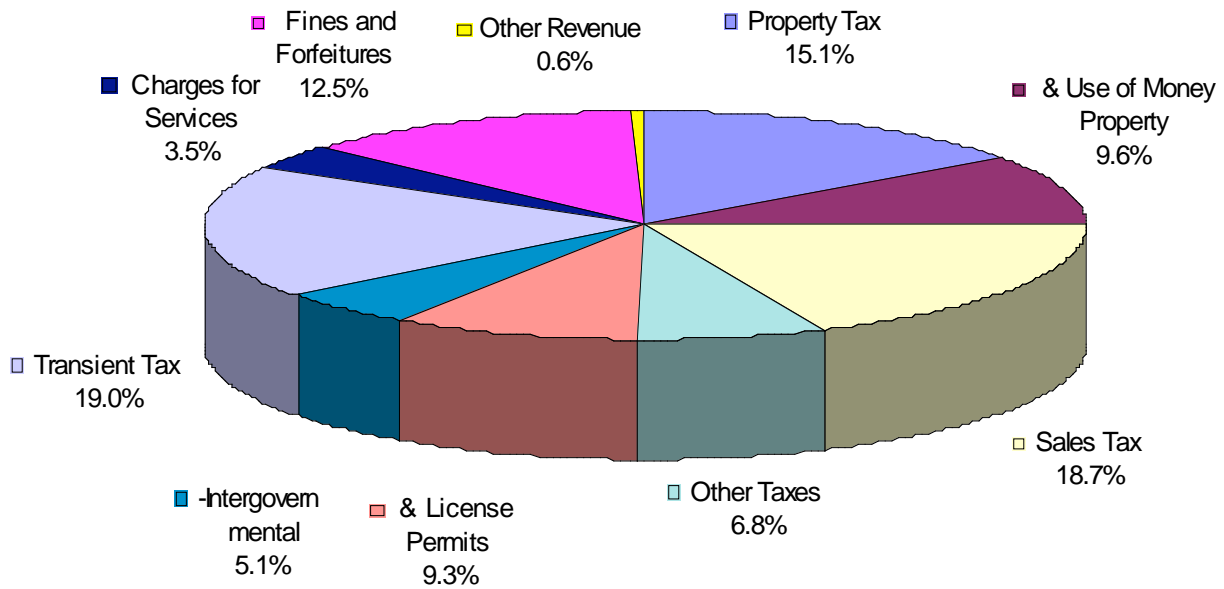
	2007-2008	2006-2007	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
Property Tax	\$ 10,436,713	\$ 9,786,521	\$ 650,192	6.6%	15.1%
Sales Tax	12,951,731	12,186,463	765,268	6.3%	18.7%
Transient Tax	13,133,591	13,598,347	(464,756)	-3.4%	19.0%
Other Taxes	4,696,025	4,557,772	138,253	3.0%	6.8%
License & Permits	6,463,934	4,713,679	1,750,255	37.1%	9.3%
Intergovernmental	3,317,536	3,376,464	(58,928)	-1.7%	4.8%
Charges for Services	2,429,869	2,504,919	(75,050)	-3.0%	3.5%
Use of Money & Property	6,643,743	4,761,334	1,882,409	39.5%	9.6%
Fines and Forfeitures	8,639,379	8,763,689	(124,310)	-1.4%	12.5%
Miscellaneous	427,794	252,443	175,351	69.5%	0.6%
Other Financing Sources	0	3,697,706	(3,697,706)	-100.0%	0.0%
Totals	<u>\$ 69,140,315</u>	<u>\$ 68,199,337</u>	<u>\$ 940,978</u>	<u>1.4%</u>	<u>100.0%</u>

- Property tax revenues increased 6.6 percent or \$.6 million, comprising 15.1 percent of General Fund revenue. This increase is attributed primarily to the adjusted valuations of properties sold, and subsequently reassessed.
- Sales tax revenues increased 6.3 percent or \$.8 million from the prior year. The increase is primarily attributed to the Target and Best Buy stores located in the redevelopment project area as part of the La Brea Gateway Project and combined with strong economy in the region.
- Similarly, transient occupancy taxes decreased 3.4 percent or \$.5 million due to several hotels, including a major hotel, having on-going renovations, which caused closure or limited room availability during the year.
- Other taxes increased by 3 percent or \$.1 million. The increase was in Business License.
- License and permit revenues increased 37.1 percent or \$1.7 million, as issuance of the building permits issued citywide increased due to the strong real estate market. More than fifty percent of the increase came from the Pacific Design Center (PDC) which is developing the Red Building.
- Intergovernmental revenues decreased 1.7 percent or \$0.1 million. The decrease is immaterial.
- Charges for Services had a decrease of 3.0 percent or less than \$0.1 million. The major contributor to charges for services is Rent Stabilization Fees at \$1.9 million. The decrease is immaterial.
- Revenues from the use of money and property represent 9.6 percent of General Fund revenue and increase of 39.5 percent from the prior year. This increase is attributed to higher interest rates on investments and the deferred interest on loans to the Redevelopment Agency. Additional revenues are attributed to revenues from new bus shelters and the tall wall.
- Fines & Forfeitures decreased 1.4 percent, is the fourth largest revenue source for the General Fund at 12.5 percent. Parking Fines represent 79 percent or \$6.8 million of fines & forfeitures. The City dedicates 10.0 percent of total parking fine revenues to the Parking Improvement Fund for the construction and operation of public parking.
- The City sold City-owned land to the Redevelopment Agency for \$3,697,706 in the prior year.

Comparison of General Fund Revenues (Graph 7)
Fiscal Years 2007-08, 2006-07 and 2005-06



General Fund Revenues - Fiscal Year 2007-08 (Graph 8)



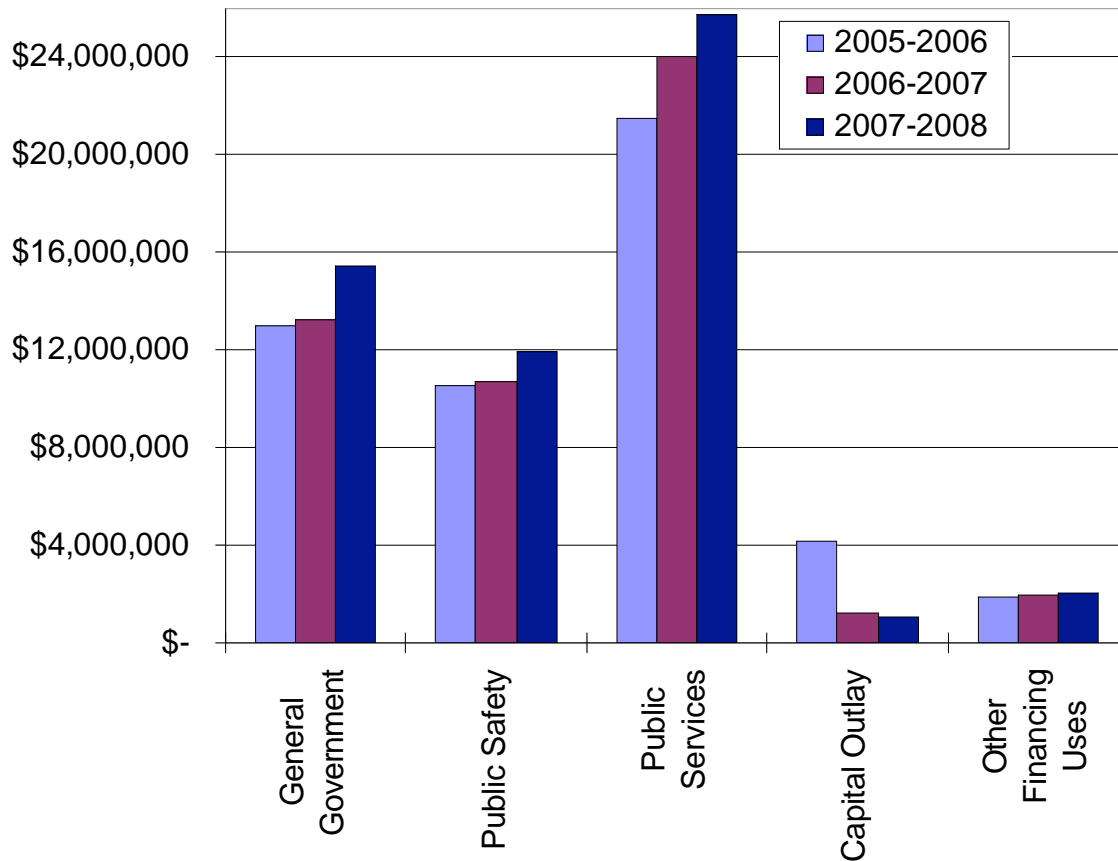
Expenditures – For fiscal year 2007-08, total General Fund expenditures were \$56.2 million, \$5.0 million or 10% increase from the prior year. Following are key points and graphs of General Fund expenditures and for detail information refer to pages 36 & 37.

General Fund Expenditures (Table 7)
Fiscal Years 2007-08 and 2006-07

	2007-2008	2006-2007	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
General Government	\$ 15,476,126	\$ 13,258,687	\$ 2,217,439	16.7%	27.5%
Public Safety	11,971,713	10,684,872	1,286,841	12.0%	21.3%
Public Services	25,718,352	24,039,789	1,678,563	7.0%	45.7%
Capital Outlay	1,043,187	1,212,293	(169,106)	-13.9%	1.9%
Other Financing Uses	2,025,224	1,994,043	31,181	1.6%	3.6%
Total Expenditures	\$ 56,234,602	\$ 51,189,684	\$ 5,044,918	9.9%	100.0%

- General Government expenditures were \$15.5 million, an increase of 16.7 percent. This is largely due to the increase in salaries & benefits cost. During the fiscal year, the City participated in an enhanced retirement system and that coupled with the cost of living allowance which increased the Salaries & Benefit costs.
- Public Safety expenditures were \$12.0 million, an increase of 12.0 percent. The increase was due to an increase in the contract with the Los Angeles County Sherriff's Department.
- Public Service expenditures were \$25.7 million and resulted in a 7.0 percent increase. Public Services is the largest function in the General Fund, with the following five (5) major program areas: 1) Social Services - \$4.3 million, 2) Building and Landscape Maintenance - \$3.7 million, 3) Parking Services - \$3.2 million, 4) Recreation Services - \$3.0 million, and 5) Planning - \$2.0 million.
- Capital Outlay was \$1.1 million. There was \$4.7 million of unfinished capital improvement projects carried forward into fiscal year 2007-08.
- Other Financing Uses were \$ 2.0 million, which was a increase of \$0.1 million from prior year. The increase is immaterial.

Comparison of General Fund Expenditures (Graph 9)
Fiscal Years 2007-08, 2006-07 and 2005-06



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 36 to 37.

Resources (Inflows) –The budgeted amount for *revenues* (resources available for appropriation) had an increase of \$1.0 million between the original budget of \$57.5 million and the final amended budget of \$58.5 million. The increase was due in part to mid-year adjustments for taxes at \$.6 million and Miscellaneous revenue at \$0.2 million. Actual revenues exceeded the final amended budget by \$10.7 million. The significant

difference in actual revenues was primarily due to actual tax revenue exceeding budget by \$4.1 million. License & Permits by 3.1 million and Use of Money and Property increase \$3.3 million, respectively. Overall the budget was adopted with conservative estimates but due to continued unprecedented growth in the West Hollywood economy during the fiscal year, actual revenues exceeded budgeted revenues.

A charge to Appropriations (Outflows) – The difference between the original budget and the final budget was an increase of \$10.5 million in appropriations. The major increase was in Capital Projects in the amount of \$ 5.2 million. For the other functions, General Government had a \$1.8 million increase as well as Public Service had an increase of \$3.5 million and Public Safety remained mostly unchanged. There were two significant variances between the final amended budget and actual expenditures. In both instances actual expenditures were less than the final adopted budget. The variances were in Public Service for Planning related expenditures associated with the City’s General Plan Update and the other was in Capital Improvement Projects. In both 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 and 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, 2008, is \$127.8 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 48.

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2008	2007	2008	2007	2008	2007
Land	\$ 44,475	\$ 44,475	\$ -	\$ -	\$ 44,475	\$ 44,475
Buildings and systems	16,828	17,279	-	-	16,828	17,279
Improvements other than buildings	3,476	3,558	-	-	3,476	3,558
Machinery and Equipment	1,047	1,073	-	-	1,047	1,073
Infrastructure	45,469	45,993	9,947	10,594	55,417	56,586
Construction in progress	6,556	3,483	-	-	6,556	3,483
Total Capital Assets	\$ 117,852	\$ 115,860	\$ 9,947	\$ 10,594	\$ 127,799	\$ 126,454

Long-Term Debt. At year-end, the City had \$34.5 million in outstanding long-term debt for Governmental Activities. This consisted of bonds payable, Certificates of Participation & Tax Allocation Bonds, and compensated absences. As shown in Table 9, Certificates of Participation outstanding were \$21.2 million versus \$21.9 million last year – a decrease of 3.3 percent by annual debt service payments. Tax Allocation Bonds were \$10.6 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 or preserve the supply of low and moderate income housing. Compensated absences had an increase of \$0.3 million with an outstanding balance of \$2.6 million at year end. Additional information about the City's long-term debt can be found in the *Notes to the Financial Statements* on page 62; Note Number 9.

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

	Governmental Activities			
	2008	2007	Variance Over/(Under) last year	% of increase (decrease) over last year
Certificates of Participation	\$ 21,185.0	\$ 21,915.0	\$ (730.0)	-3.3%
Tax Allocation Bonds	10,665.0	10,870.0	(205.0)	-1.9%
Compensated Absences	2,622.0	2,294.0	328.0	14.3%
Total Long-term Debt	\$ 34,472.0	\$ 35,079.0	\$ (607.0)	-1.7%

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, 2008, there are always local, state, federal and global issues that require consideration in this report because of their future economic impact to the City.

General overview of the U.S economy post “sub-prime” catastrophe indicates that financial markets have been hit by a credit crunch in short term money markets leading to the risk of serious impact on the real economy. The Federal Reserve has already

intervened heavily in the money markets by cutting discount rates in succession in the last six months. The focus has changed from “fighting inflation” to “sustaining growth”.

At the Federal level, cuts in housing and social services funding created a severe crisis for the County of Los Angeles and had a significant impact on City residents; specifically those who depend on the County for housing and medical care. As government funding and private donations become more scarce and client populations increase, the non-profit agencies that serve City residents are finding it more difficult to provide necessary services. Several crucial programs focused on survival needs fulfilled 100% of their service commitments to the City by mid-year.

At the state level, the Governor will declare a fiscal emergency due to an estimated \$14 billion shortfall in the current year 2008-2009 budget. Forecasts for the State of California’s economy predict sluggish growth with mortgage defaults on the rise. Forecasts remain cautious on the ultimate impact of the defaults. At this time, economic indicators are not pointing to a statewide recession. In 2009, growth statewide will be slow due to declining real estate activity and increasingly volatile energy prices.

At the local level, the City’s economic condition, which declined in fiscal year 2001-02 because of the events of September 11th, has shown a full recovery with the City’s three major revenue sources well above the levels of Fiscal Year 01-02. The tourism and entertainment industry plays an important role in the City’s economic base, and receipt of transient occupancy tax (TOT) and sales tax revenues at their highest levels reflects that the local economy has had a full recovery from the recession in 2001. In FY 2008-2009, the economic outlook for the City remains stable although we may have a slow down in growth due to the impacts of the economy. Since June 30th 2008, there were significant concerns regarding the economy (please see Note 16 on page 68).

Taking this information into account, the City’s adopted General Fund budget for fiscal year 2008-09 reflects pragmatic optimism about the City’s financial future. Projections for key revenues over the next year 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 escalation of these costs was factored into the next fiscal year’s budget. 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.

BASIC FINANCIAL STATEMENTS



Halloween celebration costumes

The West Hollywood Halloween celebration is world famous and draws 400,000 or more costumed merry-makers and looky-loos to Santa Monica Boulevard. Sales and occupancy taxes paid by revelers fund a variety of City programs, including citizenship classes and other services to residents.



CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	West Hollywood Marketing Corp
Assets:				
Cash and investments	\$ 127,527,725	\$ 1,379,064	\$ 128,906,789	\$ 492,032
Receivables:				
Accounts	1,928,969	229	1,929,198	89,236
Taxes	1,438,177	-	1,438,177	255,424
Accrued interest	603,712	12,034	615,746	-
Notes and loans	11,067,398	-	11,067,398	-
Allowance for loan forgiveness	(10,066,715)	-	(10,066,715)	-
Internal balances	(15,378)	15,378	-	-
Prepaid costs	371,655	81,987	453,642	42,704
Deposits	35,000	-	35,000	-
Due from other governments	5,427,988	59,351	5,487,339	-
Unamortized debt issuance costs	225,535	-	225,535	-
Restricted assets:				
Cash with fiscal agent	2,830,614	-	2,830,614	-
Capital assets not being depreciated	51,030,838	1,367,777	52,398,615	-
Capital assets, net of depreciation	66,820,912	8,579,703	75,400,615	53,258
Total Assets	259,226,430	11,495,523	270,721,953	932,654
Liabilities:				
Accounts payable	7,185,436	107,101	7,292,537	21,546
Accrued liabilities	856,866	-	856,866	39,546
Accrued interest	625,620	-	625,620	-
Unearned revenue	3,278,664	-	3,278,664	-
Deposits payable	2,080,591	-	2,080,591	-
Due to other governments	1,824,400	-	1,824,400	-
OPEB Obligation	136,625	-	136,625	-
Noncurrent liabilities:				
Due within one year	3,602,440	-	3,602,440	6,276
Due in more than one year	31,311,773	-	31,311,773	20,078
Total Liabilities	50,902,415	107,101	51,009,516	87,446
Net Assets:				
Invested in capital assets, net of related debt	85,785,512	9,947,480	95,732,992	-
Temporarily restricted for:				
Public works	620,965	-	620,965	-
Capital projects	31,021,608	-	31,021,608	-
Debt service	19,379,405	-	19,379,405	-
Unrestricted	71,516,525	1,440,942	72,957,467	845,208
Total Net Assets	\$ 208,324,015	\$ 11,388,422	\$ 219,712,437	\$ 845,208

CITY OF WEST HOLLYWOOD

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 21,093,563	\$ 446,180	\$ 152,340	\$ -
Public safety	13,164,284	692,071	254,037	-
Public services	35,875,120	23,401,515	4,422,147	1,027,706
Interest on long-term debt	2,039,747	-	-	-
Total Governmental Activities	72,172,714	24,539,766	4,828,524	1,027,706
Business-Type Activities:				
Sewer District	363,210	-	-	-
Sewer Charge	643,416	686,056	-	-
Solid Waste	1,136,337	1,231,080	-	-
Landscape District	156,616	172,501	-	-
Street Maintenance	366,655	284,924	-	-
Total Business-Type Activities	2,666,234	2,374,561	-	-
Total Primary Government	\$ 74,838,948	\$ 26,914,327	\$ 4,828,524	\$ 1,027,706
Component Units:				
West Hollywood Marketing Corporation	\$ 1,672,437	\$ -	\$ -	\$ -

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

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
\$ (20,495,043)	\$ -	\$ (20,495,043)	\$ -
(12,218,176)	-	(12,218,176)	-
(7,023,752)	-	(7,023,752)	-
(2,039,747)	-	(2,039,747)	-
(41,776,718)	-	(41,776,718)	-
-	(363,210)	(363,210)	-
-	42,640	42,640	-
-	94,743	94,743	-
-	15,885	15,885	-
-	(81,731)	(81,731)	-
-	(291,673)	(291,673)	-
(41,776,718)	(291,673)	(42,068,391)	-
-	-	-	(1,672,437)
16,094,302	-	16,094,302	-
13,133,591	-	13,133,591	1,491,337
13,935,810	-	13,935,810	-
2,093,383	-	2,093,383	-
2,454,969	-	2,454,969	-
3,013,166	-	3,013,166	-
12,186,976	51,884	12,238,860	15,425
333,347	-	333,347	171,044
(86,684)	86,684	-	-
63,158,860	138,568	63,297,428	1,677,806
21,382,142	(153,105)	21,229,037	5,369
186,941,873	11,541,527	198,483,400	839,839
\$ 208,324,015	\$ 11,388,422	\$ 219,712,437	\$ 845,208

CITY OF WEST HOLLYWOOD

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	Capital Projects Fund			Total Governmental Funds
	General	Redevelopment Agency Capital Projects	Other Governmental Funds	
Assets:				
Pooled cash and investments	\$ 79,509,921	\$ -	\$ 47,545,114	\$ 127,055,035
Receivables:				
Accounts	1,161,002	-	767,967	1,928,969
Taxes	1,438,177	-	-	1,438,177
Loans	-	-	11,067,398	11,067,398
Allowance for forgiveness	-	-	(10,066,715)	(10,066,715)
Accrued interest	208,288	-	395,424	603,712
Prepaid costs	347,164	-	24,491	371,655
Deposits	35,000	-	-	35,000
Due from other governments	3,199,361	-	2,228,627	5,427,988
Due from other funds	2,810,659	-	1,972,588	4,783,247
Advances to other funds	6,929,429	-	-	6,929,429
Restricted assets:				
Cash and investments with fiscal agents	-	-	2,830,614	2,830,614
Total Assets	\$ 95,639,001	\$ -	\$ 56,765,508	\$ 152,404,509
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 5,212,120	\$ 6,992	\$ 1,947,686	\$ 7,166,798
Accrued liabilities	855,697	-	1,169	856,866
Deferred revenues	2,861,973	-	267,299	3,129,272
Unearned revenues	2,445,234	-	833,430	3,278,664
Deposits payable	1,992,246	-	88,345	2,080,591
Due to other governments	-	-	1,824,400	1,824,400
Due to other funds	-	1,972,588	2,810,659	4,783,247
Advances from other funds	-	6,829,999	99,430	6,929,429
Total Liabilities	13,367,270	8,809,579	7,872,418	30,049,267
Fund Balances:				
Reserved:				
Reserved for encumbrances	3,812,268	107,146	6,235,387	10,154,801
Reserved for prepaid costs	347,164	-	24,491	371,655
Reserved for advances to other funds	6,929,429	-	-	6,929,429
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	21,073,781	21,073,781
Capital projects funds	-	-	1,564,231	1,564,231
Debt service funds	-	-	20,005,025	20,005,025
Permanent funds	-	-	(9,825)	(9,825)
Designated for self-insurance	500,000	-	-	500,000
Designated for future year CIP	40,000,000	-	-	40,000,000
Designated for future expenditures	3,692,076	-	-	3,692,076
Designated for emergencies	5,000,000	-	-	5,000,000
Designated for LHTFP grant	1,500,000	-	-	1,500,000
Designated for litigation costs	2,000,000	-	-	2,000,000
Undesignated	18,490,794	(8,916,725)	-	9,574,069
Total Fund Balances	82,271,731	(8,809,579)	48,893,090	122,355,242
Total Liabilities and Fund Balances	\$ 95,639,001	\$ -	\$ 56,765,508	\$ 152,404,509

CITY OF WEST HOLLYWOOD

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008**

Fund balances of governmental funds	\$ 122,355,242
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	117,740,258
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets	225,535
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term liabilities	(32,291,773)
Compensated Absences	(2,622,440)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds	(625,620)
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	3,129,272
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	550,166
The net post-employment benefit liability is recorded in the government-wide financial statements but not in the fund financial statements	<u>(136,625)</u>
Net assets of governmental activities	<u><u>\$ 208,324,015</u></u>

CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Capital Projects Funds			Total Governmental Funds
	General	Redevelopment Agency Capital Projects	Other Governmental Funds	
Revenues:				
Taxes	\$ 41,218,060	\$ -	\$ 6,812,622	\$ 48,030,682
Licenses and permits	6,463,934	-	-	6,463,934
Intergovernmental	3,317,536	-	6,009,139	9,326,675
Charges for services	2,429,869	-	774,312	3,204,181
Use of money and property	6,643,743	80,080	5,076,577	11,800,400
Fines and forfeitures	8,639,379	-	786,649	9,426,028
Developer participation	-	-	3,963,162	3,963,162
Miscellaneous	427,794	-	1,200,132	1,627,926
Total Revenues	69,140,315	80,080	24,622,593	93,842,988
Expenditures:				
Current:				
General government	15,476,126	598,461	1,582,395	17,656,982
Public safety	11,971,713	-	699,397	12,671,110
Public services	25,718,352	-	7,367,709	33,086,061
Capital outlay	1,043,187	1,508,430	5,912,354	8,463,971
Debt service:				
Principal retirement	-	-	935,000	935,000
Interest and fiscal charges	-	386,576	1,665,688	2,052,264
Total Expenditures	54,209,378	2,493,467	18,162,543	74,865,388
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,930,937	(2,413,387)	6,460,050	18,977,600
Other Financing Sources (Uses):				
Transfers in	-	936,877	2,417,636	3,354,513
Transfers out	(2,025,224)	-	(1,415,973)	(3,441,197)
Total Other Financing Sources (Uses)	(2,025,224)	936,877	1,001,663	(86,684)
Net Change in Fund Balances	12,905,713	(1,476,510)	7,461,713	18,890,916
Fund Balances, Beginning of Year	69,366,018	(7,333,069)	41,431,377	103,464,326
Fund Balances, End of Year	\$ 82,271,731	\$ (8,809,579)	\$ 48,893,090	\$ 122,355,242

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, 2008**

Net change in fund balances - total governmental funds	\$ 18,890,916
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	1,988,465
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	954,329
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period	16,016
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	(328,841)
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	(233,238)
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	162,620
The current year expense for post-employment benefits is recognized in the government-wide statements only	(68,125)
Change in net assets of governmental activities	<u>\$ 21,382,142</u>

CITY OF WEST HOLLYWOOD
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2008

Page 1 of 2

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$69,366,018	\$69,366,018	\$ 69,366,018	\$ -
Resources (Inflows):				
Taxes	36,547,475	37,102,725	41,218,060	4,115,335
Licenses and permits	3,202,600	3,346,350	6,463,934	3,117,584
Intergovernmental	2,810,000	2,853,625	3,317,536	463,911
Charges for services	2,501,400	2,501,400	2,429,869	(71,531)
Use of money and property	3,295,500	3,362,400	6,643,743	3,281,343
Fines and forfeitures	8,982,000	8,982,000	8,639,379	(342,621)
Miscellaneous	123,260	319,070	427,794	108,724
Amounts Available for Appropriation	126,828,253	127,833,588	138,506,333	10,672,745
Charges to Appropriation (Outflow):				
General government				
City Council	977,640	1,090,109	1,083,011	7,098
City Manager	578,673	816,765	701,823	114,942
Economic Development Department	945,109	1,844,605	1,316,788	527,817
Public Safety Administration	925,555	1,159,277	1,069,445	89,832
City Attorney	1,193,000	1,169,455	766,631	402,824
Administrative Services	1,005,219	986,289	937,619	48,670
Legal Services	1,075,145	1,104,424	1,098,823	5,601
City Clerk	969,699	1,009,778	975,595	34,183
Human Resources	1,169,993	1,341,855	1,325,666	16,189
Finance Administration	1,881,379	1,828,854	1,661,474	167,380
Revenue Management	684,360	942,989	676,088	266,901
General Accounting	532,837	546,930	538,248	8,682
Budget & Compensation	461,195	538,458	530,058	8,400
Organizational Services	864,801	432,830	-	432,830
Information Technology	1,333,161	1,555,627	1,411,676	143,951
Public Information & Prosecution Services	1,439,524	1,495,366	1,383,181	112,185
Sub-total General Government	16,037,290	17,863,611	15,476,126	2,387,485
Public safety				
City Police/Protective Services	12,669,712	12,687,712	11,971,713	715,999
Sub-total Public Safety	12,669,712	12,687,712	11,971,713	715,999

CITY OF WEST HOLLYWOOD
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2008

Page 2 of 2

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Services				
Human Services Administration	453,073	566,043	561,740	4,303
Recreation Services	3,065,770	3,326,057	3,186,627	139,430
Social Services	4,486,050	4,570,307	4,558,239	12,068
Facilities & Field Services	4,469,163	4,742,878	4,208,989	533,889
Housing & Rent Stabilization Administration	385,390	350,334	300,238	50,096
Rent Information & Records	1,088,666	1,080,355	1,073,566	6,789
Housing & Residential Code Compliance	591,869	668,233	587,219	81,014
Community Development Administration	435,423	476,947	475,369	1,578
Planning	2,355,013	4,445,493	2,515,923	1,929,570
Commercial Code Compliance	1,099,627	1,344,926	1,200,023	144,903
Building & Safety	1,000,153	1,154,807	1,073,385	81,422
Transportation & Public Works Administration	572,893	969,651	807,718	161,933
Parking	3,377,579	3,412,469	3,403,213	9,256
Transportation	1,748,583	1,427,792	1,314,854	112,938
City Engineering	514,252	570,701	451,249	119,452
Sub-total Public Services	<u>25,643,504</u>	<u>29,106,993</u>	<u>25,718,352</u>	<u>3,388,641</u>
Capital outlay				
Capital Projects	1,086,501	6,318,653	1,043,187	5,275,466
Nondepartmental				
Transfers out	<u>2,025,224</u>	<u>2,025,224</u>	<u>2,025,224</u>	<u>-</u>
Total Charges to Appropriations	<u>57,462,231</u>	<u>68,002,193</u>	<u>56,234,602</u>	<u>11,767,591</u>
Budgetary Fund Balance, June 30	<u>\$69,366,022</u>	<u>\$59,831,395</u>	<u>\$ 82,271,731</u>	<u>\$ 22,440,336</u>

CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Sewer District	Other Enterprise Funds	Totals	
Assets:				
Current:				
Cash and investments	\$ 351,066	\$ 1,027,998	\$ 1,379,064	\$ 472,690
Receivables:				
Accounts	-	229	229	-
Accrued interest	3,018	9,016	12,034	-
Prepaid costs	-	81,987	81,987	-
Due from other governments	-	59,351	59,351	-
Total Current Assets	354,084	1,178,581	1,532,665	472,690
Noncurrent:				
Capital assets - net of accumulated depreciation	9,947,480	-	9,947,480	111,492
Total Noncurrent Assets	9,947,480	-	9,947,480	111,492
Total Assets	\$ 10,301,564	\$ 1,178,581	\$ 11,480,145	\$ 584,182

Liabilities and Net Assets:**Liabilities:**

Current:

Accounts payable	\$ 40,068	\$ 67,033	\$ 107,101	\$ 18,638
Total Current Liabilities	40,068	67,033	107,101	18,638
Total Liabilities	40,068	67,033	107,101	18,638

Net Assets:

Invested in capital assets	9,947,480	-	9,947,480	111,492
Unrestricted	314,016	1,111,548	1,425,564	454,052
Total Net Assets	10,261,496	1,111,548	11,373,044	565,544
Total Liabilities and Net Assets	\$ 10,301,564	\$ 1,178,581	\$ 11,480,145	\$ 584,182

Reconciliation of Net Assets to the Statement of Net Assets

Net Assets per Statement of Net Assets - Proprietary Funds	\$ 11,373,044
Prior years' accumulated adjustment to reflect the consolidation of internal service funds activities related to the enterprise funds	10,499
Current years' adjustments to reflect the consolidation of internal service activities related to enterprise funds	4,879
Net Assets per Statement of Net Assets	\$ 11,388,422

CITY OF WEST HOLLYWOOD

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008**

	Business-Type Activities - Enterprise Funds			Governmental Activities- Internal Service Funds
	Sewer District	Other Enterprise Funds	Totals	
Operating Revenues:				
Sales and service charges	\$ -	\$ 2,247,801	\$ 2,247,801	\$ 405,609
Fines and forfeitures	-	9,611	9,611	-
Miscellaneous	-	117,149	117,149	-
Total Operating Revenues	-	2,374,561	2,374,561	405,609
Operating Expenses:				
Administration and general	-	222,072	222,072	196,138
Treatment	40,066	2,085,831	2,125,897	-
Depreciation expense	323,144	-	323,144	41,934
Total Operating Expenses	363,210	2,307,903	2,671,113	238,072
Operating Income (Loss)	(363,210)	66,658	(296,552)	167,537
Nonoperating Revenues (Expenses):				
Interest revenue	16,066	35,818	51,884	(38)
Total Nonoperating Revenues (Expenses)	16,066	35,818	51,884	(38)
Income (Loss) Before Transfers	(347,144)	102,476	(244,668)	167,499
Transfers in	-	86,684	86,684	-
Changes in Net Assets	(347,144)	189,160	(157,984)	167,499
Net Assets:				
Beginning of Year	10,608,640	922,388	11,531,028	398,045
End of Fiscal Year	\$ 10,261,496	\$ 1,111,548	\$ 11,373,044	\$ 565,544

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	\$ (157,984)
Adjustment to reflect the consolidation of current fiscal year internal service funds activities related to enterprise funds	4,879
Changes in Net Assets of Business-Type Activities per Statement of Activities	\$ (153,105)

CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities- Internal Service Funds</u>
	<u>Sewer District</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ -	\$ 2,365,752	\$ 2,365,752	\$ 405,609
Cash received from/(paid to) interfund service provided	-	-	-	(217,367)
Cash paid to supplies for goods and services	2	(1,701,216)	(1,701,214)	-
Cash paid to employees for services	-	(693,476)	(693,476)	-
Net Cash Provided (Used) by Operating Activities	2	(28,940)	(28,938)	188,242
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	86,684	86,684	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	86,684	86,684	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	-	-	(45,389)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(45,389)
Cash Flows from Investing Activities:				
Interest received	17,121	39,418	56,539	(38)
Net Cash Provided (Used) by Investing Activities	17,121	39,418	56,539	(38)
Net Increase (Decrease) in Cash and Cash Equivalents	17,123	97,162	114,285	142,815
Cash and Cash Equivalents at Beginning of Year	333,943	930,836	1,264,779	329,875
Cash and Cash Equivalents at End of Year	\$ 351,066	\$ 1,027,998	\$ 1,379,064	\$ 472,690
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (363,210)	\$ 66,658	\$ (296,552)	\$ 167,537
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	323,144	-	323,144	41,934
(Increase) decrease in accounts receivable	-	1,896	1,896	-
(Increase) decrease in due from other governments	-	(10,706)	(10,706)	-
Increase (decrease) in accounts payable	40,068	(4,801)	35,267	(21,229)
Total Adjustments	363,212	(95,598)	267,614	20,705
Net Cash Provided (Used) by Operating Activities	\$ 2	\$ (28,940)	\$ (28,938)	\$ 188,242

Non-Cash Investing, Capital and Financing Activities:

During the fiscal year ending June 30, 2008, there were no noncash investing or capital or noncapital financing activities.

CITY OF WEST HOLLYWOOD

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	<u>Agency Funds</u>
Assets:	
Pooled cash and investments	\$ 148,766
Receivables:	
Accounts	177,010
Taxes	169,918
Accrued interest	555
Restricted assets:	
Cash and investments with fiscal agents	<u>62,078</u>
Total Assets	<u>\$ 558,327</u>
Liabilities:	
Accounts payable	\$ 430,465
Due to bondholders	<u>127,862</u>
Total Liabilities	<u>\$ 558,327</u>
Total Liabilities and Net Assets	<u>\$ 558,327</u>

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NOTES TO FINANCIAL STATEMENTS



School kids tour City Hall
Melrose Plaza at the Pacific Design Center, AREA Architects
Modern art and architecture and the timeless delight of children: compatible
components of the West Hollywood Urban Village.
Below Julia by Keith Haring



CITY OF WEST HOLLYWOOD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

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 five 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 are governed by the City Council of the City of West Hollywood. Therefore, they 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, 2008, 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 (also referred to as the “Avenues of Art and Design” fund) 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.

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, 2008, only the Community Development Commission and the Marketing Corporation have separately issued financial statements. The Commission's statements may be obtained at City Hall. The Marketing Corporation'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. 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 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 City reports the following major proprietary fund:

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

Additionally the government reports the following fund types:

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

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

- The Agency Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments. These funds are reported on the accrual basis. The Business Improvement Fund accounts for a portion of the transient occupancy tax which is paid to the West Hollywood Marketing Corporation for use in marketing the City. 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.

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.

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then 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 preceding 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.

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

4. Capital Assets

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

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

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

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

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

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation time accrued is transferable from one year to the next with the exception that no more than 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.

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

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

6. Long-Term Obligations

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

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

7. Fund Equity

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.

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 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 \$(32,291,773) difference are summarized as follows and further explained in Note 9.

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

Certificates of Participation payable	\$ (21,185,000)
Tax Allocation Bonds payable	(10,665,000)
Add: Deferred gain on refunding (to be amortized as miscellaneous income)	(529,833)
Less: Unamortized original issue discount	<u>88,060</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ (32,291,773)</u></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 \$1,988,465 difference are as follows:

Capital outlay	\$ 4,462,135
Less: Depreciation expense	<u>(2,473,670)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ 1,988,465</u></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.

Note 2: Stewardship, Compliance and Accountability (Continued)

At fiscal year-end, all operating budget appropriations lapse. No budget was adopted for 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>
Special Revenue Funds:	
Special Grant	\$ 108,318
Permit Parking	119,001
CDBG	9
Sunset Mitigation	202,230
Avenues of Art and Design	7,365

<u>Fund</u>	<u>Amount</u>
Capital Projects Funds:	
Redevelopment Agency Capital Projects	\$ 8,809,579
Debt Funded Capital Projects	2,150,885
General Reserves Capital Projects	156,875
Permanent Fund:	
Laurel Avenue Trust	9,825

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, 2008, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 130,358,339
Business-type activities	1,379,064
Component unit	492,032
Fiduciary funds	<u>210,844</u>
Total Cash and Investments	<u><u>\$ 132,440,279</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.

Note 3: Cash and Investments (Continued)

The City has adopted an investment policy, which authorizes it to invest in various investments.

Deposits

At June 30, 2008, the carrying amount of the City's deposits was \$7,355,946 and the bank balance was \$8,293,781. The \$937,835 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 \$100,000 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.
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.

Note 3: Cash and Investments (Continued)

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.
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,

Note 3: Cash and Investments (Continued)

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 Entity 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 Entity 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, 2008, 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.

As of June 30, 2008, 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, 2008, 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.

Note 3: Cash and Investments (Continued)

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, 2008, the City had the following investments and original maturities:

<u>Investment Type:</u>	<u>Remaining Investment Maturities</u>		<u>Fair Value</u>
	<u>6 Months or Less</u>	<u>More than 5 years</u>	
California Local Agency Investment Fund	\$ 39,408,525	\$ -	\$ 39,408,525
Los Angeles County Investment Pool	82,783,117	-	82,783,117
Cash with fiscal agents			
Money Market Mutual Funds	892,441	-	892,441
Investment agreements	-	2,000,250	2,000,250
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 123,084,083</u>	<u>\$ 2,000,250</u>	<u>\$ 125,084,333</u>

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 \$7,573,666 and \$2,493,049, respectively, were outstanding at June 30, 2008, to qualified developers and properties at annual interest rates ranging from 6 to 10%.

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	\$ 44,474,599	\$ -	\$ 44,474,599	\$ -	\$ -	\$ -	\$ 44,474,599
Construction-in-progress	3,482,507	-	3,482,507	3,073,732	-	-	6,556,239
Total Capital Assets, Not Being Depreciated	47,957,106	-	47,957,106	3,073,732	-	-	51,030,838
Capital assets, being depreciated:							
Buildings	22,452,510	-	22,452,510	-	-	-	22,452,510
Improvements other than buildings	4,161,496	-	4,161,496	-	-	-	4,161,496
Machinery and equipment	4,485,957	-	4,485,957	340,030	12,000	-	4,813,987
Furniture and fixtures	80,590	-	80,590	-	-	-	80,590
Office equipment	1,224,306	-	1,224,306	10,010	-	-	1,234,316
Infrastructure	76,611,617	-	76,611,617	1,083,752	-	-	77,695,369
Subtotal - Depreciable Assets	109,016,476	-	109,016,476	1,433,792	12,000	-	110,438,268
Total Capital Assets	156,973,582	-	156,973,582	4,507,524	12,000	-	161,469,106
Less accumulated depreciation:							
Buildings	5,173,017	-	5,173,017	451,507	-	-	5,624,524
Improvements other than buildings	603,915	-	603,915	81,444	-	-	685,359
Machinery and equipment	3,811,147	-	3,811,147	189,682	12,000	-	3,988,829
Furniture and fixtures	68,479	-	68,479	3,252	-	-	71,731
Office equipment	838,271	-	838,271	182,615	-	-	1,020,886
Infrastructure	30,618,923	-	30,618,923	1,607,104	-	-	32,226,027
Total Accumulated Depreciation	41,113,752	-	41,113,752	2,515,604	12,000	-	43,617,356
Total Capital Assets, Being Depreciated, Net	67,902,724	-	67,902,724	(1,081,812)	-	-	66,820,912
Governmental Activities Capital Assets, Net	\$ 115,859,830	\$ -	\$ 115,859,830	\$ 1,991,920	\$ -	\$ -	\$ 117,851,750

* The adjustments are to report capital assets which were not capitalized in the previous year.

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

Governmental Activities:	
General government	\$ 265,765
Public safety	493,174
Public services	1,714,731
Internal Service Fund	41,934
Total Depreciation Expense	\$ 2,515,604

Note 6: Proprietary Fund Capital Assets

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
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				
Depreciable assets:				
Improvements	\$ 16,111,848	\$ -	\$ -	\$ 16,111,848
Construction in progress	1,367,777	-	-	1,367,777
Subtotal	<u>17,479,625</u>	<u>-</u>	<u>-</u>	<u>17,479,625</u>
Less: accumulated depreciation for:				
Improvements	7,209,001	323,144	-	7,532,145
Total Sewer Construction	<u>\$ 10,270,624</u>	<u>\$ (323,144)</u>	<u>\$ -</u>	<u>\$ 9,947,480</u>

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

Business-Type Activities:

Sewer	<u>\$ 323,144</u>
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Note 6: Proprietary Fund Capital Assets (Continued)

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

	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008
Component Unit				
WH Marketing				
Furniture and Equipment	\$ 116,542	\$ 7,809	\$ 6,161	\$ 118,190
Furniture and Equipment under capital lease purchase	34,597	-	-	34,597
Leasehold	2,832	-	-	2,832
Subtotal	<u>153,971</u>	<u>7,809</u>	<u>6,161</u>	<u>155,619</u>
Less: accumulated depreciation for:				
Furniture and Equipment	\$ 86,835	\$ 9,064	\$ 6,161	\$ 89,738
Furniture and Equipment capital lease	3,632	6,919	-	10,551
Leasehold	2,072	-	-	2,072
Subtotal	<u>92,539</u>	<u>15,983</u>	<u>6,161</u>	<u>102,361</u>
Total Component Unit	<u>\$ 61,432</u>	<u>\$ (8,174)</u>	<u>\$ -</u>	<u>\$ 53,258</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 earlier rate was 9.69% and the subsequent rate as 14.48% 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 2008, the City's annual pension cost of \$2,140,168 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial valuation, using the entry age normal actuarial cost method.

The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, 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, 2008, was one year for prior service unfunded and 12 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>
6/30/2006	\$ 1,384,744	100%	\$ -
6/30/2007	1,422,510	100%	-
6/30/2008	2,140,168	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>
6/30/05	\$ 28,917,058	\$32,113,353	\$ 3,196,295	90.0%	\$12,539,390	25.5%
6/30/06	34,296,746	43,024,997	8,728,251	79.7%	14,292,067	61.1%
6/30/07	43,764,011	49,956,454	6,192,443	87.6%	16,030,208	38.6%

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 \$100 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 2007-2008, the City contributed \$15,300 to the plan in the form of current premiums. Plan members receiving benefits contribute the difference between the City contribution of \$100 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 6/30/2008
Annual required contribution	\$ 80,000
Interest on OPEB obligation (a)	3,425
Adjustment to annual required contribution	-
Annual OPEB cost	<u>83,425</u>
Contributions made	15,300
Increase in net OPEB obligation	68,125
Net OPEB obligation - beginning of year	<u>68,500</u>
Net OPEB obligation - end of year	<u><u>\$ 136,625</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 2007-08 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>
6/30/2006	n/a	n/a	n/a	n/a
6/30/2007	\$ 80,000	\$ 11,500	14.38%	\$ 68,500
6/30/2008	\$ 83,425	\$ 15,300	18.34%	\$ 136,625

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.

<u>Type of Valuation</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a</u>	<u>Interest Rate</u>	<u>Salary Scale</u>
							<u>Percent of Covered Payroll</u>		
Actual	6/30/2006	\$ -	\$723,000	\$723,000	0.0%	\$11,200,000	6.5%	5.0%	3.0%

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, 2006, 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 12% initially, reduced by decrements to an ultimate rate of 5% after ten years, and a payroll increase rate of 3%. 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, 2008, was twenty-eight years. The number of active plan participants is 212.

Note 9: Long-Term Debt**d. 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.

b. 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.

c. Accrued employee benefits

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

Note 9: Long-Term Debt (Continued)

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

	Outstanding July 1, 2007	Additions	Deletions	Outstanding June 30, 2008	Due Within One Year
City:					
Certificates of Participation					
1998 Fixed Rate	\$ 21,915,000	\$ -	\$ 730,000	\$ 21,185,000	\$ 765,000
Tax Allocation Bonds	10,870,000	-	205,000	10,665,000	215,000
Accrued employee benefits	2,293,599	2,843,659	2,514,818	2,622,440	2,622,440
Totals	\$ 35,078,599	\$ 2,843,659	\$ 3,449,818	34,472,440	\$ 3,602,440
Reconciliation to Statement of Net Assets					
Add: unamortized gain on defeasance				529,833	
Less: unamortized original issue discount				(88,060)	
				<u>\$ 34,914,213</u>	

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 \$20,117,493 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 \$3,657,791 in the Redevelopment Agency Debt Service Fund and \$1,219,264 in the Redevelopment Agency Low & Moderate Housing Fund, and the debt service obligation on the bonds was \$786,055.

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

Fiscal Year	1998 Fixed Rate		2003 Bonds	
	Principal	Interest	Principal	Interest
2008-2009	\$ 765,000	\$ 1,050,075	\$ 215,000	\$ 568,820
2009-2010	810,000	1,015,268	220,000	561,745
2010-2011	850,000	977,805	225,000	553,395
2011-2012	905,000	937,855	235,000	543,608
2012-2013	950,000	894,415	245,000	532,808
2014-2018	5,655,000	3,707,745	1,420,000	2,470,473
2019-2023	7,550,000	2,101,250	1,830,000	2,049,700
2024-2028	3,700,000	280,250	2,385,000	1,465,331
2029-2033	-	-	3,150,000	685,338
2034-2038	-	-	740,000	21,275
Totals	\$ 21,185,000	\$ 10,964,663	\$ 10,665,000	\$ 9,452,493

Note 9: Long-Term Debt (Continued)**d. 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, 2008, was \$125,000.

e. 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	<u>(5,795)</u>
Balance at June 30, 2008	<u><u>\$ 26,354</u></u>

The future lease payments are as follows:

2008-2009	\$ 8,158
2009-2010	8,158
2010-2011	8,158
2011-2012	<u>6,119</u>
	30,593
Less interest	<u>(4,239)</u>
Total	<u><u>\$ 26,354</u></u>

Note 10: Unearned Revenue

The City received rent stabilization fees relating to fiscal year 2007-2008 in fiscal year 2006-2007. These are recorded as unearned revenue in the General Fund in the amount of \$1,549,732, along with various other unearned revenues of \$895,502, for a total of \$2,445,234. 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: Miscellaneous Revenue

Miscellaneous revenue of \$1.15 million in the Redevelopment Agency Low & Moderate Housing Fund is the reimbursement by the City of land purchased by the Agency in the previous year pursuant to the City's receipt of a grant reimbursement in the current year.

Note 12: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2008, was as follows:

Due To/From Other Funds

Funds	Due to Other Funds:		Total
	Nonmajor Governmental Funds	Redevelopment Agency Capital Projects	
Due From Other Funds:			
General	\$ 2,810,659	\$ -	\$ 2,810,659
Non-Major Governmental Funds	-	1,972,588	1,972,588
Total	<u>\$ 2,810,659</u>	<u>\$ 1,972,588</u>	<u>\$ 4,783,247</u>

The due to General Fund of \$2,810,659 from various nonmajor funds was a result of temporary deficit cash balances in those funds. The \$1,972,588 due to the Redevelopment Agency Capital Projects Fund from the Redevelopment Agency Debt Service Fund was a result of a temporary cash deficit in the debt service fund.

Advances To/From Other Funds

Funds	Advances From Other Funds:		Total
	RDA Capital Projects	Nonmajor Governmental Funds	
Advances to Other Funds:			
General	\$ 6,829,999	\$ 99,430	\$ 6,929,429

The City has advanced \$6,829,999 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.

Note 12: Interfund Receivables, Payables and Transfers (Continued)

	Transfers Out		
	General Fund	Nonmajor Govt. Funds	Total
Transfers In:			
Redevelopment Agency			
Capital Projects	\$ -	\$ 936,877	\$ 936,877
Nonmajor Governmental Funds	1,938,540	479,096	2,417,636
Nonmajor Enterprise Funds	86,684	-	86,684
Total	<u>\$ 2,025,224</u>	<u>\$ 1,415,973</u>	<u>\$ 3,441,197</u>

Interfund Transfers

The General Fund made a transfer of \$96,345 to the Sunset Mitigation Fund along with a transfer from the Parking Improvement Fund of \$479,096 to subsidize their operations. The General Fund also made a transfer of \$86,684 to the Street Maintenance Fund to subsidize its operations and a transfer of \$1,842,195 to the Capital Projects Debt Service Fund for predevelopment costs related to library construction. The Redevelopment Agency Debt Service Fund transferred \$936,877 to the Redevelopment Agency Capital Projects Fund for redevelopment purposes.

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 \$11.4 million was paid for these services in fiscal year 2007-2008.

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 119 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. Loss development reserves are allocated by pool and by loss layer.

Note 14: Self-Insurance Contingencies (Continued)

Costs are spread to members as follows: the first \$30,000 of each occurrence is charged directly to the member; costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on a member's share of costs under \$30,000. Losses from \$750,000 to \$5,000,000 and the associated loss development reserves are pooled based on payroll. Costs of covered claims above \$5,000,000 are currently paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Costs of covered claims for subsidence losses from \$15,000,000 to \$25,000,000 are paid by excess insurance.

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. Each member has a retention level of \$50,000 for each loss and this is charged directly to the member's primary deposit. 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 losses under \$50,000. Losses from \$100,000 to \$2,000,000 and employers' liability losses from \$5,000,000 to \$10,000,000 and loss development reserves associated with those losses are pooled based on payroll. Losses from \$2,000,000 to \$5,000,000 are pooled with California State Association of Counties - Excess Insurance Authority members. Costs from \$2,000,000 to \$300,000,000 are transferred to reinsurance carriers.. Costs in excess of \$300,000,000 are pooled among the members based on payroll. Protection is provided per statutory liability under California Workers' Compensation law. Administrative expenses are paid from the Authority's investment earnings.

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, 2005 through July 1, 2008. 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. There is a \$5,000 per loss 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. The City of West Hollywood property currently has earthquake protection. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Fidelity Bonds - 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.

Note 14: Self-Insurance Contingencies (Continued)

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.

Note 15: 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.

Note 16: Subsequent Events

ERAF Tax Increment Revenue Shift

On September 30, 2008, the California Legislature passed AB 1389, requiring a shift in tax increment revenues during fiscal year 2008-2009 to the State Educational Revenue Augmentation Fund (ERAF). It is estimated that the Redevelopment Agency's share of the ERAF shift for fiscal year 2008-2009 will amount to approximately \$378,000.

Financial Concerns Relating to the California Economy

As indicated in the State of California's 2008-2009 Proposed Budget Summary – Economic Outlook:

“The California and national economies faced considerable headwinds -a deepening housing slump, a breakdown in mortgage markets, tighter credit, more volatile financial markets, and rising energy prices. Upward resets of subprime mortgage rates made payments unaffordable for many borrowers and helped push mortgage defaults and foreclosures to record levels. Several large financial institutions reported huge losses on subprime mortgages and securities backed by these mortgages. Uncertainty about how far the problems with these mortgages would spread increased financial market volatility and prompted lenders to tighten credit standards. The Federal Reserve injected liquidity into the financial markets and eased monetary policy on a number of occasions in the second half of the year, but as year-end neared, financial markets were still not functioning normally.”

While the values shown in the attached financial statements reflect those present at June 30, 2008, substantial changes have occurred in the economy in which the City operates. Therefore, the projection of the financial data for the City into future periods must recognize these factors and consider the effect of these on its operations and costs.

SUPPLEMENTARY INFORMATION



West Hollywood Streetscapes

Melrose, Robertson and Beverly Boulevards anchor the Avenues of Art and Design, a neighborhood of art galleries, interior design retailers, nightclubs and restaurants. Below: WEHO lounge on Santa Monica Boulevard offers free AIDS testing to the public.



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

Page 1 of 7

	<u>Special Revenue Funds</u>			
	<u>Special Grant</u>	<u>Proposition A</u>	<u>Proposition C</u>	<u>Gas Tax</u>
Assets:				
Pooled cash and investments	\$ -	\$ 1,615,560	\$ 847,003	\$ 471,014
Receivables:				
Accounts	-	21,572	-	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	-	14,816	7,164	2,432
Prepaid costs	-	1,250	-	-
Due from other governments	517,073	-	-	222,220
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 517,073</u>	<u>\$ 1,653,198</u>	<u>\$ 854,167</u>	<u>\$ 695,666</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 63,945	\$ 248,146	\$ 101,709	\$ 70,301
Accrued liabilities	-	-	-	-
Deferred revenues	267,299	-	-	-
Unearned revenues	80,224	-	-	-
Deposits payable	31,592	-	330	4,400
Due to other governments	-	-	-	-
Due to other funds	182,331	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>625,391</u>	<u>248,146</u>	<u>102,039</u>	<u>74,701</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	265,022	-	297,822	233,336
Reserved for prepaid costs	-	1,250	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	(373,340)	1,403,802	454,306	387,629
Total Fund Balances	<u>(108,318)</u>	<u>1,405,052</u>	<u>752,128</u>	<u>620,965</u>
Total Liabilities and Fund Balances	<u>\$ 517,073</u>	<u>\$ 1,653,198</u>	<u>\$ 854,167</u>	<u>\$ 695,666</u>

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

(Continued)

Page 2 of 7

	Special Revenue Funds			
	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act
Assets:				
Pooled cash and investments	\$ 197,834	\$ 998,331	\$ 1,038,161	\$ 1,895,016
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	1,845	4,502	9,084	15,794
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 199,679	\$ 1,002,833	\$ 1,047,245	\$ 1,910,810
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ 45,636	\$ 12,240	\$ 96,702
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	504,303	-
Deposits payable	4,000	665	-	32,395
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	4,000	46,301	516,543	129,097
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	67,775	39,465	266,860
Reserved for prepaid costs	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	195,679	888,757	491,237	1,514,853
Total Fund Balances	195,679	956,532	530,702	1,781,713
Total Liabilities and Fund Balances	\$ 199,679	\$ 1,002,833	\$ 1,047,245	\$ 1,910,810

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

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	Special Revenue Funds			
	City Lighting	Public Access	Parking Improvement	Permit Parking
Assets:				
Pooled cash and investments	\$ 287,081	\$ 179,172	\$ 6,170,890	\$ -
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	2,795	1,635	47,863	-
Prepaid costs	-	-	19,995	-
Due from other governments	32,686	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 322,562	\$ 180,807	\$ 6,238,748	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 49,995	\$ 5,987	\$ 271,886	\$ 6,859
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	248,903	-
Deposits payable	604	-	13,470	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	112,142
Advances from other funds	-	-	-	-
Total Liabilities	50,599	5,987	534,259	119,001
Fund Balances:				
Reserved:				
Reserved for encumbrances	49,239	98,000	78,526	15,846
Reserved for prepaid costs	-	-	19,995	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	222,724	76,820	5,605,968	(134,847)
Total Fund Balances	271,963	174,820	5,704,489	(119,001)
Total Liabilities and Fund Balances	\$ 322,562	\$ 180,807	\$ 6,238,748	\$ -

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

(Continued)

Page 4 of 7

	<u>Special Revenue Funds</u>			
	<u>CDBG</u>	<u>Housing Trust</u>	<u>Sunset Mitigation</u>	<u>Avenues of Art and Design</u>
Assets:				
Pooled cash and investments	\$ -	\$ 9,772,123	\$ -	\$ 313
Receivables:				
Accounts	-	-	706,407	36,820
Loans	1,000,683	7,573,666	-	-
Allowance for loan forgiveness	-	(7,573,666)	-	-
Accrued interest	-	79,431	-	-
Prepaid costs	-	3,246	-	-
Due from other governments	49,929	1,000,000	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	<u>\$ 1,050,612</u>	<u>\$ 10,854,800</u>	<u>\$ 706,407</u>	<u>\$ 37,133</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 29,200	\$ 178,432	\$ 46,939	\$ 43,329
Accrued liabilities	-	-	-	1,169
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	1,000,683	-	-	-
Due to other funds	20,738	-	861,698	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>1,050,621</u>	<u>178,432</u>	<u>908,637</u>	<u>44,498</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	123,325	-	-
Reserved for prepaid costs	-	3,246	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	(9)	10,549,797	(202,230)	(7,365)
Total Fund Balances	<u>(9)</u>	<u>10,676,368</u>	<u>(202,230)</u>	<u>(7,365)</u>
Total Liabilities and Fund Balances	<u>\$ 1,050,612</u>	<u>\$ 10,854,800</u>	<u>\$ 706,407</u>	<u>\$ 37,133</u>

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

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	Capital Projects Funds			General Reserves Capital Projects
	Debt Funded Capital Projects	Community Facilities	Santa Monica Boulevard	
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 6,519,139	\$ -
Receivables:				
Accounts	-	-	3,168	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	-	-	56,035	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	33,428	-	-
Total Assets	\$ -	\$ 33,428	\$ 6,578,342	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 592,075	\$ -	\$ -	\$ 81,046
Accrued liabilities	-	-	-	-
Deferred revenues	-	-	-	-
Unearned revenues	-	-	-	-
Deposits payable	-	-	-	889
Due to other governments	-	-	-	-
Due to other funds	1,558,810	-	-	74,940
Advances from other funds	-	-	-	-
Total Liabilities	2,150,885	-	-	156,875
Fund Balances:				
Reserved:				
Reserved for encumbrances	4,559,484	-	-	140,687
Reserved for prepaid costs	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	33,428	6,304,380	-
Designated for debt service	-	-	-	-
Undesignated	(6,710,369)	-	273,962	(297,562)
Total Fund Balances	(2,150,885)	33,428	6,578,342	(156,875)
Total Liabilities and Fund Balances	\$ -	\$ 33,428	\$ 6,578,342	\$ -

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

(Continued)

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	Capital Projects Funds	Debt Service Funds	
	Redevelopment Agency Low & Moderate Housing	Capital Projects Debt Service	Redevelopment Agency Debt Service
Assets:			
Pooled cash and investments	\$ 1,620,128	\$ 6,732,520	\$ 9,111,988
Receivables:			
Accounts	-	-	-
Loans	2,493,049	-	-
Allowance for loan forgiveness	(2,493,049)	-	-
Accrued interest	11,787	38,362	101,115
Prepaid costs	-	-	-
Due from other governments	87,104	-	319,615
Due from other funds	-	-	1,972,588
Restricted assets:			
Cash and investments with fiscal agents	241,373	2,003,981	551,832
Total Assets	\$ 1,960,392	\$ 8,774,863	\$ 12,057,138
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 3,259
Accrued liabilities	-	-	-
Deferred revenues	-	-	-
Unearned revenues	-	-	-
Deposits payable	-	-	-
Due to other governments	-	-	823,717
Due to other funds	-	-	-
Advances from other funds	-	-	-
Total Liabilities	-	-	826,976
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	-
Reserved for prepaid costs	-	-	-
Unreserved:			
Designated for capital improvement projects	314,160	-	-
Designated for debt service	-	7,579,086	8,680,244
Undesignated	1,646,232	1,195,777	2,549,918
Total Fund Balances	1,960,392	8,774,863	11,230,162
Total Liabilities and Fund Balances	\$ 1,960,392	\$ 8,774,863	\$ 12,057,138

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008

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	<u>Permanent Fund</u>		<u>Total Governmental Funds</u>
	<u>Laurel Avenue Trust</u>		
Assets:			
Pooled cash and investments	\$ 88,841	\$	47,545,114
Receivables:			
Accounts	-		767,967
Loans	-		11,067,398
Allowance for loan forgiveness	-		(10,066,715)
Accrued interest	764		395,424
Prepaid costs	-		24,491
Due from other governments	-		2,228,627
Due from other funds	-		1,972,588
Restricted assets:			
Cash and investments with fiscal agents	-		2,830,614
Total Assets	\$ 89,605	\$	56,765,508
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$	1,947,686
Accrued liabilities	-		1,169
Deferred revenues	-		267,299
Unearned revenues	-		833,430
Deposits payable	-		88,345
Due to other governments	-		1,824,400
Due to other funds	-		2,810,659
Advances from other funds	99,430		99,430
Total Liabilities	99,430		7,872,418
Fund Balances:			
Reserved:			
Reserved for encumbrances	-		6,235,387
Reserved for prepaid costs	-		24,491
Unreserved:			
Designated for capital improvement projects	-		6,651,968
Designated for debt service	-		16,259,330
Undesignated	(9,825)		19,721,914
Total Fund Balances	(9,825)		48,893,090
Total Liabilities and Fund Balances	\$ 89,605	\$	56,765,508

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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, 2008

	Special Revenue Funds			
	Special Grant	Proposition A	Proposition C	Gas Tax
Revenues:				
Taxes	\$ -	\$ 599,709	\$ 500,037	\$ -
Intergovernmental	2,297,962	167,265	-	1,271,544
Charges for services	-	-	-	-
Use of money and property	-	94,157	39,228	16,774
Fines and forfeitures	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	47,724	-	-
Total Revenues	2,297,962	908,855	539,265	1,288,318
Expenditures:				
Current:				
General government	88,702	-	-	-
Public safety	117,974	-	-	-
Public services	1,048,206	1,980,457	193,664	612,945
Capital outlay	850,167	-	422,278	215,611
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,105,049	1,980,457	615,942	828,556
Excess (Deficiency) of Revenues Over (Under) Expenditures	192,913	(1,071,602)	(76,677)	459,762
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	192,913	(1,071,602)	(76,677)	459,762
Fund Balances, Beginning of Year	(301,231)	2,476,654	828,805	161,203
Fund Balances, End of Year	\$ (108,318)	\$ 1,405,052	\$ 752,128	\$ 620,965

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

(Continued)

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	Special Revenue Funds			
	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act
Revenues:				
Taxes	\$ 44,941	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	9,114	13,960	41,055	75,782
Fines and forfeitures	-	-	-	-
Developer participation	-	862,845	106,622	581,420
Miscellaneous	-	-	-	-
Total Revenues	54,055	876,805	147,677	657,202
Expenditures:				
Current:				
General government	-	-	202,852	-
Public safety	-	-	-	-
Public services	9,340	135,299	-	-
Capital outlay	40,000	60,024	-	556,226
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	49,340	195,323	202,852	556,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,715	681,482	(55,175)	100,976
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	4,715	681,482	(55,175)	100,976
Fund Balances, Beginning of Year	190,964	275,050	585,877	1,680,737
Fund Balances, End of Year	\$ 195,679	\$ 956,532	\$ 530,702	\$ 1,781,713

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

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	Special Revenue Funds			
	City Lighting	Public Access	Parking Improvement	Permit Parking
Revenues:				
Taxes	\$ 709,259	\$ 81,621	\$ -	\$ -
Intergovernmental	6,423	-	-	-
Charges for services	-	-	-	-
Use of money and property	8,929	13,282	1,848,578	587,789
Fines and forfeitures	-	-	786,649	-
Developer participation	-	-	62,502	-
Miscellaneous	-	350	-	-
Total Revenues	724,611	95,253	2,697,729	587,789
Expenditures:				
Current:				
General government	-	380,173	-	-
Public safety	-	-	-	-
Public services	650,454	-	599,199	576,113
Capital outlay	-	-	134,422	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	650,454	380,173	733,621	576,113
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,157	(284,920)	1,964,108	11,676
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(479,096)	-
Total Other Financing Sources (Uses)	-	-	(479,096)	-
Net Change in Fund Balances	74,157	(284,920)	1,485,012	11,676
Fund Balances, Beginning of Year	197,806	459,740	4,219,477	(130,677)
Fund Balances, End of Year	\$ 271,963	\$ 174,820	\$ 5,704,489	\$ (119,001)

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

(Continued)

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	<u>Special Revenue Funds</u>			
	<u>CDBG</u>	<u>Housing Trust</u>	<u>Sunset Mitigation</u>	<u>Avenues of Art and Design</u>
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,265,945	1,000,000	-	-
Charges for services	-	-	576,562	197,750
Use of money and property	-	376,870	-	-
Fines and forfeitures	-	-	-	-
Developer participation	-	2,349,773	-	-
Miscellaneous	-	1,000	-	-
Total Revenues	1,265,945	3,727,643	576,562	197,750
Expenditures:				
Current:				
General government	-	-	591,500	234,795
Public safety	-	-	581,423	-
Public services	1,265,945	291,995	-	-
Capital outlay	-	933,730	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,265,945	1,225,725	1,172,923	234,795
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,501,918	(596,361)	(37,045)
Other Financing Sources (Uses):				
Transfers in	-	-	575,441	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	575,441	-
Net Change in Fund Balances	-	2,501,918	(20,920)	(37,045)
Fund Balances, Beginning of Year	(9)	8,174,450	(181,310)	29,680
Fund Balances, End of Year	\$ (9)	\$ 10,676,368	\$ (202,230)	\$ (7,365)

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

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	Capital Projects Funds			General Reserves Capital Projects
	Debt Funded Capital Projects	Community Facilities	Santa Monica Boulevard	
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	375	1,077	273,962	-
Fines and forfeitures	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	375	1,077	273,962	-
Expenditures:				
Current:				
General government	-	1,077	-	-
Public safety	-	-	-	-
Public services	-	-	-	-
Capital outlay	1,027,609	-	-	152,616
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,027,609	1,077	-	152,616
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,027,234)	-	273,962	(152,616)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,027,234)	-	273,962	(152,616)
Fund Balances, Beginning of Year	(1,123,651)	33,428	6,304,380	(4,259)
Fund Balances, End of Year	\$ (2,150,885)	\$ 33,428	\$ 6,578,342	\$ (156,875)

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

(Continued)

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	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	
	<u>Redevelopment Agency Low & Moderate Housing</u>	<u>Capital Projects Debt Service</u>	<u>Redevelopment Agency Debt Service</u>
Revenues:			
Taxes	\$ 1,219,264	\$ -	\$ 3,657,791
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	63,615	1,168,215	439,970
Fines and forfeitures	-	-	-
Developer participation	-	-	-
Miscellaneous	1,151,058	-	-
Total Revenues	2,433,937	1,168,215	4,097,761
Expenditures:			
Current:			
General government	19,187	-	64,109
Public safety	-	-	-
Public services	-	-	-
Capital outlay	1,519,671	-	-
Debt service:			
Principal retirement	62,381	730,000	142,619
Interest and fiscal charges	176,816	1,084,633	404,239
Total Expenditures	1,778,055	1,814,633	610,967
Excess (Deficiency) of Revenues Over (Under) Expenditures	655,882	(646,418)	3,486,794
Other Financing Sources (Uses):			
Transfers in	-	1,842,195	-
Transfers out	-	-	(936,877)
Total Other Financing Sources (Uses)	-	1,842,195	(936,877)
Net Change in Fund Balances	655,882	1,195,777	2,549,917
Fund Balances, Beginning of Year	1,304,510	7,579,086	8,680,245
Fund Balances, End of Year	\$ 1,960,392	\$ 8,774,863	\$ 11,230,162

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

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	<u>Permanent Fund</u>	
	<u>Laurel Avenue Trust</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ -	\$ 6,812,622
Intergovernmental	-	6,009,139
Charges for services	-	774,312
Use of money and property	3,845	5,076,577
Fines and forfeitures	-	786,649
Developer participation	-	3,963,162
Miscellaneous	-	1,200,132
Total Revenues	3,845	24,622,593
Expenditures:		
Current:		
General government	-	1,582,395
Public safety	-	699,397
Public services	4,092	7,367,709
Capital outlay	-	5,912,354
Debt service:		
Principal retirement	-	935,000
Interest and fiscal charges	-	1,665,688
Total Expenditures	4,092	18,162,543
Excess (Deficiency) of Revenues Over (Under) Expenditures	(247)	6,460,050
Other Financing Sources (Uses):		
Transfers in	-	2,417,636
Transfers out	-	(1,415,973)
Total Other Financing Sources (Uses)	-	1,001,663
Net Change in Fund Balances	(247)	7,461,713
Fund Balances, Beginning of Year	(9,578)	41,431,377
Fund Balances, End of Year	\$ (9,825)	\$ 48,893,090

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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.

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
SPECIAL GRANT
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (301,231)	\$ (301,231)	\$ (301,231)	\$ -
Resources (Inflows):				
Intergovernmental	1,960,474	3,350,883	2,297,962	(1,052,921)
Amounts Available for Appropriation	1,659,243	3,049,652	1,996,731	(1,052,921)
Charges to Appropriation (Outflow):				
General government	128,005	128,004	88,702	39,302
Public safety	-	35,509	117,974	(82,465)
Public services	1,832,469	1,891,595	1,048,206	843,389
Capital outlay	-	4,004,651	850,167	3,154,484
Total Charges to Appropriations	1,960,474	6,059,759	2,105,049	3,954,710
Budgetary Fund Balance, June 30	\$ (301,231)	\$ (3,010,107)	\$ (108,318)	\$ 2,901,789

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$2,476,654	\$ 2,476,654	\$ 2,476,654	\$ -
Resources (Inflows):				
Taxes	565,000	565,000	599,709	34,709
Intergovernmental	445,000	474,946	167,265	(307,681)
Use of money and property	10,000	10,000	94,157	84,157
Miscellaneous	60,000	60,000	47,724	(12,276)
Amounts Available for Appropriation	3,556,654	3,586,600	3,385,509	(201,091)
Charges to Appropriation (Outflow):				
Public services	2,271,451	2,273,375	1,980,457	292,918
Total Charges to Appropriations	2,271,451	2,273,375	1,980,457	292,918
Budgetary Fund Balance, June 30	\$ 1,285,203	\$ 1,313,225	\$ 1,405,052	\$ 91,827

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 828,805	\$ 828,805	\$ 828,805	\$ -
Resources (Inflows):				
Taxes	475,000	475,000	500,037	25,037
Use of money and property	12,000	12,000	39,228	27,228
Amounts Available for Appropriation	1,315,805	1,315,805	1,368,070	52,265
Charges to Appropriation (Outflow):				
Public services	219,838	219,838	193,664	26,174
Capital outlay	320,000	810,453	422,278	388,175
Total Charges to Appropriations	539,838	1,030,291	615,942	414,349
Budgetary Fund Balance, June 30	\$ 775,967	\$ 285,514	\$ 752,128	\$ 466,614

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 161,203	\$ 161,203	\$ 161,203	\$ -
Resources (Inflows):				
Intergovernmental	696,000	696,000	1,271,544	575,544
Use of money and property	1,000	1,000	16,774	15,774
Amounts Available for Appropriation	858,203	858,203	1,449,521	591,318
Charges to Appropriation (Outflow):				
Public services	692,339	847,978	612,945	235,033
Capital outlay	20,000	79,997	215,611	(135,614)
Total Charges to Appropriations	712,339	927,975	828,556	99,419
Budgetary Fund Balance, June 30	\$ 145,864	\$ (69,772)	\$ 620,965	\$ 690,737

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 190,964	\$ 190,964	\$ 190,964	\$ -
Resources (Inflows):				
Taxes	44,000	44,000	44,941	941
Use of money and property	2,500	2,500	9,114	6,614
Amounts Available for Appropriation	237,464	237,464	245,019	7,555
Charges to Appropriation (Outflow):				
Public services	19,760	19,760	9,340	10,420
Capital outlay	10,000	79,000	40,000	39,000
Total Charges to Appropriations	29,760	98,760	49,340	49,420
Budgetary Fund Balance, June 30	\$ 207,704	\$ 138,704	\$ 195,679	\$ 56,975

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 275,050	\$ 275,050	\$ 275,050	\$ -
Resources (Inflows):				
Use of money and property	7,000	7,000	13,960	6,960
Developer participation	10,000	96,707	862,845	766,138
Amounts Available for Appropriation	292,050	378,757	1,151,855	773,098
Charges to Appropriation (Outflow):				
Public services	141,260	160,721	135,299	25,422
Capital outlay	20,000	127,798	60,024	67,774
Total Charges to Appropriations	161,260	288,519	195,323	93,196
Budgetary Fund Balance, June 30	<u>\$ 130,790</u>	<u>\$ 90,238</u>	<u>\$ 956,532</u>	<u>\$ 866,294</u>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
PUBLIC BEAUTIFICATION AND ART
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 585,877	\$ 585,877	\$ 585,877	\$ -
Resources (Inflows):				
Use of money and property	6,000	6,000	41,055	35,055
Developer participation	-	66,200	106,622	40,422
Amounts Available for Appropriation	591,877	658,077	733,554	75,477
Charges to Appropriation (Outflow):				
General government	202,000	271,690	202,852	68,838
Total Charges to Appropriations	202,000	271,690	202,852	68,838
Budgetary Fund Balance, June 30	\$ 389,877	\$ 386,387	\$ 530,702	\$ 144,315

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,680,737	\$ 1,680,737	\$ 1,680,737	\$ -
Resources (Inflows):				
Use of money and property	4,000	4,000	75,782	71,782
Developer participation	-	56,583	581,420	524,837
Amounts Available for Appropriation	1,684,737	1,741,320	2,337,939	596,619
Charges to Appropriation (Outflow):				
Capital outlay	10,000	1,212,568	556,226	656,342
Total Charges to Appropriations	10,000	1,212,568	556,226	656,342
Budgetary Fund Balance, June 30	\$ 1,674,737	\$ 528,752	\$ 1,781,713	\$ 1,252,961

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
CITY LIGHTING
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 197,806	\$ 197,806	\$ 197,806	\$ -
Resources (Inflows):				
Taxes	612,000	612,000	709,259	97,259
Intergovernmental	6,000	6,000	6,423	423
Use of money and property	1,200	1,200	8,929	7,729
Amounts Available for Appropriation	817,006	817,006	922,417	105,411
Charges to Appropriation (Outflow):				
Public services	610,000	706,527	650,454	56,073
Total Charges to Appropriations	610,000	706,527	650,454	56,073
Budgetary Fund Balance, June 30	\$ 207,006	\$ 110,479	\$ 271,963	\$ 161,484

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
 PUBLIC ACCESS
 YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 459,740	\$ 459,740	\$ 459,740	\$ -
Resources (Inflows):				
Taxes	75,000	75,000	81,621	6,621
Use of money and property	4,000	4,000	13,282	9,282
Miscellaneous	2,000	2,000	350	(1,650)
Amounts Available for Appropriation	540,740	540,740	554,993	14,253
Charges to Appropriation (Outflow):				
General government	379,215	457,764	380,173	77,591
Total Charges to Appropriations	379,215	457,764	380,173	77,591
Budgetary Fund Balance, June 30	\$ 161,525	\$ 82,976	\$ 174,820	\$ 91,844

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 PARKING IMPROVEMENT
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$4,219,477	\$ 4,219,477	\$ 4,219,477	\$ -
Resources (Inflows):				
Use of money and property	1,465,000	1,465,000	1,848,578	383,578
Fines and forfeitures	625,000	625,000	786,649	161,649
Developer participation	11,000	11,000	62,502	51,502
Refunding bonds issued	15,200,000	15,200,000	-	(15,200,000)
Amounts Available for Appropriation	21,520,477	21,520,477	6,917,206	(14,603,271)
Charges to Appropriation (Outflow):				
Public services	689,575	720,754	599,199	121,555
Capital outlay	15,200,000	19,254,339	134,422	19,119,917
Transfers out	479,096	479,096	479,096	-
Total Charges to Appropriations	16,368,671	20,454,189	1,212,717	19,241,472
Budgetary Fund Balance, June 30	\$ 5,151,806	\$ 1,066,288	\$ 5,704,489	\$ 4,638,201

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
PERMIT PARKING
YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (130,677)	\$ (130,677)	\$ (130,677)	\$ -
Resources (Inflows):				
Use of money and property	771,037	771,037	587,789	(183,248)
Amounts Available for Appropriation	640,360	640,360	457,112	(183,248)
Charges to Appropriation (Outflow):				
Public services	684,607	680,925	576,113	104,812
Total Charges to Appropriations	684,607	680,925	576,113	104,812
Budgetary Fund Balance, June 30	\$ (44,247)	\$ (40,565)	\$ (119,001)	\$ (78,436)

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 CDBG
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (9)	\$ (9)	\$ (9)	\$ -
Resources (Inflows):				
Intergovernmental	500,000	1,290,099	1,265,945	(24,154)
Amounts Available for Appropriation	499,991	1,290,090	1,265,936	(24,154)
Charges to Appropriation (Outflow):				
Public services	500,000	1,290,099	1,265,945	24,154
Total Charges to Appropriations	500,000	1,290,099	1,265,945	24,154
Budgetary Fund Balance, June 30	<u>\$ (9)</u>	<u>\$ (9)</u>	<u>\$ (9)</u>	<u>\$ -</u>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
HOUSING TRUST
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$8,174,450	\$ 8,174,450	\$ 8,174,450	\$ -
Resources (Inflows):				
Intergovernmental	-	-	1,000,000	1,000,000
Use of money and property	15,000	15,000	376,870	361,870
Developer participation	197,000	934,000	2,349,773	1,415,773
Miscellaneous	-	-	1,000	1,000
Amounts Available for Appropriation	8,386,450	9,123,450	11,902,093	2,778,643
Charges to Appropriation (Outflow):				
Public services	375,000	457,250	291,995	165,255
Capital outlay	1,000,000	2,585,657	933,730	1,651,927
Total Charges to Appropriations	1,375,000	3,042,907	1,225,725	1,817,182
Budgetary Fund Balance, June 30	\$7,011,450	\$ 6,080,543	\$ 10,676,368	\$ 4,595,825

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 SUNSET MITIGATION
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (181,310)	\$ (181,310)	\$ (181,310)	\$ -
Resources (Inflows):				
Charges for services	600,000	600,000	576,562	(23,438)
Transfers in	575,441	575,441	575,441	-
Amounts Available for Appropriation	994,131	994,131	970,693	(23,438)
Charges to Appropriation (Outflow):				
General government	591,500	591,500	591,500	-
Public safety	575,441	575,441	581,423	(5,982)
Total Charges to Appropriations	1,166,941	1,166,941	1,172,923	(5,982)
Budgetary Fund Balance, June 30	\$ (172,810)	\$ (172,810)	\$ (202,230)	\$ (29,420)

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
 AVENUES OF ART AND DESIGN
 YEAR ENDED JUNE 30, 2008**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 29,680	\$ 29,680	\$ 29,680	\$ -
Resources (Inflows):				
Charges for services	252,500	252,500	197,750	(54,750)
Amounts Available for Appropriation	<u>282,180</u>	<u>282,180</u>	<u>227,430</u>	<u>(54,750)</u>
Charges to Appropriation (Outflow):				
General government	252,500	252,500	234,795	17,705
Total Charges to Appropriations	<u>252,500</u>	<u>252,500</u>	<u>234,795</u>	<u>17,705</u>
Budgetary Fund Balance, June 30	<u><u>\$ 29,680</u></u>	<u><u>\$ 29,680</u></u>	<u><u>\$ (7,365)</u></u>	<u><u>\$ (37,045)</u></u>

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, Homeless Shelter, Fire Station No. 7, and new parking meters, 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, 2008**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (1,123,651)	\$ (1,123,651)	\$ (1,123,651)	\$ -
Resources (Inflows):				
Use of money and property	-	-	375	375
Refunding bonds issued	12,000,000	12,000,000	-	(12,000,000)
Amounts Available for Appropriation	10,876,349	10,876,349	(1,123,276)	(11,999,625)
Charges to Appropriation (Outflow):				
Capital outlay	12,000,000	22,500,120	1,027,609	21,472,511
Total Charges to Appropriations	12,000,000	22,500,120	1,027,609	21,472,511
Budgetary Fund Balance, June 30	<u>\$ (1,123,651)</u>	<u>\$ (11,623,771)</u>	<u>\$ (2,150,885)</u>	<u>\$ 9,472,886</u>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 SANTA MONICA BOULEVARD
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,304,380	\$ 6,304,380	\$ 6,304,380	\$ -
Resources (Inflows):				
Use of money and property	-	-	273,962	273,962
Amounts Available for Appropriation	6,304,380	6,304,380	6,578,342	273,962
Charges to Appropriation (Outflow):				
Capital outlay	-	50,000	-	50,000
Total Charges to Appropriations	-	50,000	-	50,000
Budgetary Fund Balance, June 30	\$ 6,304,380	\$ 6,254,380	\$ 6,578,342	\$ 323,962

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
GENERAL RESERVES CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2008**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (4,259)	\$ (4,259)	\$ (4,259)	\$ -
Resources (Inflows):				
Amounts Available for Appropriation	<u>(4,259)</u>	<u>(4,259)</u>	<u>(4,259)</u>	<u>-</u>
Charges to Appropriation (Outflow):				
Capital outlay	4,825,000	5,365,765	152,616	5,213,149
Total Charges to Appropriations	<u>4,825,000</u>	<u>5,365,765</u>	<u>152,616</u>	<u>5,213,149</u>
Budgetary Fund Balance, June 30	<u>\$ (4,829,259)</u>	<u>\$ (5,370,024)</u>	<u>\$ (156,875)</u>	<u>\$ 5,213,149</u>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (7,333,069)	\$ (7,333,069)	\$ (7,333,069)	\$ -
Resources (Inflows):				
Use of money and property	60,000	60,000	80,080	20,080
Transfers in	-	-	936,877	936,877
Amounts Available for Appropriation	(7,273,069)	(7,273,069)	(6,316,112)	956,957
Charges to Appropriation (Outflow):				
General government	3,994,328	4,228,027	598,461	3,629,566
Capital outlay	-	6,978,000	1,508,430	5,469,570
Debt service:				
Interest and fiscal charges	375,000	375,000	386,576	(11,576)
Total Charges to Appropriations	4,369,328	11,581,027	2,493,467	9,087,560
Budgetary Fund Balance, June 30	<u><u>\$ (11,642,397)</u></u>	<u><u>\$ (18,854,096)</u></u>	<u><u>\$ (8,809,579)</u></u>	<u><u>\$ 10,044,517</u></u>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY LOW AND MODERATE HOUSING
 YEAR ENDED JUNE 30, 2008**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,304,510	\$ 1,304,510	\$ 1,304,510	\$ -
Resources (Inflows):				
Taxes	706,000	706,000	1,219,264	513,264
Use of money and property	-	-	63,615	63,615
Miscellaneous	-	-	1,151,058	1,151,058
Amounts Available for Appropriation	<u>2,010,510</u>	<u>2,010,510</u>	<u>3,738,447</u>	<u>1,727,937</u>
Charges to Appropriation (Outflow):				
General government	100,000	100,000	19,187	80,813
Capital outlay	2,390,000	3,735,733	1,519,671	2,216,062
Debt service:				
Principal retirement	61,500	61,500	62,381	(881)
Interest and fiscal charges	174,440	174,440	176,816	(2,376)
Total Charges to Appropriations	<u>2,725,940</u>	<u>4,071,673</u>	<u>1,778,055</u>	<u>2,293,618</u>
Budgetary Fund Balance, June 30	<u>\$ (715,430)</u>	<u>\$ (2,061,163)</u>	<u>\$ 1,960,392</u>	<u>\$ 4,021,555</u>

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, 2008**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 7,579,086	\$ 7,579,086	\$ 7,579,086	\$ -
Resources (Inflows):				
Use of money and property	876,025	876,025	1,168,215	292,190
Transfers in	1,842,195	1,842,195	1,842,195	-
Amounts Available for Appropriation	<u>10,297,306</u>	<u>10,297,306</u>	<u>10,589,496</u>	<u>292,190</u>
Charges to Appropriation (Outflow):				
Debt service:				
Principal retirement	730,000	730,000	730,000	-
Interest and fiscal charges	1,112,195	1,112,195	1,084,633	27,562
Total Charges to Appropriations	<u>1,842,195</u>	<u>1,842,195</u>	<u>1,814,633</u>	<u>27,562</u>
Budgetary Fund Balance, June 30	<u><u>\$ 8,455,111</u></u>	<u><u>\$ 8,455,111</u></u>	<u><u>\$ 8,774,863</u></u>	<u><u>\$ 319,752</u></u>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
REDEVELOPMENT AGENCY DEBT SERVICE
YEAR ENDED JUNE 30, 2008

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,680,245	\$ 8,680,245	\$ 8,680,245	\$ -
Resources (Inflows):				
Taxes	2,251,000	2,251,000	3,657,791	1,406,791
Use of money and property	10,000	10,000	439,970	429,970
Amounts Available for Appropriation	10,941,245	10,941,245	12,778,006	1,836,761
Charges to Appropriation (Outflow):				
General government	130,000	130,000	64,109	65,891
Debt service:				
Principal retirement	143,500	143,500	142,619	881
Interest and fiscal charges	410,443	410,443	404,239	6,204
Transfers out	-	-	936,877	(936,877)
Total Charges to Appropriations	683,943	683,943	1,547,844	(863,901)
Budgetary Fund Balance, June 30	\$10,257,302	\$10,257,302	\$ 11,230,162	\$ 972,860

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 (PG 38):

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 (PG 38):

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
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2008

	<u>Sewer Charge</u>	<u>Solid Waste</u>	<u>Landscape District</u>	<u>Street Maintenance</u>	<u>Totals</u>
Assets:					
Current:					
Cash and investments	\$ 530,875	\$ 319,120	\$ 146,805	\$ 31,198	\$ 1,027,998
Receivables:					
Accounts	229	-	-	-	229
Accrued interest	4,138	3,627	1,246	5	9,016
Prepaid costs	-	81,987	-	-	81,987
Due from other governments	15,322	28,601	9,094	6,334	59,351
Total Current Assets	550,564	433,335	157,145	37,537	1,178,581
Total Assets	\$ 550,564	\$ 433,335	\$ 157,145	\$ 37,537	\$ 1,178,581
Liabilities and Net Assets:					
Liabilities:					
Current:					
Accounts payable	\$ 56,056	\$ 1,356	\$ 8,096	\$ 1,525	\$ 67,033
Total Current Liabilities	56,056	1,356	8,096	1,525	67,033
Total Liabilities	56,056	1,356	8,096	1,525	67,033
Net Assets:					
Unrestricted	494,508	431,979	149,049	36,012	1,111,548
Total Net Assets	494,508	431,979	149,049	36,012	1,111,548
Total Liabilities and Net Assets	\$ 550,564	\$ 433,335	\$ 157,145	\$ 37,537	\$ 1,178,581

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2008**

	<u>Sewer Charge</u>	<u>Solid Waste</u>	<u>Landscape District</u>	<u>Street Maintenance</u>	<u>Totals</u>
Operating Revenues:					
Sales and service charges	\$ 567,858	\$ 1,224,953	\$ 170,926	\$ 284,064	\$ 2,247,801
Fines and forfeitures	1,049	6,127	1,575	860	9,611
Miscellaneous	117,149	-	-	-	117,149
Total Operating Revenues	686,056	1,231,080	172,501	284,924	2,374,561
Operating Expenses:					
Administration and general	32,000	53,625	2,000	134,447	222,072
Treatment	611,617	1,084,547	154,616	235,051	2,085,831
Total Operating Expenses	643,617	1,138,172	156,616	369,498	2,307,903
Operating Income (Loss)	42,439	92,908	15,885	(84,574)	66,658
Nonoperating Revenues (Expenses):					
Interest revenue	19,008	11,176	5,431	203	35,818
Total Nonoperating Revenues (Expenses)	19,008	11,176	5,431	203	35,818
Income (Loss) Before Transfers	61,447	104,084	21,316	(84,371)	102,476
Operating transfers in	-	-	-	86,684	86,684
Changes in Net Assets	61,447	104,084	21,316	2,313	189,160
Net Assets:					
Beginning of Year	433,061	327,895	127,733	33,699	922,388
End of Fiscal Year	\$ 494,508	\$ 431,979	\$ 149,049	\$ 36,012	\$ 1,111,548

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2008**

	Sewer Charge	Solid Waste	Landscape District	Street Maintenance	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 686,947	\$ 1,223,232	\$ 170,020	\$ 285,553	\$ 2,365,752
Cash received from/(paid to) interfund service provided					-
Cash paid to supplies for goods and services	(491,813)	(985,971)	(158,152)	(65,280)	(1,701,216)
Cash paid to employees for services	(139,452)	(239,443)	-	(314,581)	(693,476)
Cash received from (payments to) others	-	-	-	-	-
Net Cash Provided (Used) by Operating Activities	55,682	(2,182)	11,868	(94,308)	(28,940)
Cash Flows from Non-Capital Financing Activities:					
Cash transfers in	-	-	-	86,684	86,684
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	-	86,684	86,684
Cash Flows from Investing Activities:					
Interest received	20,429	12,567	5,808	614	39,418
Net Cash Provided (Used) by Investing Activities	20,429	12,567	5,808	614	39,418
Net Increase (Decrease) in Cash and Cash Equivalents	76,111	10,385	17,676	(7,010)	97,162
Cash and Cash Equivalents at Beginning of Year	454,764	308,735	129,129	38,208	930,836
Cash and Cash Equivalents at End of Year	\$ 530,875	\$ 319,120	\$ 146,805	\$ 31,198	\$ 1,027,998
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 42,439	\$ 92,908	\$ 15,885	\$ (84,574)	\$ 66,658
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	-	-	-	-	-
(Increase) decrease in accounts receivable	1,883	-	-	13	1,896
(Increase) decrease in due from other governments	(992)	(7,849)	(2,481)	616	(10,706)
(Increase) decrease in prepaid expense	-	(81,987)	-	-	(81,987)
Increase (decrease) in accounts payable	12,352	(5,254)	(1,536)	(10,363)	(4,801)
Total Adjustments	13,243	(95,090)	(4,017)	(9,734)	(95,598)
Net Cash Provided (Used) by Operating Activities	\$ 55,682	\$ (2,182)	\$ 11,868	\$ (94,308)	\$ (28,940)

Non-Cash Investing, Capital and Financing Activities:

During the fiscal year ending June 30, 2008, there were no noncash investing or capital or noncapital financing activities.

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FIDUCIARY FUNDS**BUSINESS IMPROVEMENT FUND – AGENCY:**

This fund accounts for the receipt of 1.5% of the transient occupancy tax (hotel bed tax) collected by the City on behalf of West Hollywood Marketing Corporation (WHMC). This receipt of 1.5% tax is granted to the WHMC to use to advertise the as a travel destination and convention site. The City's total transient occupancy tax rate is 13.0%.

SEISMIC IMPROVEMENT BOND – 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.

CITY OF WEST HOLLYWOOD

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2008

	<u>Business Improvement</u>	<u>Community District Debt Service</u>	<u>Totals</u>
Assets:			
Pooled cash and investments	\$ 83,537	\$ 65,229	\$ 148,766
Receivables:			
Accounts	177,010	-	177,010
Taxes	169,918	-	169,918
Accrued interest	-	555	555
Restricted assets:			
Cash and investments with fiscal agents	-	62,078	62,078
Total Assets	<u>\$ 430,465</u>	<u>\$ 127,862</u>	<u>\$ 558,327</u>
Accounts payable	\$ 430,465	\$ -	\$ 430,465
Due to bondholders	-	127,862	127,862
Total Liabilities	<u>\$ 430,465</u>	<u>\$ 127,862</u>	<u>\$ 558,327</u>

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2008**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2008</u>
<u>Business Improvement</u>				
Assets:				
Pooled cash and investments	\$ -	\$ 1,775,127	\$ 1,691,590	\$ 83,537
Receivables:				
Accounts	166,570	184,915	174,475	177,010
Taxes	198,705	169,918	198,705	169,918
Total Assets	<u>\$ 365,275</u>	<u>\$ 2,129,960</u>	<u>\$ 2,064,770</u>	<u>\$ 430,465</u>
Liabilities:				
Accounts payable	\$ 365,275	\$ 2,129,960	\$ 2,064,770	\$ 430,465
Total Liabilities	<u>\$ 365,275</u>	<u>\$ 2,129,960</u>	<u>\$ 2,064,770</u>	<u>\$ 430,465</u>
<u>Community District Debt Service</u>				
Assets:				
Pooled cash and investments	\$ 21,756	\$ 45,585	\$ 2,112	\$ 65,229
Receivables:				
Accrued interest	2,018	2,045	3,508	555
Due from other governments	612	-	612	-
Restricted assets:				
Cash and investments with fiscal agents	384,355	5,127	327,404	62,078
Total Assets	<u>\$ 408,741</u>	<u>\$ 52,757</u>	<u>\$ 333,636</u>	<u>\$ 127,862</u>
Liabilities:				
Due to bondholders	\$ 408,741	\$ 52,757	\$ 333,636	\$ 127,862
Total Liabilities	<u>\$ 408,741</u>	<u>\$ 52,757</u>	<u>\$ 333,636</u>	<u>\$ 127,862</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 21,756	\$ 1,820,712	\$ 1,693,702	\$ 148,766
Receivables:				
Accounts	166,570	184,915	174,475	177,010
Taxes	198,705	169,918	198,705	169,918
Accrued interest	2,018	2,045	3,508	555
Due from other governments	612	-	612	-
Restricted assets:				
Cash and investments with fiscal agents	384,355	5,127	327,404	62,078
Total Assets	<u>\$ 774,016</u>	<u>\$ 2,182,717</u>	<u>\$ 2,398,406</u>	<u>\$ 558,327</u>
Liabilities:				
Accounts payable	\$ 365,275	\$ 2,129,960	\$ 2,064,770	\$ 430,465
Due to bondholders	408,741	52,757	333,636	127,862
Total Liabilities	<u>\$ 774,016</u>	<u>\$ 2,182,717</u>	<u>\$ 2,398,406</u>	<u>\$ 558,327</u>

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STATISTICAL SECTION



desert cloud<transformer 3>, Bernhard Sommer, Sculptor | Remba Gallery

The cultural life of West Hollywood encompasses galleries, concerts, public art displays, and children's dance classes at Plummer Park. Below: Performance at Plummer Park, Zamuel Studio Dancers



TABLE OF CONTENTS

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

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

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

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

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

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

Table 5 - General Fund Tax Revenues by Source - *Last 10 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, 2008*

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

Table 13 - East Side Project Area Bonds Coverage - *Last Five 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 Five 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 relate 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

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

Page 1 of 2

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

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.

(Continued)

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	Fiscal Year			
	2005	2006	2007	2008
Governmental activities				
Invested in capital assets, net of related debt	\$ 81,802,689	\$ 83,025,801	\$ 82,839,263	\$ 85,785,512
Restricted	22,213,608	30,203,837	42,540,457	51,021,978
Unrestricted	34,378,132	44,313,953	61,562,154	71,516,525
Total governmental activities net assets	\$ 138,394,429	\$ 157,543,591	\$ 186,941,874	\$ 208,324,015
Business-type activities				
Invested in capital assets, net of related debt	\$ 10,812,425	\$ 10,593,768	\$ 10,270,624	\$ 9,947,480
Restricted	-	-	-	-
Unrestricted	1,962,405	1,127,018	1,270,903	1,440,942
Total business-type activities net assets	\$ 12,774,830	\$ 11,720,786	\$ 11,541,527	\$ 11,388,422
Primary government				
Invested in capital assets, net of related debt	\$ 92,615,114	\$ 93,619,569	\$ 93,109,887	\$ 95,732,992
Restricted	22,213,608	30,203,837	42,540,457	51,021,978
Unrestricted	36,340,537	45,440,971	62,833,057	72,957,467
Total primary government net assets	151,169,259	169,264,377	198,483,401	219,712,437

CITY OF WEST HOLLYWOOD

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

Page 1 of 4

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

(Continued)

Page 2 of 4

Expenses	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
General government	\$ 14,701,420	\$ 16,479,257	\$ 15,648,141	\$ 21,093,563
Public safety	11,072,802	11,212,181	13,597,148	13,164,284
Public services	33,426,113	30,573,381	34,361,851	35,875,120
Interest on long-term debt	-	2,073,243	2,052,121	2,039,747
Total governmental activities expenses	59,200,335	60,338,062	65,659,261	72,172,714
Business-type activities:				
Solid waste	1,096,935	1,137,797	1,258,380	1,136,337
Landscape and lighting	147,299	198,252	160,241	156,616
Sewer	610,894	1,310,820	685,782	1,006,626
Street maintenance	305,569	334,287	346,350	366,655
Total business-type activities expenses	2,160,697	2,981,156	2,450,753	2,666,234
Total primary government expenses	\$ 61,361,032	\$ 63,319,218	\$ 68,110,014	\$ 74,838,948
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 868,099	\$ 492,019	\$ 532,160	\$ 446,180
Public safety	800,865	999,856	684,303	692,071
Public services	18,260,961	18,535,109	20,879,091	23,401,515
Operating grants and contributions	6,484,701	3,244,620	5,003,291	4,828,524
Capital grants and contributions	332,050	743,180	232,089	1,027,706
Total governmental activities program revenues	26,746,676	24,014,784	27,330,934	30,395,996
Business-type activities:				
Charges for services:				
Solid waste	1,140,457	1,159,211	1,190,664	1,231,080
Landscape and lighting	136,105	163,312	162,704	172,501
Sewer	201,155	196,513	563,497	686,056
Street maintenance	286,867	285,348	283,569	284,924
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	1,764,584	1,804,384	2,200,434	2,374,561
Total primary government program revenues	\$ 28,511,260	\$ 25,819,168	\$ 29,531,368	\$ 32,770,557
Net (expense)/revenue				
Governmental activities	\$ (32,453,659)	\$ (36,323,278)	\$ (38,328,327)	\$ (41,776,718)
Business-type activities	(396,113)	(1,176,772)	(250,319)	(291,673)
Total Primary government net expense	\$ (32,849,772)	\$ (37,500,050)	\$ (38,578,646)	\$ (42,068,391)

CITY OF WEST HOLLYWOOD

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

Page 3 of 4

General Revenue and Other Changes in Net Assets	Fiscal Year			
	2001	2002	2003	2004
Governmental activities:				
Taxes				
Property tax	\$ 7,324,474	\$ 8,439,702	\$ 8,621,038	\$ 10,557,027
Transient occupancy tax	9,609,872	7,888,469	8,050,754	9,288,712
Sales tax	8,648,356	7,764,588	8,265,707	8,667,158
Franchise tax	1,145,752	1,453,833	1,349,112	1,482,870
Business license tax	1,287,309	1,392,779	1,523,494	1,839,314
Motor vehicle in-lieu	2,080,458	2,038,363	2,279,906	1,737,070
Use of money and property	6,313,229	5,385,592	5,034,161	5,565,745
Other	228,670	266,741	4,736,600	341,521
Sale of capital assets	-	-	452,514	(199,449)
Transfers	(75,037)	(178,539)	-	-
Total governmental activities	<u>36,563,083</u>	<u>34,451,528</u>	<u>40,313,286</u>	<u>39,279,968</u>
Business-type activities:				
Property taxes	423,322	477,825	26,895	-
Use of money and property	118,105	63,372	32,192	23,743
Intergovernmental	-	-	-	36,596
Transfers	75,037	178,539	-	-
Other	-	-	-	-
Total business-type activities	<u>616,464</u>	<u>719,736</u>	<u>59,087</u>	<u>60,339</u>
Total primary government	<u>\$ 37,179,547</u>	<u>\$ 35,171,264</u>	<u>\$ 40,372,373</u>	<u>\$ 39,340,307</u>
Change in Net Assets				
Governmental Activities	\$ 10,246,612	\$ 4,673,344	\$ 4,333,151	\$ 9,956,735
Business-type activities	54,427	(360,326)	(302,164)	(209,016)
Total primary government	<u>\$ 10,301,039</u>	<u>\$ 4,313,018</u>	<u>\$ 4,030,987</u>	<u>\$ 9,747,719</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

(Continued)

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General Revenue and Other Changes in Net Assets	Fiscal Year			
	2005	2006	2007	2008
Governmental activities:				
Taxes				
Property tax	\$ 11,290,226	\$ 15,282,673	\$ 15,431,742	\$ 16,094,302
Transient occupancy tax	11,262,704	12,791,327	13,598,347	13,133,591
Sales tax	11,295,461	11,815,467	12,531,819	13,935,810
Franchise tax	1,568,412	2,045,702	2,050,258	2,093,383
Business license tax	2,012,904	2,198,549	2,344,725	2,454,969
Motor vehicle in-lieu	2,588,005	2,522,013	2,734,771	3,013,166
Use of money and property	5,296,288	6,798,247	9,220,141	12,186,976
Other	447,477	646,918	6,489,110	333,347
Sale of capital assets	-	(70,533)	2,217,673	-
Transfers	-	-	(26,706)	(86,684)
Total governmental activities	<u>45,761,477</u>	<u>54,030,363</u>	<u>66,591,880</u>	<u>63,158,860</u>
Business-type activities:				
Property taxes	-	-	-	-
Use of money and property	37,035	38,563	44,354	51,884
Intergovernmental	35,534	-	-	-
Transfers	-	-	26,706	86,684
Other	-	84,165	-	-
Total business-type activities	<u>72,569</u>	<u>122,728</u>	<u>71,060</u>	<u>138,568</u>
Total primary government	<u>\$ 45,834,046</u>	<u>\$ 54,153,091</u>	<u>\$ 66,662,940</u>	<u>\$ 63,297,428</u>
Change in Net Assets				
Governmental Activities	\$ 13,307,818	\$ 17,707,085	\$ 28,263,553	\$ 21,382,142
Business-type activities	(323,544)	(1,054,044)	(179,259)	(153,105)
Total primary government	<u>\$ 12,984,274</u>	<u>\$ 16,653,041</u>	<u>\$ 28,084,294</u>	<u>\$ 21,229,037</u>

CITY OF WEST HOLLYWOOD

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

Page 1 of 2

	Fiscal Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 11,215,199	\$ 14,898,400	\$ 12,827,655	\$ 8,252,813
Unreserved	13,412,643	8,567,266	18,619,896	25,105,511
Total General Fund	<u>\$ 24,627,842</u>	<u>\$ 23,465,666</u>	<u>\$ 31,447,551</u>	<u>\$ 33,358,324</u>
All other governmental funds				
Reserved	\$ 11,110,349	\$ 21,587,999	\$ 3,285,441	\$ 1,306,137
Unreserved, reported in:				
Special revenue funds	8,544,473	10,927,125	13,068,315	9,167,038
Capital projects funds	(10,377,354)	(16,333,371)	(16,087,901)	(2,869,830)
Debt service funds	4,365,576	3,877,980	6,234,461	8,044,882
Permanent funds	14,815	19,534	(7,340)	(19,008)
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>

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.

(Continued)

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	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 7,366,598	\$ 8,667,835	\$ 9,586,060	\$ 11,088,861
Unreserved	34,649,072	43,109,866	59,779,958	71,182,870
Total General Fund	<u>\$ 42,015,670</u>	<u>\$ 51,777,701</u>	<u>\$ 69,366,018</u>	<u>\$ 82,271,731</u>
All other governmental funds				
Reserved	\$ 1,853,944	\$ 1,739,931	\$ 1,828,522	\$ 6,367,024
Unreserved, reported in:				
Special revenue funds	8,124,694	12,827,476	17,077,571	21,073,781
Capital projects funds	(4,446,100)	(3,999,838)	(1,053,737)	(7,352,494)
Debt service funds	9,104,625	12,596,942	16,259,331	20,005,025
Permanent funds	(14,039)	(13,161)	(13,378)	(9,825)
Total all other governmental funds	<u>\$ 14,623,124</u>	<u>\$ 23,151,350</u>	<u>\$ 34,098,309</u>	<u>\$ 40,083,511</u>

CITY OF WEST HOLLYWOOD

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

Page 1 of 2

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

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.

(Continued)

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	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 37,952,941	\$ 45,207,616	\$ 46,101,241	\$ 48,030,682
Licenses and permits	3,768,824	3,685,402	4,713,679	6,463,934
Intergovernmental	9,019,572	5,630,843	7,291,616	9,326,675
Charges for services	3,000,706	3,465,762	3,305,877	3,204,181
Use of money and property	6,191,455	7,878,304	9,464,842	11,800,400
Fines and forfeitures	8,615,254	9,035,814	9,527,735	9,426,028
Other	320,347	790,001	6,514,931	1,627,926
Developer fees	2,959,411	2,171,542	3,703,886	3,963,162
Total revenues	71,828,510	77,865,284	90,623,807	93,842,988
Expenditures				
Current:				
General government	13,874,481	16,166,120	15,194,716	17,656,982
Public Safety	10,698,220	11,139,872	11,319,265	12,671,110
Public Services	27,292,421	27,346,605	30,204,839	33,086,061
Capital outlay	4,722,669	6,322,213	6,663,064	8,463,971
Debt service:				
Principal retirement	5,420,000	845,000	890,000	935,000
Interest and fiscal charges	2,169,468	2,076,761	2,066,311	2,052,264
Cost of issuance	-	-	-	-
Total expenditures	64,177,259	63,896,571	66,338,195	74,865,388
Excess (deficiency) of revenues over (under) expenditures	7,651,251	13,968,714	24,285,612	18,977,600
Other financing sources (uses)				
Transfers in	8,062,551	2,684,606	2,697,002	3,354,513
Transfers out	(8,062,551)	(2,684,606)	(2,723,708)	(3,441,197)
Long-term debt issued	-	-	-	-
Sale of capital assets	-	2,879,467	3,697,706	-
Total other financing sources (uses)	-	2,879,467	3,671,000	(86,684)
Net change in fund balances	\$ 7,651,251	\$ 16,848,181	\$ 27,956,612	\$ 18,890,916
Debt service as a percentage of noncapital expenditures	12.2%	5.0%	4.6%	4.2%
Capital Outlay*	2,046,977	5,420,275	2,424,732	4,462,135

CITY OF WEST HOLLYWOOD

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

Fiscal Year	(1) Transient Occupancy Tax	(2) Sales Taxes	(3) Property Taxes	Franchise Taxes	Business License Tax	Total General Fund Taxes
1999	8,414,889	6,953,992	4,932,063	1,185,483	1,131,022	22,617,448
2000	8,806,714	8,139,029	5,403,149	1,061,580	1,167,321	24,577,793
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

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.

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		Taxable Assessed Value	(1) Total Direct Tax Rate
	Secured	Unsecured	Utility		Secured	Unsecured		
1999	2,784,062,333	152,268,021	0	2,936,330,354	410,341,912	8,955,916	419,297,828	-
2000	3,062,353,577	164,939,296	0	3,227,292,873	446,297,257	26,039,787	472,337,044	-
2001	3,346,543,784	174,156,701	0	3,520,700,485	471,914,181	16,603,289	488,517,470	-
2002	3,729,600,821	206,602,688	0	3,936,203,509	555,918,793	30,961,708	586,880,501	-
2003	3,949,650,885	167,150,905	0	4,116,801,790	582,850,126	25,257,243	608,107,369	-
2004	4,187,962,732	167,112,510	257,447	4,355,332,689	594,564,717	25,344,256	619,908,973	-
2005	4,542,034,409	161,139,825	278,447	4,703,452,681	641,884,711	30,302,657	672,187,368	-
2006	5,068,388,464	173,298,910	0	5,241,687,374	758,954,278	34,246,200	793,200,478	-
2007	5,794,475,935	197,498,151	0	5,991,974,086	865,128,068	34,143,901	899,271,969	-
2008	6,373,345,094	228,602,564	0	6,601,947,658	951,801,448	56,859,555	1,008,661,003	-

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

(1) The City does not have a direct property tax rate.

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	
1999	1.00000	0.02475	0.00000	0.00145	0.00890	0.00195	0.00153	1.03858
2000	1.00000	0.03154	0.00000	0.00142	0.00890	0.00176	0.00160	1.04522
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

Notes:

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

(2) 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.

Source: Los Angeles County Auditor-Controller.

CITY OF WEST HOLLYWOOD

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

<u>Taxpayer</u>	<u>2008</u>		<u>1999</u>	
	<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>
Mani Brothers	\$ 211,326,804	3.20%	-	0.00%
Pacific Design Center LLC	156,103,691	2.36%	154,284,073	4.78%
BRCP Millennium LLC	105,000,000	1.59%	-	0.00%
CLPF West Hollywood Limited Partnership	78,425,352	1.19%	-	0.00%
Mondrian Holdings LLC	74,050,384	1.12%	17,478,892	0.54%
Studio Lending Group LLC	54,186,241	0.82%	-	0.00%
CAC Exchange I LLC	30,196,783	0.46%	-	0.00%
W Bel Age LLC	51,204,000	0.78%	-	0.00%
Casden Movietown LLC	28,090,800	0.43%		0.00%
Sunset Millennium Associates LLC	39,432,062	0.60%	19,210,510	0.60%
LJO LE Parc Limited Partnership	48,069,862	0.73%		0.00%
Overstreet Monte	31,873,932	0.48%	8,650,123	0.27%
RWH Holdings Inc.	28,770,185	0.44%	24,927,102	0.77%
Time Warner Entertainment Company	-	0.00%	42,853,067	1.33%
IRP Sunset LLC	-	0.00%	21,670,136	0.67%
Patriot American Hospitality	-	0.00%	20,638,464	0.64%
Luckman Management Coompany LP	-	0.00%	19,962,099	0.62%
Sunset Sierra Properties, Inc	-	0.00%	16,772,344	0.52%
TOTALS	\$ 725,403,292	10.99%	\$ 346,446,810	10.73%

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	
		Amount	Percent of Levy		Amount	Percent of Levy
1999	5,223,621	4,578,834	87.7%	147,112	4,725,946	90.5%
2000	5,897,054	5,682,452	96.4%	94,532	5,776,984	98.0%
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%

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

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 (3)	Debt Per Capita
	Tax Allocation Bonds (1)	Certificates of Participation (2)	General Obligation	Certificates of Participation			
1999	0	33,215,000	0	0	33,215,000	3.2%	938.44
2000	0	32,490,000	0	0	32,490,000	2.9%	907.69
2001	0	31,735,000	0	0	31,735,000	2.7%	876.10
2002	0	31,050,000	0	0	31,050,000	2.6%	841.42
2003	0	29,165,000	0	0	29,165,000	2.3%	781.86
2004	11,500,000	28,440,000	0	0	39,940,000	3.0%	1,057.96
2005	11,265,000	23,255,000	0	0	34,520,000	2.5%	910.63
2006	11,070,000	22,605,000	0	0	33,675,000	2.3%	895.75
2007	10,870,000	21,915,000	0	0	32,785,000	2.1%	782.93
2008	10,665,000	21,185,000	0	0	31,850,000	NA	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.
- (3) Personal Income information not available for 2008 at this time.

Source: City of West Hollywood

CITY OF WEST HOLLYWOOD

TABLE 11
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2008
(UNAUDITED)

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to City of West Hollywood	Amount Applicable to City of West Hollywood June 30, 2007
Overlapping General Fund Debt:			
Metropolitan Water District	150,054,336	0.758%	1,136,826
Los Angeles County Community College District	1,370,820,000	1.216%	16,663,919
Los Angeles Unified School District	7,325,045,000	1.497%	109,685,235
Subtotal, overlapping debt			127,485,980
City direct governmental debt			21,185,000
Total direct and overlapping governmental debt:			<u>\$ 148,670,980</u>

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**

	Fiscal Year				
	1999	2000	2001	2002	2003
Debt limit	\$ 454,335,094	\$ 471,852,527	\$ 534,446,400	\$ 601,330,601	\$ 632,879,805
Total net debt applicable to limit	34,235,000	34,235,000	34,235,000	33,765,000	32,465,000
Legal debt margin	<u>\$ 420,100,094</u>	<u>\$ 437,617,527</u>	<u>\$ 500,211,400</u>	<u>\$ 567,565,601</u>	<u>\$ 600,414,805</u>
Total net debt applicable to the limit as percentage of debt limit	7.54%	7.26%	6.41%	5.62%	5.13%

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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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	2004	2005	2006	2007	2008
Debt limit	\$ 669,881,700	\$ 724,258,134	\$ 786,253,106	\$ 898,796,113	\$ 990,292,149
Total net debt applicable to limit	43,965,000	38,605,000	38,605,000	38,605,000	38,605,000
Legal debt margin	\$ 625,916,700	\$ 685,653,134	\$ 747,648,106	\$ 860,191,113	\$ 951,687,149
Total net debt applicable to the limit as percentage of debt limit	6.56%	5.33%	4.91%	4.30%	3.90%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	\$ 6,601,947,658
Debt limit (1)	990,292,149
Debt applicable to limit:	
Certificates of participation	\$ 27,105,000
Tax allocation bonds	\$ 11,500,000
Net amount of debt applicable to debt limit	38,605,000
Legal debt margin	\$ 951,687,149

CITY OF WEST HOLLYWOOD

TABLE 13
EAST SIDE PROJECT AREA BONDS COVERAGE
LAST FIVE 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

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

Calendar Year	Population (1)	Personal Income (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
1999	35,394	1,040,654,388	29,402	5.9%
2000	35,794	1,111,224,730	31,045	5.4%
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	N/A	N/A	N/A

Notes: Annual income and unemployment figures for 2008 was not available at time of publication of this CAFR.

Sources: (1) California Department of Finance. E-1 Population Estimates 2008

(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.

(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. 2007 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 FIVE YEARS AGO**

	2008		2007		2006		2005		2004		2003	
	# Employees	% Percent of Total City Employment	#	%	#	%	#	%	#	%	#	%
Interative Corp (aka Ticketmaster)	1,300	4.9%	1,300	4.9%	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%	411	1.6%	411	1.6%	-	0.0%
Mondrian Holdings LLC (Mondrian Hotel)	400	1.5%	400	1.5%	400	1.5%	400	1.6%	500	2.0%	500	2.0%
Wyndham Bel Age Hotel LP	230	0.9%	230	0.9%	230	0.9%	230	0.9%	200	0.8%	200	0.8%
House of Blues Concerts Inc	230	0.9%	150	0.6%	150	0.6%	150	0.6%	150	0.6%	150	0.6%
Dalley & Associates	209	0.8%	209	0.8%	209	0.8%	260	1.0%	260	1.0%	260	1.1%
City of West Hollywood	200	0.8%	200	0.8%	200	0.8%	200	0.8%	200	0.8%	200	0.8%
Hollywood Standard LLC (The Standard Hotel)	189	0.7%	189	0.7%	189	0.7%	189	0.7%	180	0.7%	-	0.0%
Hyatt Corp (Hyatt West Hollywood Hotel)	165	0.6%	165	0.6%	165	0.6%	165	0.6%	165	0.7%	165	0.7%
HMBL LLC (Best Western Sunset Plaza)	125	0.5%	125	0.5%	125	0.5%	-	0.0%	-	0.0%	-	0.0%
Outrigger Lodging Services LLP (La Parc Suite Hotel)	105	0.4%	105	0.4%	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%	133	0.5%	133	0.5%
SC Club LP (Key Club)	100	0.4%	100	0.4%	100	0.4%	60	0.2%	60	0.2%	60	0.2%
Suissa Miller Advertising LLC	100	0.4%	100	0.4%	100	0.4%	-	0.0%	-	0.0%	-	0.0%
Sunset Conglomerate Restaurant (Saddle Ranch)	100	0.4%	100	0.4%	100	0.4%	100	0.4%	100	0.4%	100	0.4%
New Line Cinema Corp (Sold)	-	0.0%	100	0.4%	100	0.4%	100	0.4%	100	0.4%	100	0.4%
Total Jobs By Principal Employers	3,964	15.0%	3,984	15.1%	3,984	15.4%	3,770	14.7%	3,864	15.4%	1,973	8.0%
Total Jobs (estimated) in City of West Hollywood	26,421	100%	26,159	100%	25,900	100%	25,609	100%	25,117	100%	24,600	100%

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

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

CITY OF WEST HOLLYWOOD

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

Function	Fiscal Year									
	99	00	01	02	03	04	05	06	07	08
General Government										
Legislative & Executive	26.8	26.8	27.0	27.0	21.5	21.5	22.5	22.5	22.5	24.6
Administration	14.0	17.3	18.8	18.8	26.8	26.8	27.8	27.8	28.8	28.8
Finance & Information Technology	21.0	21.0	21.0	21.0	22.0	22.0	22.0	22.0	22.0	21.9
Public Information (1)	-	-	-	-	8.7	8.7	8.7	8.7	8.7	8.8
Community Services										
Human Services	39.9	39.9	42.2	43.7	49.2	46.5	47.2	47.2	47.2	50.6
Housing & Rent Stabilization	20.0	20.0	21.0	21.0	17.8	16.8	18.0	17.0	17.0	18.0
Community Development	32.5	32.5	33.0	33.0	29.0	30.0	33.0	33.0	33.0	28.0
Transportation	22.0	22.0	24.0	24.0	23.0	23.0	23.0	23.0	24.0	26.0
Total	<u>176.2</u>	<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>

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									
	99	00	01	02	03	04	05	06	07	08
Police (1)										
Incidents	7,328	7,493	7,667	7,274	7,338	7,353	7,591	7,650	7,763	7,863
Arrests	2,686	2,893	2,271	2,268	2,406	2,464	2,715	2,800	3,976	3,907
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	4	4	5	5	5	5	5	5
Community Development										
Commercial building permits	148	292	210	113	142	321	307	254	304	253
Residential building permits	504	316	735	480	467	401	460	483	442	531
Parking										
Citations issued	195,794	202,220	191,177	216,718	198,076	197,370	181,337	187,854	183,311	194,003

Notes:

(1) Police statistics are base on calendar year; Information for 2008 is an estimate.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

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

Function/program	Fiscal Year									
	99	00	01	02	03	04	05	06	07	08
Public Safety										
This a contracted service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking:										
Parking Structures	1	1	1	1	1	1	1	1	1	1
Parking Lots	1	1	1	1	1	4	4	4	4	4
Cultural & Recreation:										
Parks	4	4	4	4	5	5	5	5	5	5
General Services:										
Sidewalks (length/feet)	237,600	237,600	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638
Streets (miles)	51	51	54	54	54	54	54	54	54	54
Traffic signals	49	52	54	56	56	56	56	56	56	56
Wastewater:										
Sanitary sewers (miles)	39	39	39	39	39	39	39	39	39	39
Manholes	114	114	114	114	114	114	114	114	114	114
City-Line:										
Number of Buses	5	5	5	5	5	5	5	5	5	5

Source: City of West Hollywood

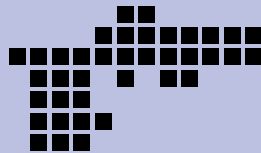
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CITY OF WEST HOLLYWOOD

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California 1984