

CITY OF WEST HOLLYWOOD

Comprehensive Annual
Financial Report

Fiscal Year Ending
June 30, 2007



West Hollywood California

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, 2007

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

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

DEPARTMENT
OF FINANCE
& TECHNOLOGY
SERVICES

December 14, 2007

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, 2007. 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, 2007, 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, 2007, 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 (that is, the level at which expenditures cannot legally exceed the appropriated amount) adopted by City Council is established at the fund level. 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 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, 2007, 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, 2007, 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 continues to expand and the revenue base remains 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.
- Labor negotiations were successfully completed with West Hollywood Manager's Association, West Hollywood Municipal Employees Association, The Association of Council Deputies and the Association of Confidential Employees.
- 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.
- The City is revising the General Plan, including development of a Westside Specific Plan and an update to the Historic Resources Inventory.
- 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 \$120 million.

- The implementation of Phase I of the West Hollywood Park Master Plan which includes the development of a new West Hollywood Library (\$67 million)
- West Hollywood City Hall Community Service Center and Parking Project (\$18 million) and
- Implementation of Phase I of the Plummer Park Master Plan.(\$35 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, 2006. 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: David Hatcher, Revenue Manager, Norma Soto-Touriño, Accountant, and Gina Schuchard, Accounting Services Manager.

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

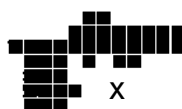
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Finance Policies

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, 2006

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



President

Executive Director

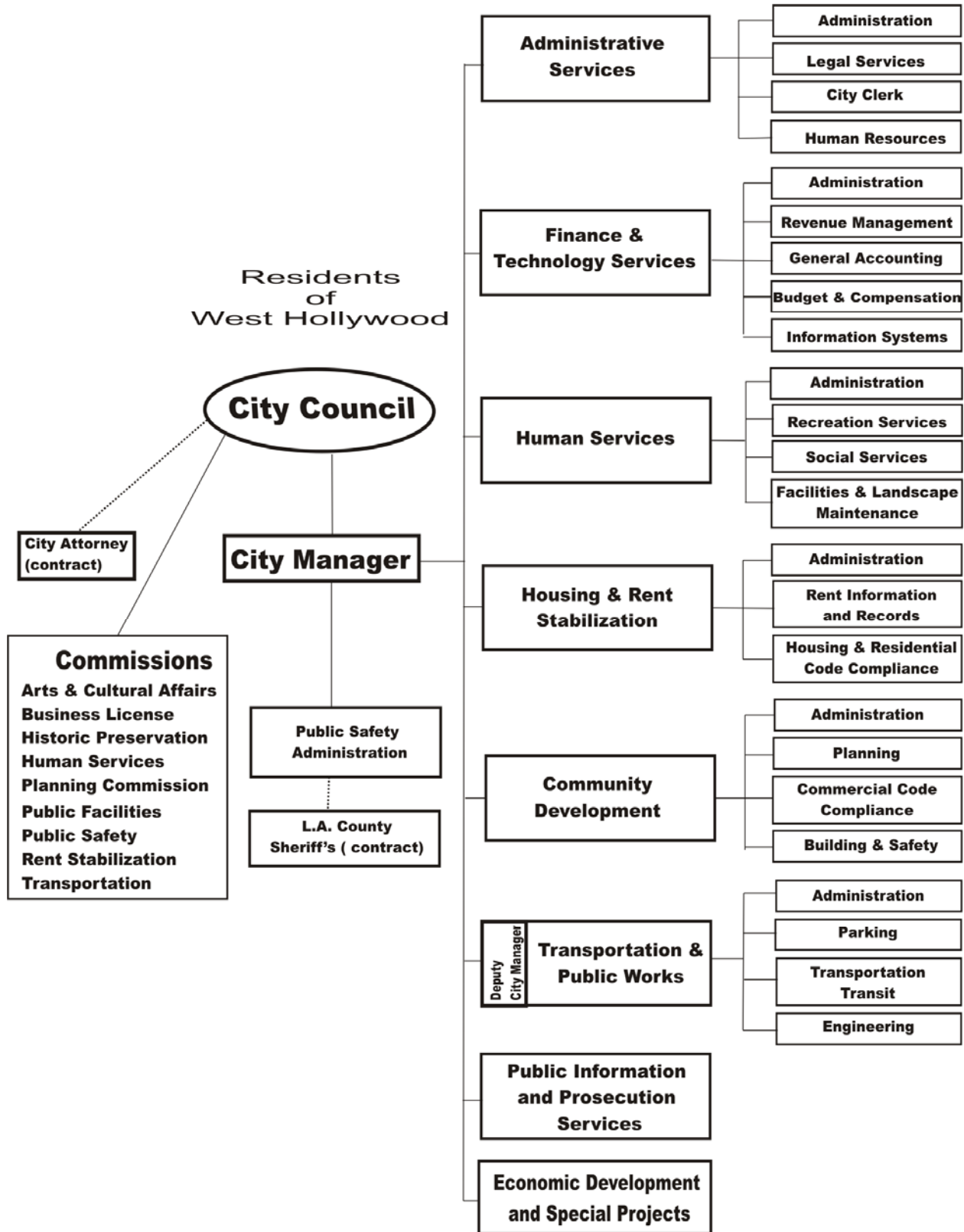
DIRECTORY OF CITY OFFICIALS AS OF JUNE 30, 2007

Mayor and City Council

Mayor.....	<i>John Duran</i>
Mayor Pro Tempore.....	<i>Jeff Prang</i>
Council Member.....	<i>Sal Guarriello</i>
Council Member.....	<i>John Heilman</i>
Council Member.....	<i>Abbe Land</i>

Administration

City Manager.....	<i>Paul Arevalo</i>
City Attorney.....	<i>Michael Jenkins</i>
City Clerk	<i>Tom West</i>
Deputy City Manager	<i>Joan English</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>
Department of Finance & Technology Services	
Director.....	<i>Anil H. Gandhi</i>
Accounting Services Manager.....	<i>Gina Schuchard</i>
Budget & Compensation Manager	<i>Judith Wright</i>
Information Technology Manager.....	<i>Brian Ganley</i>
Revenue Manager.....	<i>David Hatcher</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

**Robert C. Lance
1914-1994**

Richard C. Soll

**Fred J. Lunghard, Jr.
1928-1999**

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, 2007, 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, 2007, 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 14, 2007, 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.



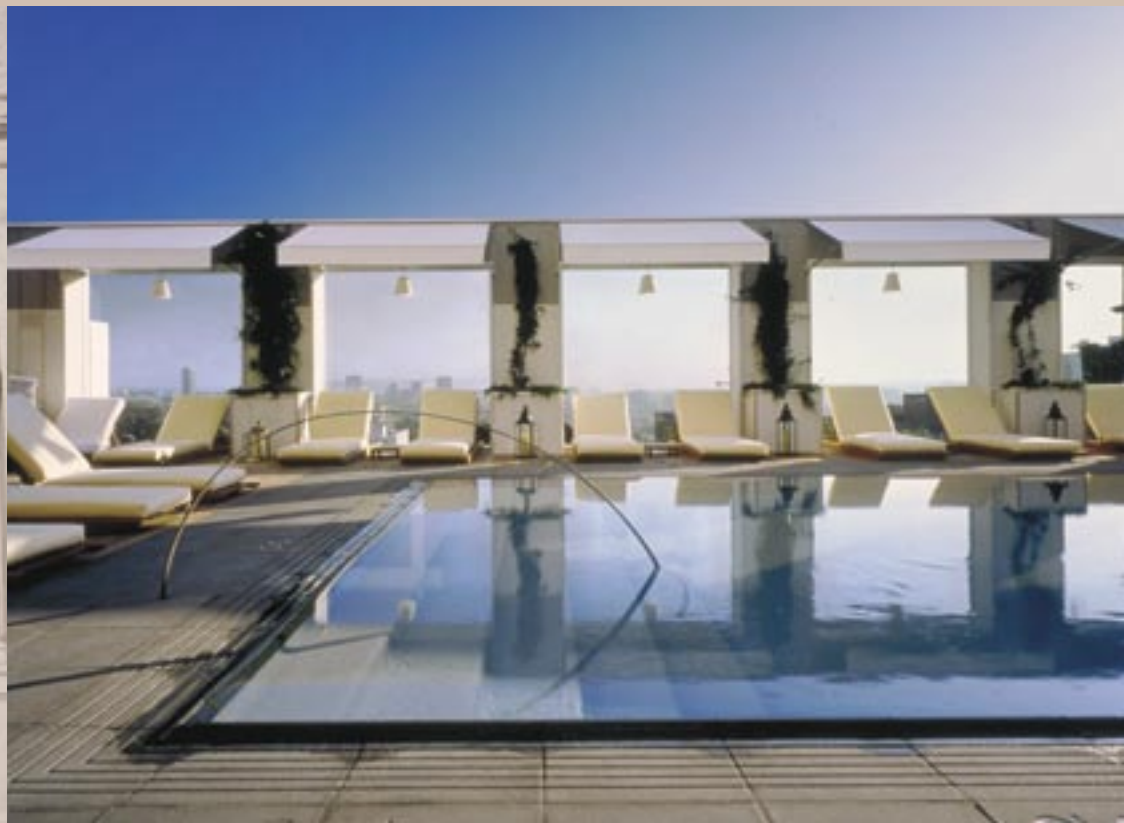
To The Honorable Mayor and Members of the City Council
The City of West Hollywood, California

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 14, 2007

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, 2007. 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. This is the seventh year that the City has issued financials statements pursuant to GASB Statement No. 34 of the Governmental Accounting Standards Board. 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 \$247.5 million and total liabilities were \$49.0 million at June 30, 2007. The assets exceeded liabilities by \$198.5 million (*net assets*). Of this amount, \$62.8 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2007, total net assets increased by \$29.1 million. Total revenues from all sources were \$93.9 million and total expenses for all functions/programs were \$65.7 million.
- Of total revenues, program revenues were \$29.5 million and general revenues were \$66.7 million. Program revenues are separated into three categories: Charges for Services, \$24.3 million; Operating Contributions and Grants \$5.0 million; and Capital Contributions and Grants, \$(0.2) million.

Fund Based

- For fiscal year ending June 30, 2007, total Fund Balance of the General Fund was \$69.4 million, or 136 percent of total General Fund expenditures of \$51.2 million. Reserved Fund Balance was \$9.6 million, Designated Fund Balance was \$52.3 million, and Undesignated Fund Balance was \$7.1 million.
- For the General Fund, actual resources available for appropriation during the year were \$116.2 million; this consists of \$51.7 million in fund balance and \$64.5 million in revenue inflows which was \$6.5 million over budget. Actual charges (outflows) of \$51.2 million were \$12.7 million less than the budget of \$63.9 million. Capital projects, not completed during the fiscal year, were \$4.8 million and will be carried forward to FY 07-08. These are included in the \$52.3 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 and Finance and Information Technology. *Public Safety* is made up of Public Information and Prosecution Services. *Public Service* includes the departments of Human Services, Rent Stabilization, Community Development, and Transportation & Public Works. Governmental activities are financed mostly by: property taxes, transient occupancy taxes, sales taxes, parking fines, charges for services, franchise taxes, and state and federal grants.

Business-type activities – The City charges a fee to customers to help it cover all or most of the costs of providing these services. The City's solid waste, sewer,



landscape, and street maintenance districts are reported here.

Component units – The City has included several legally separate entities in this report – the West Hollywood Community Development Commission (Redevelopment Agency), the West Hollywood Housing Authority (Housing Authority), the West Hollywood Public Facilities Corporation (Public Facilities Corporation), the West Hollywood Community Foundation (Community Foundation), the West Hollywood Public Financing Authority, 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, RDA Capital Projects Fund, and Capital Projects Debt Service Fund. All three 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, 2007, for net assets (Table) 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, 2006 in its analysis.

Net Assets (Table 1)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 120.0	\$ 91.2	\$ 1.3	\$ 1.1	\$ 121.4	\$ 92.4
Capital assets	115.9	116.7	10.3	10.6	126.1	127.3
Total assets	235.9	207.9	11.6	11.7	247.5	219.7
Long-term debt outstanding	35.5	36.2	-	-	35.5	36.2
Other liabilities	13.4	14.2	0.1	0.0	13.5	14.2
Total liabilities	48.9	50.4	0.1	0.0	49.0	50.4
Net assets:						
Invested in capital assets, net of debt	82.8	83.0	10.3	10.6	93.1	93.6
Restricted	42.5	30.2	-	-	42.5	30.2
Unrestricted	61.6	44.3	1.3	1.1	62.8	45.4
Total net assets	\$ 186.9	\$ 157.5	\$ 11.5	\$ 11.7	\$ 198.5	\$ 169.3

The City's Government-Wide total net assets were \$198.5 million, with assets of \$247.5 million and liabilities of \$49.0 million. The net investment in capital assets of \$93.1 million represents 47.9 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, \$42.5 million (21.0 percent) represents resources that are subject to external restrictions in how they may be used. This was an increase of \$12.3 million mainly related to \$26.8 million restricted to capital projects. The remaining balance of \$62.8 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	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues:						
Charges for Services	\$ 22.1	\$ 20.0	\$ 2.2	\$ 1.8	\$ 24.3	\$ 21.8
Operating Contributions & Grants	5.0	3.2	-	-	5.0	3.2
Capital Contributions & Grants	0.2	0.7	-	-	0.2	0.7
Sub-total Program Revenues	27.3	24.0	2.2	1.8	29.5	25.8
General Revenues:						
Property taxes	15.4	15.3	-	-	15.4	15.3
Transient occupancy taxes	13.6	12.8	-	-	13.6	12.8
Sales taxes	12.5	11.8	-	-	12.5	11.8
Franchise taxes	2.1	2.0	-	-	2.1	2.0
Business license taxes	2.3	2.2	-	-	2.3	2.2
Motor Vehicle in lieu	2.7	2.5	-	-	2.7	2.5
Use of money and property	9.2	6.8	0.04	0.04	9.3	6.8
Transfers	(0.0)	-	0.03	-	-	-
Other	6.5	0.6	-	0.08	6.5	0.7
Sale of Capital Asset	2.2	(0.1)	-	-	2.2	(0.1)
Sub-total General Revenues	66.6	54.0	0.1	0.1	66.7	54.2
Total Revenues	93.9	78.0	2.3	1.9	96.2	80.0

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2007	2006	2007	2006	2007	2006
Expenses						
General Government	\$ 15.6	\$ 16.5	\$ -	\$ -	\$ 15.6	\$ 16.5
Public Safety	13.6	11.2	-	-	13.6	11.2
Public Services	34.4	30.6	-	-	34.4	30.6
Solid Waste	-	-	1.3	1.1	1.3	1.1
Sewer District			0.3		0.3	
Landscape	-	-	0.2	0.2	0.2	0.2
Sewer	-	-	0.4	1.3	0.4	1.3
Interest on Long-Term Debt	2.0	2.1			2.0	2.1
Street Maintenance	-	-	0.3	0.3	0.3	0.3
Total Expenses	65.6	60.3	2.5	3.0	68.1	63.3
Increase (decrease) in Net Assets	\$ 28.3	\$ 17.7	\$ (0.2)	\$ (1.1)	\$ 28.1	\$ 16.7
Net Assets at Beginning of Year	157.5	138.4	11.7	12.8	169.3	151.2
Restatements	1.1	1.4	-	-	1.1	1.4
Net Assets at End of Year	\$ 186.9	\$ 157.5	\$ 11.5	\$ 11.7	\$ 198.5	\$ 169.3

The government's net assets increased \$28.1 million (Table 2), with total revenues of \$96.2 million and total expenses of \$68.1 million. Program revenues were \$29.5 million and general revenues were \$66.7 million, funding the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$24.3 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 \$5.0 and \$(.02) million respectively. Property tax was the second largest revenue at \$15.4 million, followed by Transient Occupancy tax, at \$13.6 million, and the fourth largest revenue source was Sales tax at \$12.5 million. These last three sources are all *general revenues derived from the citizenry or taxpayers*.

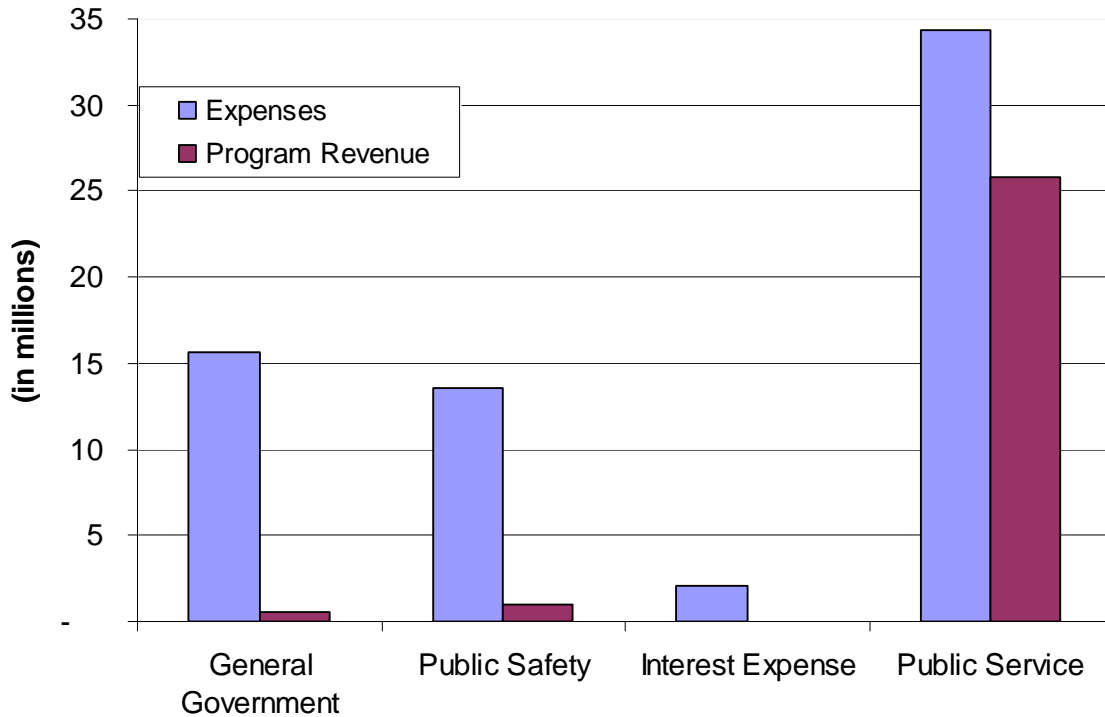
In terms of the explanation behind the change in net assets, of the total increase of \$28.1 million, \$17 million was in the General Fund and the other \$11 million was in Other Governmental Funds. In the General Fund, revenues exceeded expenditures by \$17.0 million. The major variance compared with the prior year is shown in Table 3. The revenue increases were primarily due to the strong economy. The increase in Other Governmental Funds was due to excess revenues over expenditures in three nonmajor funds. In Parking Improvements, the revenue exceeded expenditures by \$1.7 million due to strong parking demands in the City. In the Housing Trust Fund, there were

increased collections from In Lieu Housing Fees for \$2.4 million. Lastly, the City prevailed in a judgment for \$6.2 million in the Santa Monica Blvd. Fund. In total, non-major other Governmental Fund net assets increased by \$11.0 million.

In comparison to the prior fiscal year, the government's total revenues increased by \$16.2 million or \$3.7 million increase in program revenues and \$ 12.5 million increase in general revenues. For program revenue, charges for services increased \$2.5 million, with operating contributions also increased \$1.8 million. The only decrease in program revenues was capital contributions in the amount of \$.5 million. Compared to the prior year, the government's total expenditures increased \$4.8 million. This increase occurred in the governmental activities only, with an increase in Public Safety of \$ 2.4 million and an increase of \$3.8 million in Public Service. Interest on Long –Term Debt was reported at \$2.1 million while there was a decrease of \$0.9 million in General Government.

Governmental Activities. Governmental activities increased the City's *net assets* by \$29.4 million (Table 2). The cost of all governmental activities this year was \$65.7 million or 96.4 percent of the *primary government* expenditures and was an increase of \$5.4 million from the prior year. As shown in the *Statement of Activities* on page 30, the amount that taxpayers financed through City taxes was \$38.3 million. The other portion of the costs was paid by those who directly benefited from the programs (\$22.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5.2 million). The City used part of the \$66.6 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).

Expenses and Program Revenues – Governmental Activities (Graph 1)

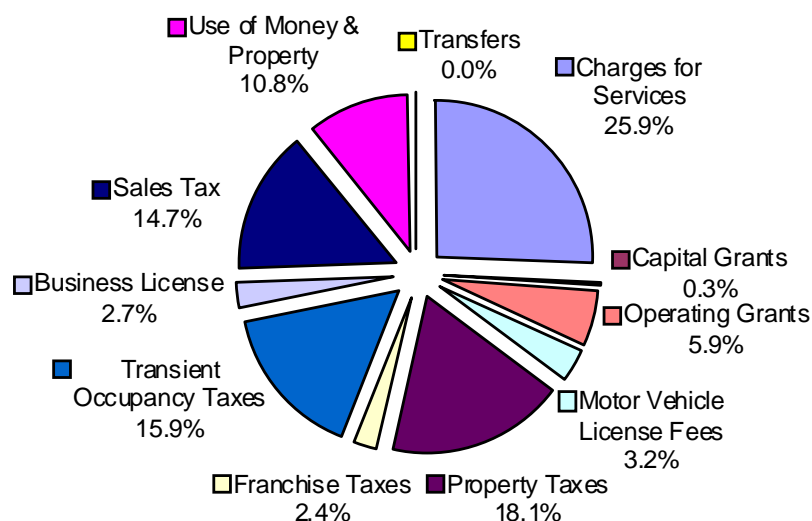


Graph 1 presents the costs of each of the City’s three functions – General Government, Public Safety, Public Service, plus Interest on long-term debt as well as the program’s revenues. The net cost (total cost less *program revenues*) is the amount that was paid from *general revenues*.

General Government had expenses of \$15.6 million with program revenues of \$0.5 million, while *Public Safety* had expenses of \$13.6 million with program revenues of \$1.0 million. From the prior year, *General Government* had a \$1.0 million decrease and *Public Safety* had a \$2.4 million increase. Expenses in *Public Services* represented \$34.4 million or 52.3 percent of total expenses for Governmental Activities. Of this amount, \$25.8 million was funded by *program revenues* and the remaining \$8.6 million was funded by *general revenues*. Interest on long term debt was \$2.1 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 \$22.1 million or 23.5 percent. *Charges for Service’s* consist primarily of: parking fines - \$6.0 million, licenses and permits - \$4.7 million, developer fees - \$3.7 million, rent stabilization fees - \$1.9 million, vehicle code fines - \$1.8 million, and other misc. charges of \$4.0 million.

Revenues by Source – Governmental Activities (Graph 2)



Other program revenues include operating and capital grants that together represented 5.5 percent of the total, or \$5.2 million. Operating and capital grants includes: \$4.4 million in various Federal, State, & County grants, \$0.1 million in Community Development Block Grant and \$0.7 million in Gas Tax.

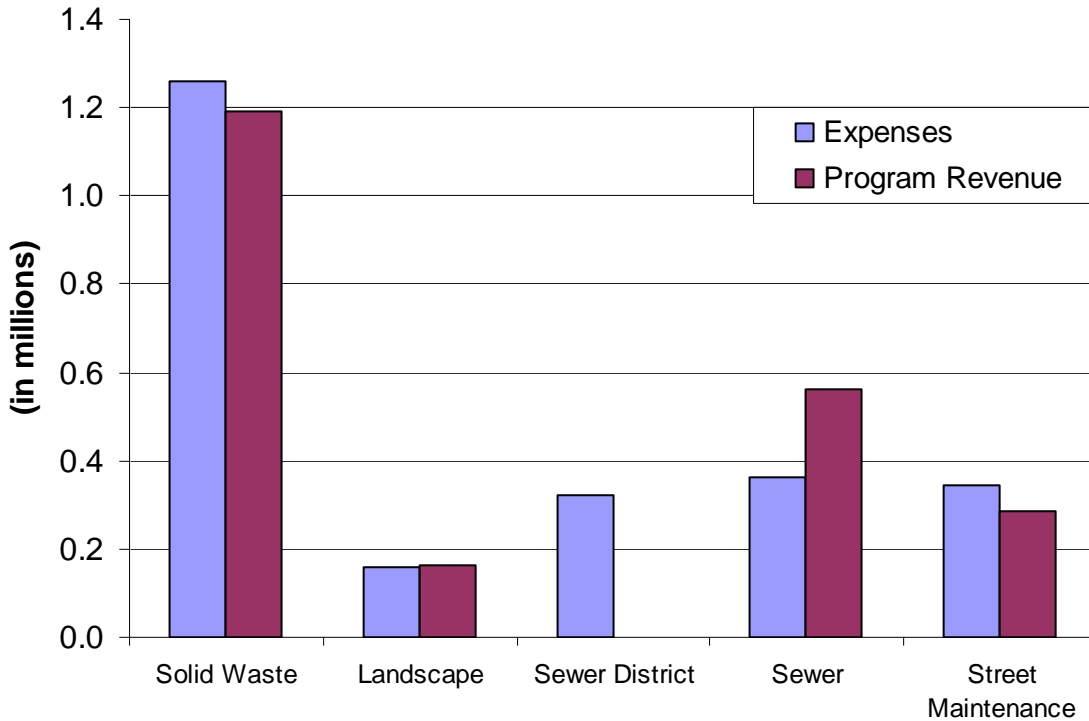
For General Revenues, the four major categories were property tax – \$15.4 million, transient occupancy tax – \$13.6 million, sales tax – \$12.5 million, and use of money and property – \$9.2 million. These four sources represented 55.0 percent of the Governmental Activities.

Business-type Activities. Net assets at June 30, 2007, were \$11.5 million, with assets equaling \$11.6 million and liabilities of \$0.1 million. Unrestricted net assets represented 11.3 percent or \$ 1.3 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 88.7 percent or \$10.3 million. Business-type activities decreased the City’s net assets by \$.2 million in 2007 (Table 2). Revenues of the City’s business-type activities were \$ 2.3 million, while the expenses were \$2.5 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

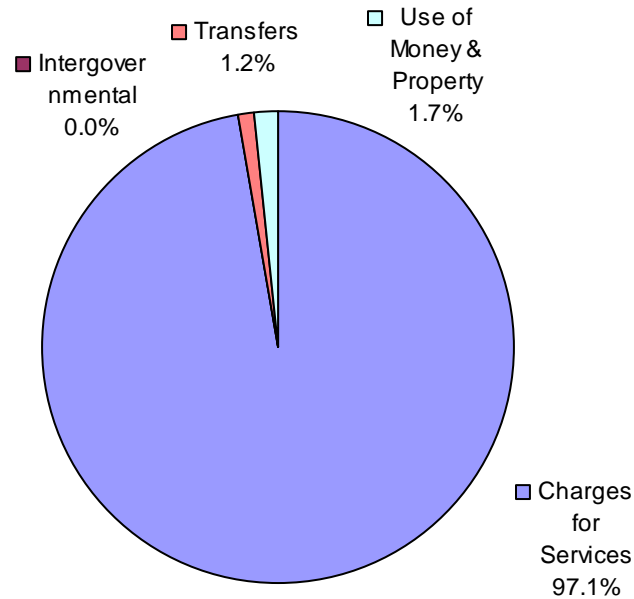
charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs and represent the major funding source for these activities. The sewer district activity includes depreciation expense on the City's sewer infrastructure. The only 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 \$2.2 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 three major governmental funds, General Fund, Debt Funded Capital Projects, and the Redevelopment Agency’s Capital Project Fund. The General Fund is discussed in depth later in the MD&A. Debt Funded Capital Projects accounts for capital expenditures funded by long term debt. The Redevelopment Fund accounts for expenditures made for improvements to the Project Area. The other twenty-two 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 \$103.4 million. Approximately 89.0 percent of this total amount (\$92.0 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 - \$4.8 million, and 2) Advances to other funds, particularly from the City to the Redevelopment Agency - \$6.6 million.

Governmental Revenues – Table 3 presents a summary of governmental fund revenues for the fiscal year ended June 30, 2007, compared to prior year revenues.

Comparison of Governmental Revenues (Table 3)
Fiscal Years 2006-07 and 2005-06

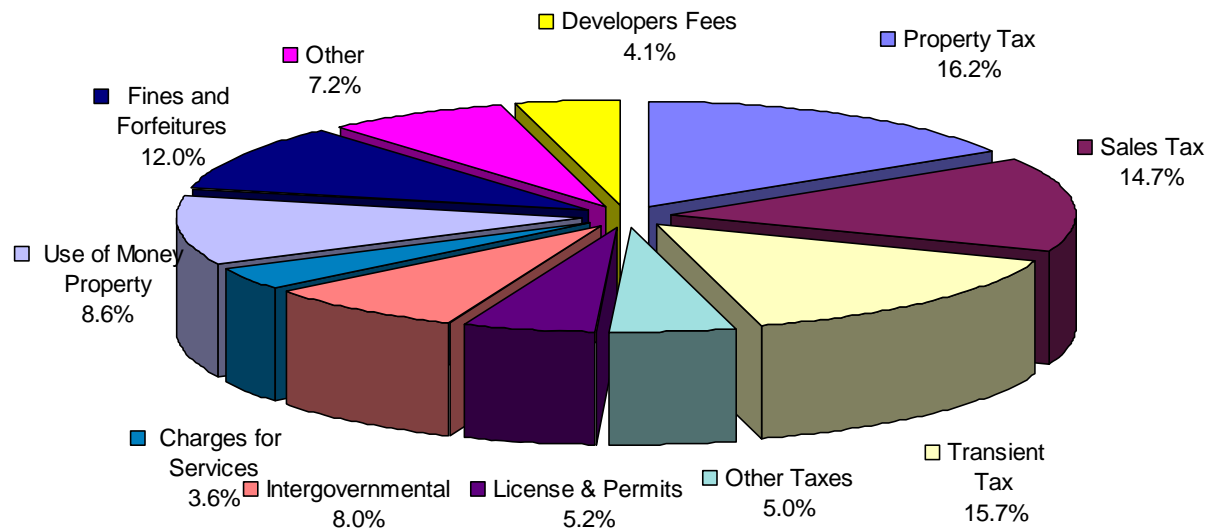
	Amount	% of Total	Amount	% of Total	Variance	% Increase/
	FY 06-07	Revenues	FY 05-06	Revenues	Over/(Under)	(Decrease)
					FY 05-06	FY 05-06
Property Tax	\$ 14,644,055	16.2%	\$ 14,412,362	18.5%	\$ 231,693	1.6%
Sales Tax	13,301,067	14.7%	12,988,360	16.7%	312,707	2.4%
Transient Tax	13,598,347	15.0%	12,791,327	16.4%	807,020	6.3%
Other Taxes	4,557,772	5.0%	5,015,567	6.4%	(457,795)	-9.1%
License & Permits	4,713,679	5.2%	3,685,402	4.7%	1,028,277	27.9%
Intergovernmental	7,291,616	8.0%	5,630,843	7.2%	1,660,773	29.5%
Charges for Services	3,305,877	3.6%	3,465,762	4.5%	(159,885)	-4.6%
Use of Money & Property	9,464,842	10.4%	7,878,304	10.1%	1,586,538	20.1%
Fines and Forfeitures	9,527,735	10.5%	9,035,814	11.6%	491,921	5.4%
Other	6,514,931	7.2%	790,001	1.0%	5,724,930	724.7%
Developers Fees	3,703,886	4.1%	2,171,542	2.8%	1,532,344	70.6%
TOTAL	\$ 90,623,807	100.0%	\$ 77,865,284	100.0%	\$ 12,758,523	16.4%

Revenues of governmental funds for fiscal year 2006-07 were \$90.6 million, with an increase of \$12.8 million or 16.4 percent from the prior fiscal year. There were several significant increases to the top three major revenue sources for the City, which is an excellent sign that the local economy is robust. The largest governmental revenue was property tax at \$14.6 million with an increase of \$0.2 million, or 1.6 percent. Transient occupancy tax, which comprise a significant portion of the City's revenue base and directly reflects the City's tourism industry, increased 6.3 percent or \$.8 million. Similarly, sales tax increased by \$0.3 million or 2.4 percent. The other increases over the prior fiscal year include the Use of Money & Property at 1.6 million due to higher interest rates on investments. Also, Intragovernmental had an increase of \$1.7 million or 29.5% as the City had bought Proposition A transportation funds for \$1.5 million. License and Permits had an increase of \$1.0 million or 27.9% as issuance of building permits citywide increased due to the strong real estate market. Other increases of

\$5,724,930 or 724.7% was the result of the City prevailing in a lawsuit which included a judgment of \$6,200,000. Developer Fees increased \$1.5 million or 70.6% attributable to increased collections in Affordable Housing in-lieu fees.

Unfortunately, there were a few decreases in two categories for a total of \$0.6 million. These decreases were on Other taxes and Charges for Services which were insignificant.

Governmental Fund Revenues – Fiscal Year 2006-07 (Graph 5)



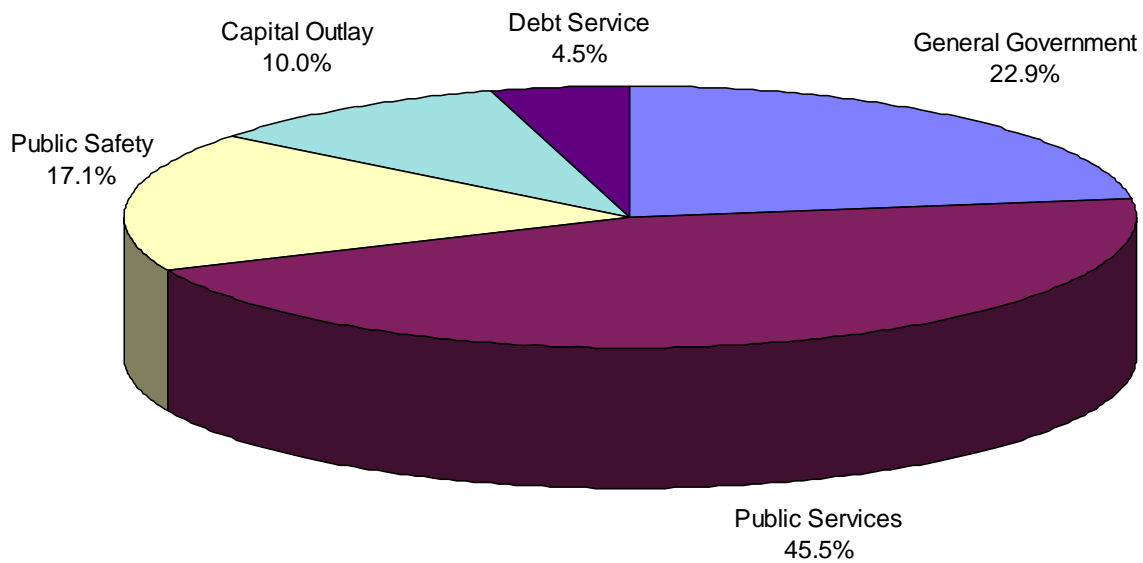
Governmental Expenditures – Table 4 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2007, compared to prior year amounts.

Operating expenditures for 2006-07 were \$56.7 million, an increase of 3.8 percent or \$2.1 million from the prior fiscal year, with Public Safety and Public Service having increases of \$3.1 million while General Government had a decrease of \$1.0 million. The following areas had significant expenditure changes: salaries & benefits increased \$1.7 million, and contract services increased \$0.7 million, while insurance costs decreased \$0.5 million .

Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2006-07 and 2005-06

	Amount FY 06-07	% of Total Expenditures	Amount FY 05-06	% of Total Expenditures	Variance Over/(Under) FY 05-06	% Increase/ (Decrease) FY 05-06
General Government	\$ 15,194,716	22.9%	\$ 16,166,120	25.3%	\$ (971,404)	-6.0%
Public Safety	11,319,265	17.1%	11,139,872	17.4%	179,393	1.6%
Public Services	30,204,839	45.5%	27,346,605	42.8%	2,858,234	10.5%
Total Operating Expenditures	56,718,820	85.5%	54,652,597	85.5%	2,066,223	3.8%
Capital Outlay	6,663,064	10.0%	6,322,213	9.9%	340,851	5.4%
Debt Service	2,956,311	4.5%	2,921,761	4.6%	34,550	1.2%
TOTAL	\$ 66,338,195	100.0%	\$ 63,896,571	100.0%	\$ 2,441,624	3.8%

Governmental Fund Expenditures – Fiscal Year 2006-07 (Graph 6)



Proprietary Funds. The City's 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 117.

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 less than \$0.1 million. Operating expenses for the fiscal year were \$2.5 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 \$0.3 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 122). 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.

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 \$17.0 million (Table 5). This was primarily the result of the revenues exceeding projections by \$6.5 million. As mentioned earlier, Sales, Transient Occupancy 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 \$12.7 million. Capital Projects had a decrease of \$5.3 million because of timing between the fiscal years. Also, Economic Development Department, Finance, Administrative Services, Planning and Police Services in total had a decrease of \$5 million from prior 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 117 percent of total General Fund operating expenditures, while total fund balance represents 136

percent of that same amount. Fund Balance in the General Fund at June 30, 2007 is \$69.4 million, which is represented by three components. The Unreserved/undesignated fund balance is \$7.1 million, an increase of \$3.2 million. The remainder of fund balance, \$62.3 million, is made up of: Reserved/designated of \$9.6 million and Unreserved/designated of \$52.7 million.

Reserved/designated fund balances consist of: \$3.0 million for encumbrances and \$6.5 million for advances to other funds, which include advances to the Redevelopment Agency for \$6.4 million, an increase of \$0.3 million from prior year. Unreserved/designated fund balance consists of: \$2.5 million for self-insurance, \$1.5 million designated for a housing grant match, \$36.6 million designated for future capital improvement master plan and \$5 million for emergency reserves as required by the Finance Policies.

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)

	<u>FY 06-07</u>	<u>FY 05-06</u>	<u>FY 04-05</u>	<u>FY 03-04</u>	<u>FY 02-03</u>
Fund Balance					
Reserved	\$ 9,586,060	\$ 8,667,835	\$ 7,366,598	\$ 8,252,813	\$ 12,827,655
Designated Unreserved	52,692,076	39,192,076	32,835,991	24,890,782	18,072,568
Undesignated Unreserved	7,087,882	3,917,790	1,813,081	214,729	547,328
Total Fund Balance	<u>\$ 69,366,018</u>	<u>\$ 51,777,701</u>	<u>\$ 42,015,670</u>	<u>\$ 33,358,324</u>	<u>\$ 31,447,551</u>
Beginning Balance	\$ 51,777,701	\$ 42,015,670	\$ 33,358,324	\$ 31,447,551	\$ 23,465,666
Operating Surplus /(Deficit)	17,009,653	8,319,955	8,657,346	1,910,773	7,981,885
Restatement	578,664	1,442,076	-	-	-
Ending Balance	<u>\$ 69,366,018</u>	<u>\$ 51,777,701</u>	<u>\$ 42,015,670</u>	<u>\$ 33,358,324</u>	<u>\$ 31,447,551</u>

GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues – For fiscal year 2006-07, General Fund Revenues and Other Financing Sources were \$68.2 million, an increase of 14.8 percent due to the various increase in revenues mentioned on page 18 (General Fund – Fund Balance Analysis). Following are key points and graphs of General Fund Revenues:

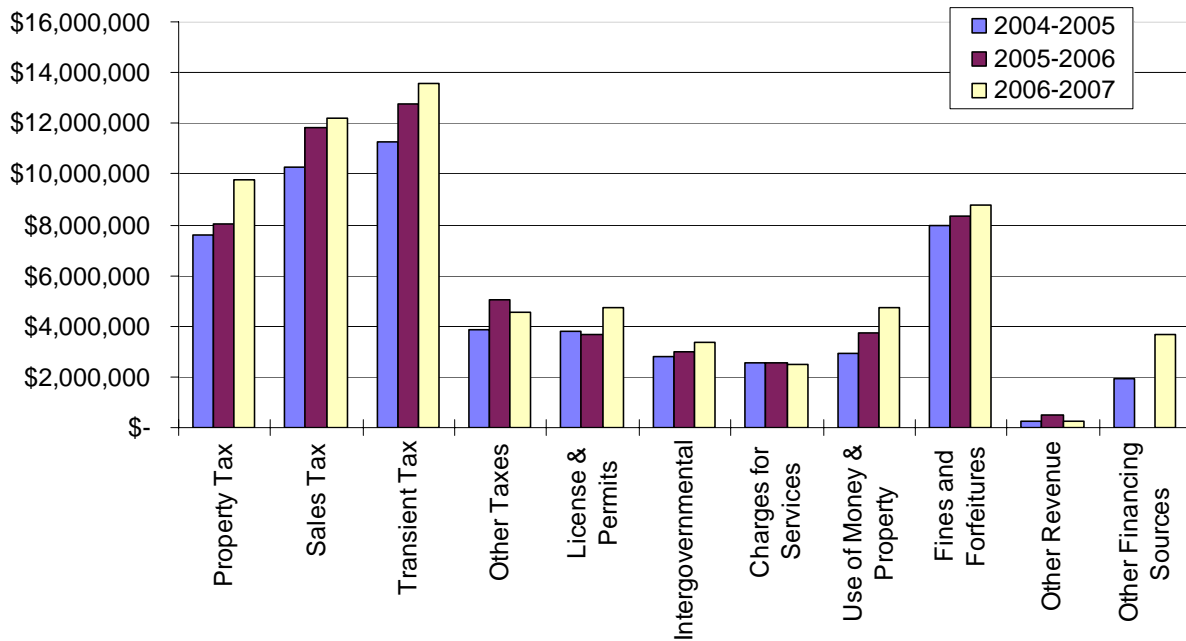
General Fund Revenues and Other Financing Sources (Table 6)
Fiscal Years 2006-07 and 2005-06

	2006-2007	2005-2006	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
Property Tax	\$ 9,786,521	\$ 8,000,302	\$ 1,786,219	22.3%	14.3%
Sales Tax	12,186,463	11,856,503	329,960	2.8%	17.9%
Transient Tax	13,598,347	12,791,327	807,020	6.3%	19.9%
Other Taxes	4,557,772	5,015,567	(457,795)	-9.1%	6.7%
License & Permits	4,713,679	3,685,402	1,028,277	27.9%	6.9%
Intergovernmental	3,376,464	2,958,025	418,439	14.1%	5.0%
Charges for Services	2,504,919	2,547,925	(43,006)	-1.7%	3.7%
Use of Money & Property	4,761,334	3,715,993	1,045,341	28.1%	7.0%
Fines and Forfeitures	8,763,689	8,369,703	393,986	4.7%	12.9%
Other Revenue	252,443	470,738	(218,295)	-46.4%	0.4%
Other Financing Sources	3,697,706	1,200	3,696,506	308042.2%	5.4%
Totals	\$ 68,199,337	\$ 59,412,685	\$ 8,786,652	14.8%	100.0%

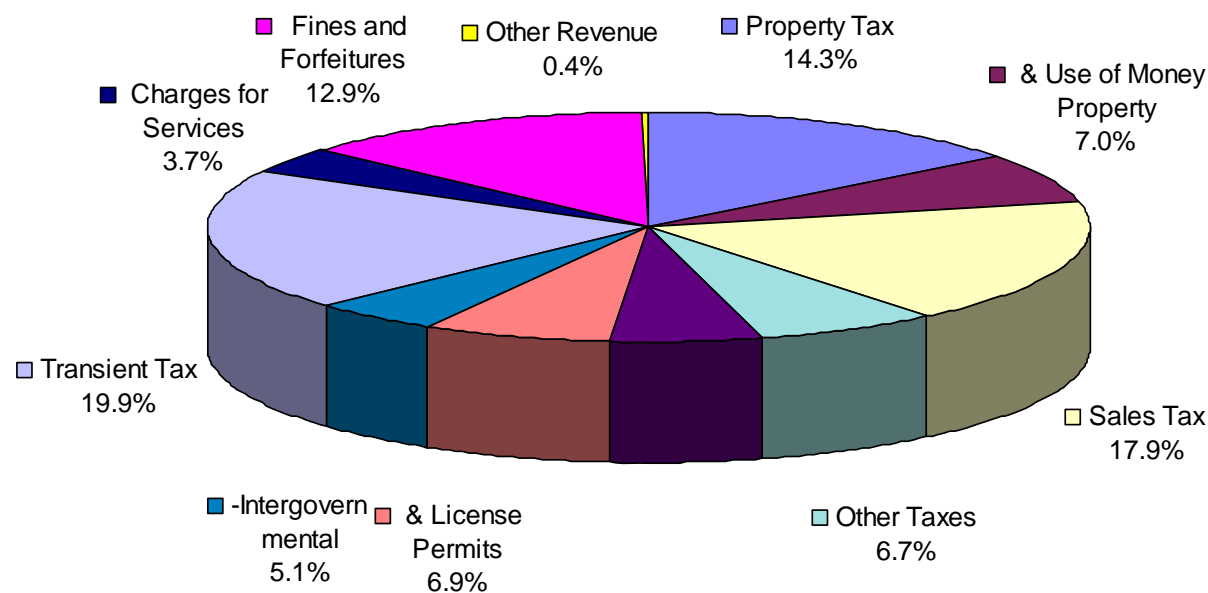
- Property tax revenues increased 22.3 percent or \$1.8 million, comprising 14.3 percent of General Fund revenue. This increase is attributed primarily to the adjusted valuations of properties sold, and subsequently reassessed.
- Sales tax revenues increased 2.8 percent from the prior year. The increase is primarily attributed to the Target and Best Buy stores located in the redevelopment project area as part of the new La Brea Gateway Project and combined with strong economy in the region.
- Similarly, transient occupancy taxes increased 6.3 percent or \$.8 million and have become the single largest source of revenue for the City. This was the highest year since FY 2000-01, when the events of September 11th sharply affected the travel and tourism industry in the Southern California region.
- Other taxes decreased by 9 percent or \$.5 million.

- License and permit revenues increased 27.9 percent or \$1.0 million, as issuance of the building permits issued citywide increased due to the strong real estate market.
- Intergovernmental revenues increased 14.1 percent or \$0.4 million.
- Charges for Services had a decrease of 1.7 percent or less then \$0.1 million. The major contributor to charges for services is Rent Stabilization Fees at \$1.9 million.
- Revenues from the use of money and property represent 7.0 percent of General Fund revenue and increase of 28.1 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.
- Fines & Forfeitures increased 4.7 percent, is the fourth largest revenue source for the General Fund at 12.9 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.

Comparison of General Fund Revenues (Graph 7)
Fiscal Years 2006-07, 2005-06 and 2004-05



General Fund Revenues - Fiscal Year 2006-07 (Graph 8)



Expenditures – For fiscal year 2006-07, total General Fund expenditures were \$51.1 million, virtually no increase from the prior year. Following are key points and graphs of General Fund expenditures and for detail information refer to page 36 & 37.

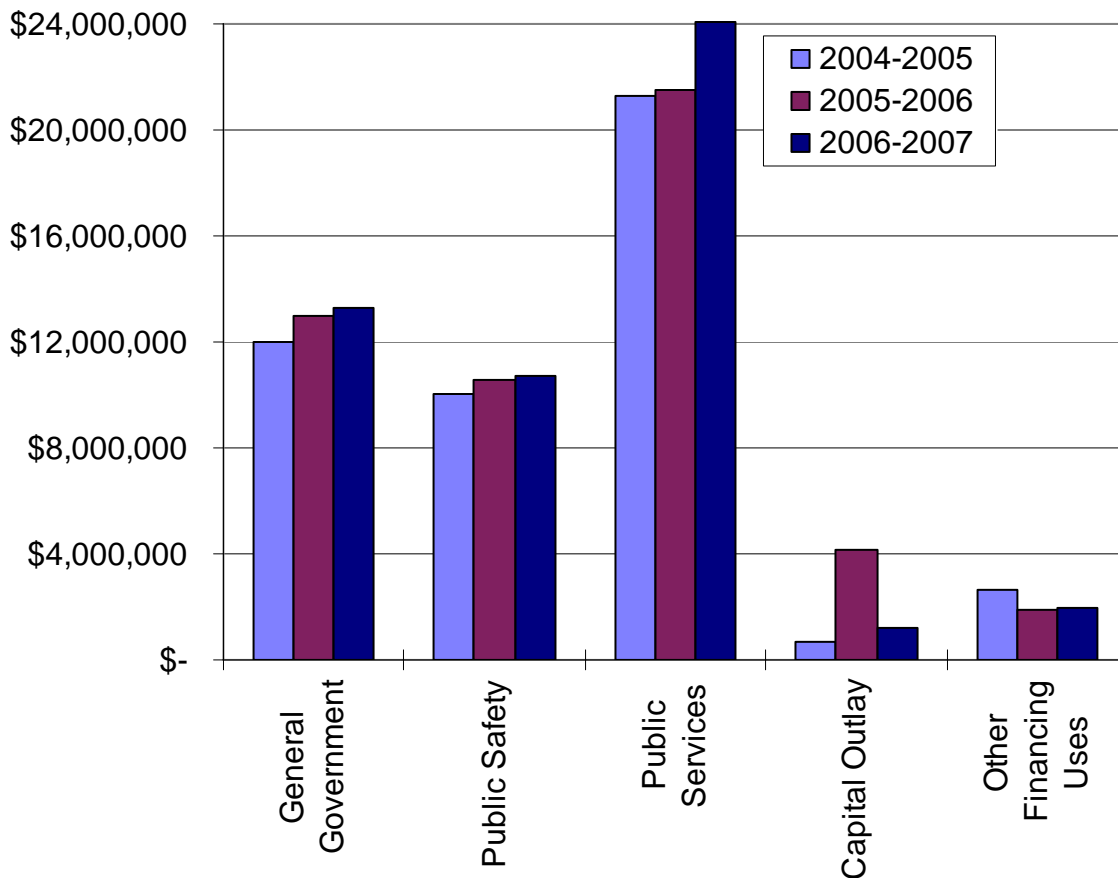
**General Fund Expenditures (Table 7)
Fiscal Years 2006-07 and 2005-06**

	2006-2007	2005-2006	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
General Government	\$ 13,258,687	\$ 12,971,031	\$ 287,656	2.8%	25.9%
Public Safety	10,684,872	10,532,117	152,755	1.5%	20.9%
Public Services	24,039,789	21,538,845	2,500,944	12.4%	47.0%
Capital Outlay	1,212,293	4,148,967	(2,936,674)	-492.0%	2.4%
Other Financing Uses	1,994,043	1,901,771	92,272	2.3%	3.9%
Total Expenditures	\$ 51,189,684	\$ 51,092,731	\$ 96,953	0.2%	100.0%

- General Government expenditures were \$13.0 million, an increase of 2.8 percent. This is due to the increase in salaries & benefits cost.

- Public Safety expenditures were \$10.7 million, an increase of 1.5 percent. The increase was due to an increase in the contract with the Los Angeles County Sherriff's Department.
- Public Service expenditures were \$24.0 million and resulted in a 12.4 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 \$1.2 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.

Comparison of General Fund Expenditures (Graph 9)
Fiscal Years 2006-07, 2005-06 and 2004-05



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 \$7.2 million between the original budget of \$54.5 million and the final amended budget of \$61.7 million. The increase was due in part to mid-year adjustments for taxes at \$2.1 million and other revenue at \$0.7 million. Actual revenues exceeded the final amended budget by \$6.5 million. The significant difference in actual revenues was primarily due to actual tax revenue exceeding budget by \$3.5 million. License & Permits and Use of Money and Property increase \$1.5 million, respectively.

Charges to Appropriations (Outflows) – The difference between the original budget and the final budget was an increase of \$9.6 million in appropriations. The major increase was in Capital Projects in the amount of \$ 5.4 million. For the other functions, General Government had a \$1.0 million increase as well as Public Service had increase of \$3.1 million and Public Safety remained mostly unchanged.

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, 2007, is \$126.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure.

Here are the major additions included in fiscal year 2006-07:

- Purchase of Land for Affordable Housing \$2,217,000

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2007	2006	2007	2006	2007	2006
Land	\$ 44,475	\$ 45,675	\$ -	\$ -	\$ 44,475	\$ 45,675
Buildings and systems	17,279	17,990	-	-	17,279	17,990
Improvements other than buildings	3,558	3,487	-	-	3,558	3,487
Machinery and Equipment	1,073	917	-	-	1,073	917
Infrastructure	45,993	46,017	10,594	10,594	56,586	56,611
Construction in progress	3,483	2,594	-	-	3,483	2,594
Total Capital Assets	\$ 115,860	\$ 116,680	\$ 10,594	\$ 10,594	\$ 126,454	\$ 127,274

Additional information about the City's capital assets can be found in the Notes to the Financial Statements on page 48.

Long-Term Debt. At year-end, the City had \$35.1 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 \$21.9 million versus \$22.6 million last year – a decrease of 3.1 percent by annual debt service payments. Tax Allocation Bonds were \$10.8 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 \$2.3 million at year end. Additional information about the City's long-term debt can be found in the *Notes to the Financial Statements*.

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

	Governmental Activities			
	2007	2006	Variance Over/(Under) last year	% of increase (decrease) over last year
Certificates of Participation	\$ 21,915.0	\$ 22,605.0	\$ (690.0)	-3.1%
Tax Allocation Bonds	10,870.0	11,070.0	(200.0)	-1.8%
Compensated Absences	2,294.0	2,042.0	252.0	12.3%
Total Long-term Debt	\$ 35,079.0	\$ 35,717.0	\$ (638.0)	-1.8%

ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

Although the focus of this Annual Report is the economic condition of the City as of June 30, 2007, there are always local, state and federal issues that require consideration in this report because of their future economic impact to the City. In preparing the budget for the next fiscal year, these factors played a critical role.

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 2007-2008 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 2008, 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 2007-2008, the economic outlook for the City remains optimistic although we may have a slow down in growth due to the impacts of the statewide economy.

Taking this information into account, the City's adopted General Fund budget for fiscal year 2007-08 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.

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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, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	West Hollywood Marketing Corp
Assets:				
Cash and investments	\$ 106,929,808	\$ 1,264,779	\$ 108,194,587	\$ 444,206
Receivables:				
Accounts	2,072,723	2,125	2,074,848	100,720
Taxes	1,811,984	-	1,811,984	333,529
Accrued interest	822,954	16,689	839,643	-
Loans	11,103,739	-	11,103,739	-
Allowance for loan forgiveness	(10,066,715)	-	(10,066,715)	-
Internal balances	(10,499)	10,499	-	-
Prepaid costs	110,393	-	110,393	13,129
Unamortized debt issuance costs	234,497	-	234,497	-
Deposits	15,000	-	15,000	-
Due from other governments	4,157,372	48,646	4,206,018	-
Restricted assets:				
Cash with fiscal agent	2,845,517	-	2,845,517	-
Capital assets not being depreciated	51,374,780	1,367,776	52,742,556	-
Capital assets, net of depreciation	64,485,050	8,902,848	73,387,898	61,432
Total Assets	235,886,603	11,613,362	247,499,965	953,016
Liabilities:				
Accounts payable	5,405,073	71,835	5,476,908	55,599
Accrued liabilities	630,934	-	630,934	25,429
Accrued interest	641,636	-	641,636	-
Unearned revenues	3,253,228	-	3,253,228	-
Deposits payable	1,672,279	-	1,672,279	-
Due to other governments	1,724,416	-	1,724,416	-
OPEB obligation	68,500	-	68,500	-
Noncurrent liabilities:				
Due within one year	3,228,599	-	3,228,599	5,795
Due in more than one year	32,320,064	-	32,320,064	26,354
Total Liabilities	48,944,729	71,835	49,016,564	113,177
Net Assets:				
Invested in capital assets, net of related debt	82,839,263	10,270,624	93,109,887	29,283
Restricted for:				
Community development projects	161,203	-	161,203	-
Capital projects	26,761,559	-	26,761,559	-
Debt service	15,617,695	-	15,617,695	-
Unrestricted	61,562,154	1,270,903	62,833,057	810,556
Total Net Assets	\$ 186,941,874	\$ 11,541,527	\$ 198,483,401	\$ 839,839

CITY OF WEST HOLLYWOOD
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$15,648,141	\$ 532,160	\$ -	\$ -
Public safety	13,597,148	684,303	288,121	-
Public services	34,361,851	20,879,091	4,715,170	232,089
Interest on long-term debt	2,052,121	-	-	-
Total Governmental Activities	65,659,261	22,095,554	5,003,291	232,089
Business-Type Activities:				
Sewer District	323,144	-	-	-
Sewer Charge	362,638	563,497	-	-
Solid Waste	1,258,380	1,190,664	-	-
Landscape District	160,241	162,704	-	-
Street Maintenance	346,350	283,569	-	-
Total Business-Type Activities	2,450,753	2,200,434	-	-
Total Primary Government	\$68,110,014	\$24,295,988	\$5,003,291	\$ 232,089
Component Units:				
West Hollywood				
Marketing Corporation	\$ 1,783,774	\$ -	\$ -	\$ -

General Revenues:

Taxes:

- Property taxes, levied for general purpose
- Transient occupancy taxes
- Sales taxes
- Franchise taxes
- Business licenses taxes
- Other taxes

Intergovernmental, unrestricted:

- Motor vehicle in lieu
- Use of money and property
- Gain/(loss) on sale of assets
- Other

Contributions to permanent funds

Special item - gain on sale of capital asset

Transfers

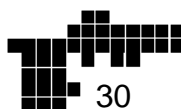
**Total General Revenues, Contributions,
Special Items and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

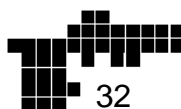


Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	West Hollywood Marketing Corporation
\$ (15,115,981)	\$ -	\$ (15,115,981)	\$ -
(12,624,724)	-	(12,624,724)	-
(8,535,501)	-	(8,535,501)	-
(2,052,121)	-	(2,052,121)	-
(38,328,327)	-	(38,328,327)	-
-	(323,144)	(323,144)	-
-	200,859	200,859	-
-	(67,716)	(67,716)	-
-	2,463	2,463	-
-	(62,781)	(62,781)	-
-	(250,319)	(250,319)	-
(38,328,327)	(250,319)	(38,578,646)	-
-	-	-	(1,783,774)
15,431,742	-	15,431,742	-
13,598,347	-	13,598,347	1,607,499
12,531,819	-	12,531,819	-
2,050,258	-	2,050,258	-
2,344,725	-	2,344,725	-
-	-	-	-
2,734,771	-	2,734,771	-
9,220,141	44,354	9,264,495	10,722
-	-	-	-
6,489,110	-	6,489,110	215,391
-	-	-	-
2,217,673	-	2,217,673	-
(26,706)	26,706	-	-
66,591,880	71,060	66,662,940	1,833,612
28,263,553	(179,259)	28,084,294	49,838
157,543,591	11,720,786	169,264,377	790,001
1,134,730	-	1,134,730	-
\$ 186,941,874	\$11,541,527	\$ 198,483,401	\$ 839,839

CITY OF WEST HOLLYWOOD

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General	Capital Projects Funds Redevelopment Agency Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:				
Pooled cash and investments	\$ 65,661,959	\$ -	\$ 40,937,974	\$ 106,599,933
Receivables:				
Accounts	1,306,949	-	765,774	2,072,723
Taxes	1,811,984	-	-	1,811,984
Accrued interest	344,295	-	478,659	822,954
Loans	-	-	11,103,739	11,103,739
Allowance for loan forgiveness	-	-	(10,066,715)	(10,066,715)
Prepaid costs	82,572	-	27,821	110,393
Deposits	15,000	-	-	15,000
Due from other governments	3,252,741	-	904,631	4,157,372
Due from other funds	1,990,685	-	888,801	2,879,486
Advances to other funds	6,542,853	-	-	6,542,853
Restricted assets:				
Cash and investments with fiscal agents	-	-	2,845,517	2,845,517
Total Assets	\$ 81,009,038	\$ -	\$ 47,886,201	\$ 128,895,239
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 4,448,594	\$ 845	\$ 915,767	\$ 5,365,206
Accrued liabilities	630,575	-	359	630,934
Due to other funds	-	888,801	1,990,685	2,879,486
Deferred revenues	2,794,024	-	568,486	3,362,510
Unearned revenues	2,148,742	-	1,104,486	3,253,228
Advances from other funds	-	6,443,423	99,430	6,542,853
Accrued claims and judgments	-	-	-	-
Deposits payable	1,621,085	-	51,194	1,672,279
Due to other governments	-	-	1,724,416	1,724,416
Total Liabilities	11,643,020	7,333,069	6,454,823	25,430,912
Fund Balances:				
Reserved:				
Reserved for encumbrances	2,960,635	214,095	1,586,606	4,761,336
Reserved for prepaid costs	82,572	-	27,821	110,393
Reserved for advances to other funds	6,542,853	-	-	6,542,853
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	17,077,571	17,077,571
Capital projects funds	-	-	6,493,427	6,493,427
Debt service funds	-	-	16,259,331	16,259,331
Permanent funds	-	-	(13,378)	(13,378)
Designated for self-insurance	2,500,000	-	-	2,500,000
Designated for future expenditures	48,692,076	-	-	48,692,076
Designated for LHFP grant	1,500,000	-	-	1,500,000
Undesignated	7,087,882	(7,547,164)	-	(459,282)
Total Fund Balances	69,366,018	(7,333,069)	41,431,378	103,464,327
Total Liabilities and Fund Balances	\$ 81,009,038	\$ -	\$ 47,886,201	\$ 128,895,239



CITY OF WEST HOLLYWOOD

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007**

Fund balances of governmental funds	\$ 103,464,327
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	115,751,793
Long-term debt and compensated absences that have not been included in the governmental fund activity:	
Certificates of Participation and Tax Allocation Bonds Payable	(33,020,567)
Compensated Absences	(2,293,599)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds	(641,636)
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.	3,362,510
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	387,546
The net post-employment benefit liability is recorded in the government-wide financial statements but not in the fund financial statements	<u>(68,500)</u>
Net assets of governmental activities	<u><u>\$ 186,941,874</u></u>

CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	General	Capital Projects Funds		Total Governmental Funds
		Redevelopment Agency Capital Projects	Other Governmental Funds	
Revenues:				
Taxes	\$ 40,129,103	\$ -	\$ 5,972,138	\$ 46,101,241
Licenses and permits	4,713,679	-	-	4,713,679
Intergovernmental	3,376,464	-	3,915,152	7,291,616
Charges for services	2,504,919	-	800,958	3,305,877
Use of money and property	4,761,334	80,154	4,623,354	9,464,842
Fines and forfeitures	8,763,689	-	764,046	9,527,735
Miscellaneous	252,443	-	6,262,488	6,514,931
Developer participation	-	-	3,703,886	3,703,886
Total Revenues	64,501,631	80,154	26,042,022	90,623,807
Expenditures:				
Current:				
General government	13,258,687	467,600	1,468,429	15,194,716
Public safety	10,684,872	-	634,393	11,319,265
Public services	24,039,789	-	6,165,050	30,204,839
Capital outlay	1,212,293	800,000	4,650,771	6,663,064
Debt service:				
Principal retirement	-	-	890,000	890,000
Interest and fiscal charges	-	364,694	1,701,617	2,066,311
Total Expenditures	49,195,641	1,632,294	15,510,260	66,338,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,305,990	(1,552,140)	10,531,762	24,285,612
Other Financing Sources (Uses):				
Transfers in	-	250,569	2,446,433	2,697,002
Transfers out	(1,994,043)	-	(729,665)	(2,723,708)
Sale of capital assets	3,697,706	-	-	3,697,706
Total Other Financing Sources (Uses)	1,703,663	250,569	1,716,768	3,671,000
Net Change in Fund Balances	\$ 17,009,653	\$ (1,301,571)	\$ 12,248,530	\$ 27,956,612
Fund Balances, Beginning of Year, as previously reported	\$ 51,777,701	\$ (6,031,498)	\$ 29,182,848	\$ 74,929,051
Restatements	578,664	-	-	578,664
Fund Balances, Beginning of Year, as restated	52,356,365	(6,031,498)	29,182,848	75,507,715
Fund Balances, End of Year	\$ 69,366,018	\$ (7,333,069)	\$ 41,431,378	\$ 103,464,327

CITY OF WEST HOLLYWOOD

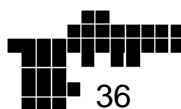
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds	\$ 27,956,612
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	(1,484,362)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	909,328
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.	14,190
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	(251,904)
Revenues reported as deferred revenue in the governmental funds are recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.	1,076,250
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	111,939
The current year expense for post-employment benefits is recognized in the government-wide statements only.	<u>(68,500)</u>
Change in net assets of governmental activities	<u><u>\$ 28,263,553</u></u>

CITY OF WEST HOLLYWOOD

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2007**

	<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	\$ 52,356,365	\$ 52,356,365	\$ 52,356,365	\$ -
Resources (Inflows):				
Taxes	34,576,875	36,676,875	40,129,103	3,452,228
Licenses and permits	3,096,600	3,247,600	4,713,679	1,466,079
Intergovernmental	2,725,600	3,063,089	3,376,464	313,375
Charges for services	2,433,900	2,486,400	2,504,919	18,519
Use of money and property	3,204,680	3,294,500	4,761,334	1,466,834
Fines and forfeitures	8,327,000	8,992,035	8,763,689	(228,346)
Sale of capital assets	-	3,697,706	3,697,706	-
Other	113,260	257,004	252,443	(4,561)
Amounts Available for Appropriation	<u>106,834,280</u>	<u>114,071,574</u>	<u>120,555,702</u>	<u>6,484,128</u>
Charges to Appropriation (Outflows):				
General Government				
City Council	878,196	920,326	918,330	1,996
City Manager	611,186	681,159	526,396	154,763
Economic Development Department	907,990	1,673,570	887,313	786,257
Public Safety Administration	791,627	857,841	821,380	36,461
City Attorney	1,213,000	1,244,872	843,680	401,192
Administrative Services	940,481	1,000,891	957,144	43,747
Legal Services	960,889	1,010,392	988,517	21,875
City Clerk	901,860	964,341	984,252	(19,911)
Human Resources	1,070,500	1,167,656	1,067,336	100,320
Finance Administration	2,238,454	2,264,134	1,439,059	825,075
Revenue Management	624,838	667,320	599,510	67,810
General Accounting	470,649	553,302	374,087	179,215
Budget & Compensation	401,022	415,360	388,490	26,870
Organizational Services	800,000	228,953	-	228,953
Information Technology	1,252,177	1,370,523	1,232,762	137,761
Public Information & Prosecution Svc.	1,313,254	1,370,597	1,230,431	140,166
Sub-total General Government	<u>15,376,123</u>	<u>16,391,237</u>	<u>13,258,687</u>	<u>3,132,550</u>
City Police/Protective Services				
	<u>12,325,818</u>	<u>12,341,662</u>	<u>10,684,872</u>	<u>1,656,790</u>
Sub-total Public Safety	<u>12,325,818</u>	<u>12,341,662</u>	<u>10,684,872</u>	<u>1,656,790</u>



(Continued)

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	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Human Services Administration	396,503	423,249	384,378	38,871
Recreation Services	2,644,479	2,925,423	3,025,121	(99,698)
Social Services	4,277,304	4,388,750	4,370,671	18,079
Facilities & Field Services	3,938,191	4,089,918	3,741,739	348,179
Housing & Rent Stabilization Admin.	364,890	385,644	314,963	70,681
Rent Information & Records	1,026,420	1,071,140	1,061,971	9,169
Housing & Residential Code Comp	453,865	472,377	471,520	857
Community Development Admin	397,124	438,840	456,725	(17,885)
Planning	1,874,674	3,497,339	2,029,280	1,468,059
Commercial Code Compliance	1,075,330	1,073,920	1,075,140	(1,220)
Building and Safety	954,253	1,087,841	836,053	251,788
Transportation & Public Works	479,980	518,953	482,832	36,121
Parking	3,132,474	3,254,099	3,168,273	85,826
Transportation	2,091,304	2,482,526	2,222,382	260,144
City Engineering	491,857	588,355	398,741	189,614
Sub-total Public Services	<u>23,598,648</u>	<u>26,698,374</u>	<u>24,039,789</u>	<u>2,658,585</u>
Capital outlay				
Capital Projects	<u>1,081,375</u>	<u>6,524,237</u>	<u>1,212,293</u>	<u>5,311,944</u>
Nondepartmental				
Transfers Out	<u>1,954,571</u>	<u>1,954,571</u>	<u>1,994,043</u>	<u>(39,472)</u>
Total Charges to Appropriations	<u>54,336,535</u>	<u>63,910,081</u>	<u>51,189,684</u>	<u>12,720,397</u>
Budgetary Fund Balance, June 30	<u>\$ 52,497,745</u>	<u>\$ 50,161,493</u>	<u>\$ 69,366,018</u>	<u>\$ 19,204,525</u>

CITY OF WEST HOLLYWOOD

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2007

	Business-Type Activities - Enterprise Funds			Internal
	Sewer District	Non-Major Enterprise Funds	Totals	Service Fund Information Systems Master Plan
Assets:				
Current:				
Cash and investments	\$ 333,943	\$ 930,836	\$ 1,264,779	\$ 329,875
Receivables:				
Accounts	-	2,125	2,125	-
Accrued interest	4,073	12,616	16,689	-
Due from other governments	-	48,646	48,646	-
Total Current Assets	338,016	994,223	1,332,239	329,875
Noncurrent:				
Capital assets - net of accumulated depreciation	10,270,624	-	10,270,624	108,037
Total Noncurrent Assets	10,270,624	-	10,270,624	108,037
Total Assets	\$ 10,608,640	\$ 994,223	\$11,602,863	\$ 437,912
Liabilities and Net Assets:				
Liabilities:				
Current:				
Accounts payable	\$ -	\$ 71,835	\$ 71,835	\$ 39,867
Total Current Liabilities	-	71,835	71,835	39,867
Total Liabilities	-	71,835	71,835	39,867
Net Assets:				
Invested in capital assets, net of related debt	10,270,624	-	10,270,624	108,037
Unrestricted	338,016	922,388	1,260,404	290,008
Total Net Assets	10,608,640	922,388	11,531,028	398,045
Total Liabilities and Net Assets	\$ 10,608,640	\$ 994,223	\$11,602,863	\$ 437,912

Reconciliation of net assets to the Statement of Net Assets

Net assets per Statement of Net Assets - Proprietary Funds	\$11,531,028
Prior years' accumulated adjustment to reflect the consolidation of internal service activities related to enterprise funds	7,144
Current year internal service fund adjustment	3,355
Net assets per Statement of Net Assets	<u>\$11,541,527</u>

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007**

	Business-Type Activities - Enterprise Funds			Internal Service Fund
	Sewer District	Non-Major Enterprise Funds	Totals	Information Systems Master Plan
Operating Revenues:				
Sales and service charges	\$ -	\$ 2,124,193	\$ 2,124,193	\$ 337,697
Fines and forfeitures	-	4,462	4,462	-
Miscellaneous	-	71,779	71,779	-
Total Operating Revenues	-	2,200,434	2,200,434	337,697
Operating Expenses:				
Treatment	-	1,948,723	1,948,723	-
Administration and general	-	182,241	182,241	212,581
Depreciation	323,144	-	323,144	9,822
Total Operating Expenses	323,144	2,130,964	2,454,108	222,403
Operating Income (Loss)	(323,144)	69,470	(253,674)	115,294
Nonoperating Revenues (Expenses):				
Interest revenue	14,005	30,349	44,354	-
Total Nonoperating Revenues (Expenses)	14,005	30,349	44,354	-
Income (Loss) Before Transfers	(309,139)	99,819	(209,320)	115,294
Transfers in	-	26,706	26,706	-
Changes in Net Assets	(309,139)	126,525	(182,614)	115,294
Net Assets:				
Beginning of Fiscal Year, as restated	10,917,779	795,863	11,713,642	282,751
End of Fiscal Year	\$10,608,640	\$ 922,388	\$ 11,531,028	\$ 398,045

Reconciliation of net assets to the Statement of Activities

Change in net assets	\$ (182,614)
Adjustment to reflect the consolidation of internal service activities related to enterprise funds	3,355
Changes in net assets of business-type activities	\$ (179,259)

CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer District</u>	<u>Non-Majpr Enterprise Funds</u>	<u>Totals</u>	<u>Information Systems Master Plan</u>
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ -	\$ 2,268,271	\$ 2,268,271	\$ 337,697
Cash paid to suppliers for goods and services	-	(1,456,570)	(1,456,570)	(247,091)
Cash paid to employees for services	-	(620,836)	(620,836)	-
Net Cash Provided (Used) by Operating Activities	-	190,865	190,865	90,606
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	-	26,706	26,706	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	26,706	26,706	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	-	-	-	(117,859)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	(117,859)
Cash Flows from Investing Activities:				
Interest received	12,824	25,024	37,848	-
Net Cash Provided (Used) by Investing Activities	12,824	25,024	37,848	-
Net Increase (Decrease) in Cash and Cash Equivalents	12,824	242,595	255,419	(27,253)
Cash and Cash Equivalents at Beginning of Year	321,119	688,241	1,009,360	357,128
Cash and Cash Equivalents at End of Year	\$ 333,943	\$ 930,836	\$ 1,264,779	\$ 329,875
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (323,144)	\$ 69,470	\$ (3,161,970)	\$ 115,294
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	323,144	-	3,231,440	9,822
(Increase) decrease in accounts receivable	-	(1,896)	(1,896)	-
(Increase) decrease in due from other governments	-	69,733	69,733	-
Increase (decrease) in accounts payable	-	53,558	53,558	(34,510)
Total Adjustments	323,144	121,395	3,352,835	(24,688)
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 190,865	\$ 190,865	\$ 90,606

Non-Cash Investing, Capital, and Financing Activities:

During the fiscal year ending June 30, 2007, there were no noncash investing or capital or noncapital financing activities.

CITY OF WEST HOLLYWOOD

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007

	Agency Funds
Assets:	
Cash and investments	\$ 21,756
Receivables (net of allowance for uncollectibles):	
Accounts	166,570
Taxes	198,705
Interest	2,018
Due from other governments	612
Restricted assets:	
Cash with fiscal agent	<u>384,355</u>
Total Assets	<u>\$ 774,016</u>
Liabilities:	
Accounts payable	\$ 365,275
Due to bondholders	<u>408,741</u>
Total Liabilities	<u>\$ 774,016</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 Harring



CITY OF WEST HOLLYWOOD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

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, 2007, 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, 2007, 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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.

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

Additionally the government reports the following fund types:

- The Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.
- The Debt Service Fund accounts 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.
- 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.
- 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.
- 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.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)**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 proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

3. Prepaid Items

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

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 \$33,020,567 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	\$ 21,915,000
Tax Allocation Bonds payable	10,870,000
 Add: Deferred gain on refunding (to be amortized as miscellaneous income)	 561,623
 Less: Unamortized original issue discount	 91,559
 Less: Unamortized bond issuance costs	 <u>234,497</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u><u>\$ 33,020,567</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 \$(1,484,362) difference are as follows:

Capital outlay	\$ 2,424,732
 Less: Disposal of assets	 1,480,032
 Less: Depreciation expense	 <u>2,429,062</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>\$ (1,484,362)</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)

The original budgeted appropriations were \$96,831,043. Additional appropriations of \$18,938,999 were made for a total of \$115,770,042. At fiscal year-end, all operating budget appropriations lapse. No budget was adopted for the Santa Monica Boulevard 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	\$ 301,231
Permit Parking	130,677
CDBG	9
Sunset Mitigation	181,310
<u>Fund</u>	<u>Amount</u>
Capital Projects Funds:	
Redevelopment Agency Capital Projects	\$ 7,333,069
Debt Funded Capital Projects	1,123,651
General Reserves Capital Projects	4,259
Permanent Fund:	
Laurel Avenue Trust	9,578

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, 2007, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 109,775,325
Business-type activities	1,264,779
Component unit	444,206
Fiduciary funds	406,111
	<hr/>
Total Cash and Investments	<u>\$ 111,890,421</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, 2007, the carrying amount of the City's deposits was \$2,815,532, and the bank balance was \$5,047,335. The \$2,231,803 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, 2007, 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, 2007, 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, 2007, 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, 2007, 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	\$ 39,976,459	\$ -	\$ 39,976,459
Los Angeles County Investment Pool	65,868,559	-	65,868,559
Cash with fiscal agents			
Money Market Mutual Funds	802,571	-	802,571
U.S. Treasury	427,050	-	427,050
Investment agreements	-	2,000,250	2,000,250
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 107,074,639</u>	<u>\$ 2,000,250</u>	<u>\$ 109,074,889</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, 2007, 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.

City of West Hollywood: Comprehensive Annual Financial Report

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	\$ 45,674,599	\$ -	\$ 45,674,599	\$ -	\$ 1,200,000	\$ -	\$ 44,474,599
Construction-in-progress	2,593,546	548,891	3,142,437	363,006	-	(22,936)	3,482,507
Total Capital Assets, Not Being Depreciated	48,268,145	548,891	48,817,036	363,006	1,200,000	(22,936)	47,957,106
Capital assets, being depreciated:							
Buildings	22,730,118	-	22,730,118	20,300	297,908	-	22,452,510
Improvements other than buildings	4,003,983	-	4,003,983	143,448	-	14,065	4,161,496
Machinery and equipment	4,340,175	-	4,340,175	145,782	-	-	4,485,957
Furniture and fixtures	71,719	-	71,719	-	-	8,871	80,590
Office equipment	899,413	7,175	906,588	317,718	-	-	1,224,306
Infrastructure	75,059,282	-	75,059,282	1,552,335	-	-	76,611,617
Subtotal - Depreciable Assets	107,104,690	7,175	107,111,865	2,179,583	297,908	22,936	109,016,476
Total Capital Assets	155,372,835	556,066	155,928,901	2,542,589	1,497,908	-	156,973,582
Less accumulated depreciation:							
Buildings	4,739,657	-	4,739,657	451,236	17,876	-	5,173,017
Improvements other than buildings	516,920	-	516,920	86,995	-	-	603,915
Machinery and equipment	3,621,176	-	3,621,176	189,971	-	-	3,811,147
Furniture and fixtures	66,389	-	66,389	2,090	-	-	68,479
Office equipment	706,537	-	706,537	131,734	-	-	838,271
Infrastructure	29,042,067	-	29,042,067	1,576,856	-	-	30,618,923
Total Accumulated Depreciation	38,692,746	-	38,692,746	2,438,882	17,876	-	41,113,752
Total Capital Assets, Being Depreciated, Net	68,411,944	7,175	68,419,119	(259,299)	280,032	22,936	67,902,724
Governmental Activities Capital Assets, Net	\$ 116,680,089	\$ 556,066	\$ 117,236,155	\$ 103,707	\$ 1,480,032	\$ -	\$ 115,859,830

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

Capital asset activity for the year ended June 30, 2007, follows:

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

Governmental Activities:	
General government	\$ 186,176
Public safety	2,169,985
Public services	72,900
Internal Service Fund	9,821
Total Depreciation Expense	\$ 2,438,882

Note 6: Proprietary Fund Capital Assets

	<u>Balance at July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2007</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	6,885,857	323,144	-	7,209,001
Total Sewer Construction	<u>\$ 10,593,768</u>	<u>\$ (323,144)</u>	<u>\$ -</u>	<u>\$ 10,270,624</u>

A summary of proprietary fund type property, plant and equipment is presented below:

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>
-------	-------------------

City of West Hollywood: Comprehensive Annual Financial Report

Note 6: Proprietary Fund Capital Assets (Continued)

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

	Balance at July 1, 2006	Additions	Deletions	Balance at June 30, 2007
Component Unit				
WH Marketing				
Furniture and Equipment	\$ 102,246	\$ 14,296	\$ -	\$ 116,542
Furniture and Equipment under capital lease purchase	20,827	34,597	20,827	34,597
Leasehold	2,832	-	-	2,832
Subtotal	<u>125,905</u>	<u>48,893</u>	<u>20,827</u>	<u>153,971</u>
Less: accumulated depreciation for:				
Furniture and Equipment	\$ 78,667	\$ 8,168	\$ -	\$ 86,835
Furniture and Equipment capital lease	4,165	5,368	5,901	3,632
Leasehold	1,756	316	-	2,072
Subtotal	<u>84,588</u>	<u>13,852</u>	<u>5,901</u>	<u>92,539</u>
Total Component Unit	<u>\$ 41,317</u>	<u>\$ 35,041</u>	<u>\$ 14,926</u>	<u>\$ 61,432</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)

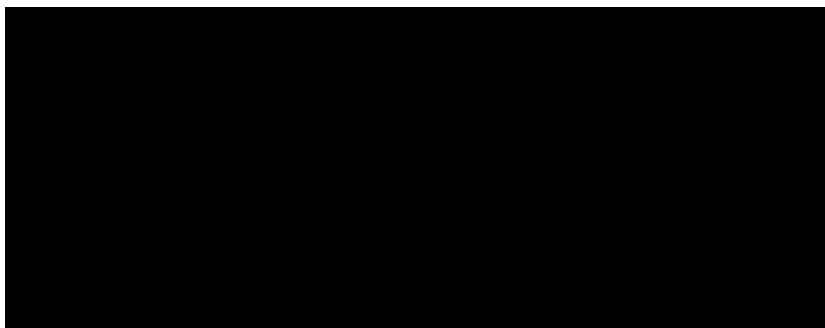
Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 9.69% for miscellaneous employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2007, the City's annual pension cost of \$1,422,510 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004, 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, 2007, was two years for prior service unfunded and 13 years for remaining unfunded. The latest information available is presented below:



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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/04	\$ 23,926,279	\$27,518,816	\$ 3,592,537	86.9%	\$11,797,148	30.5%
6/30/05	28,162,124	32,113,353	3,951,229	87.7%	12,539,390	31.5%
6/30/06	32,518,557	43,024,997	10,506,440	75.6%	14,292,067	73.5%

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.

Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2006-2007, the City contributed \$11,500 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.

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 <u>6/30/2007</u>
Annual required contribution	\$ 80,000
Interest on OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>80,000</u>
Contributions made	11,500
Increase in net OPEB obligation	68,500
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 68,500</u></u>

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 2006-07 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>Net OPEB Obligation</u>
6/30/2005	n/a	n/a	n/a
6/30/2006	n/a	n/a	n/a
6/30/2007	\$ 80,000	\$ 11,500	\$ 68,500

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. Only one year is presented as this is the first year of the plan.

<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 Percent of Covered Payroll</u>	<u>Interest Rate</u>	<u>Salary Scale</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. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 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, 2007, was twenty-nine years. The number of active plan participants is 166.

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, 2006	Additions	Deletions	Outstanding June 30, 2007	Due Within One Year
City:					
Certificates of Participation					
1998 Fixed Rate	\$ 22,605,000	\$ -	\$ 690,000	\$ 21,915,000	\$ 730,000
Tax Allocation Bonds	11,070,000	-	200,000	10,870,000	205,000
Accrued employee benefits	2,041,695	2,616,936	2,365,032	2,293,599	2,293,599
Totals	\$ 35,716,695	\$ 2,616,936	\$ 3,255,032	35,078,599	\$ 3,228,599
Reconciliation to Statement of Net Assets					
Add: unamortized gain on defeasance				561,623	
Less: unamortized original issue discount				(91,559)	
				<u>\$ 35,548,663</u>	

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
2007-2008	\$ 730,000	\$ 1,082,195	\$ 205,000	\$ 575,633
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
2013-2017	5,340,000	3,975,145	1,355,000	2,538,230
2018-2022	7,125,000	2,458,765	1,735,000	2,145,960
2023-2027	5,390,000	549,750	2,260,000	1,596,240
2028-2032	-	-	2,980,000	860,544
2033-2037	-	-	1,440,000	83,950
Totals	\$ 21,915,000	\$ 12,046,858	\$ 10,870,000	\$ 10,028,125

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.

Note 9: Long-Term Debt (Continued)

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, 2007, was \$420,000.

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	<u>(2,448)</u>
Balance at June 30, 2007	<u><u>\$ 32,149</u></u>

The future lease payments are as follows:

2007-2008	\$ 8,158
2008-2009	8,158
2009-2010	8,158
2010-2011	8,158
2011-2012	<u>6,119</u>
	38,751
Less interest	<u>(6,602)</u>
Total	<u><u>\$ 32,149</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 \$1,529,216, along with various other unearned revenues of \$619,526, for a total of \$2,148,742. 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 \$6.2 million in the Santa Monica Boulevard Fund is the reimbursement of overcharges to the City of engineering fees paid in prior years. This

amount is also included in other general revenues on the Statement of Activities.

Note 12: Special Item

The City sold land with a carrying value of \$1,480,033 to the Redevelopment Agency for \$3,697,706, resulting in a gain of \$2,217,673.

Note 13: Fund Equity and Net Assets Restatements

Major Governmental Funds:

General Fund

To restate the prior balance of accrued workers compensation claims \$ 578,664

Governmental Activities

To restate the prior capital assets balances 556,066

Total Governmental Activities \$ 1,134,730

Note 14: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2007, 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	\$ 1,990,685	\$ -	\$ 1,990,685
Non-Major Governmental Funds	-	888,801	888,801
Total	<u>\$ 1,990,685</u>	<u>\$ 888,801</u>	<u>\$ 2,879,486</u>

The due to General Fund of \$1,990,685 from various nonmajor funds was a result of temporary deficit cash balances in those funds. The \$888,801 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	\$ 6,443,423	\$ 99,430	\$ 6,542,853

The City has advanced \$6,443,423 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 14: Interfund Receivables, Payables and Transfers (Continued)

	Transfers Out		
	General Fund	Nonmajor Govt. Funds	Total
Transfers In:			
Redevelopment Agency			
Capital Projects	\$ -	\$ 250,569	\$ 250,569
Nonmajor Governmental Funds	1,967,337	479,096	2,446,433
Nonmajor Enterprise Funds	26,706	-	26,706
Total	<u>\$ 1,994,043</u>	<u>\$ 729,665</u>	<u>\$ 2,723,708</u>

Interfund Transfers

The General Fund made transfers out of \$575,441 to the Sunset Mitigation Fund to subsidize their operations. It also made a transfer of \$1,352,424 along with the Parking Improvement Fund in the amount of \$479,096 to the Capital Projects Debt Service Fund for debt service. The General Fund transferred \$39,472 to the Santa Monica Boulevard Fund to subsidize its beginning deficit balance. The Redevelopment Agency Debt Service transferred \$250,569 to the Redevelopment Agency Capital Projects for redevelopment purposes. The General Fund transferred \$26,706 to the Street Maintenance Fund to subsidize its operations.

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Note 15: 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 \$10.7 million was paid for these services in fiscal year 2006-2007.

Note 16: 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 109 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 16: 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 \$10,000,000 and the loss development reserve associated with losses \$750,000 to \$10,000,000 are pooled based on payroll. Costs of covered claims above \$10,000,000 are currently paid by excess insurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate. Administrative expenses are paid from the Authority's investment earnings.

Workers Compensation - The City of West Hollywood also participates in the workers compensation pool administered by the Authority. Claims are pooled separately between public safety and non-public safety. Loss development reserves are allocated by pool and loss layer. Members retain the first \$50,000 of each claim. 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 and \$2,000,000 and loss development reserves associated with losses from \$100,000 to \$2,000,000 are pooled based on payroll. Costs from \$2,000,000 to \$150,000,000 are transferred to an excess insurance purchased. Costs in excess of \$150,000,000 are pooled among the members based on payroll. 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. Total all-risk property insurance coverage is \$40,436,231. 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 in the amount of \$34,449,764. 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 16: 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 17: 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 18: Subsequent Events

Disposition and Development Agreement

In August 2007, the Redevelopment Agency entered into disposition and development agreement for the Sierra Bonita Housing project, which will be funded largely by the Low and Moderate Housing Fund. Pursuant to the agreement, the Agency will transfer land to a developer for a nominal fee and will provide various loans to the developer in an amount not to exceed \$9,026,178.

Pension Plan Change

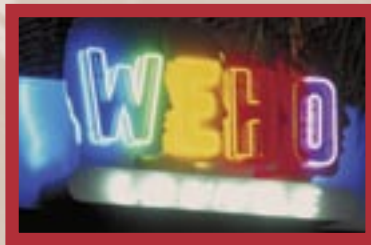
In November 2007, the City will increase its retirement benefits through PERS from 2% at 55 to 2.7% at 55. This will increase the City's required contribution to PERS in future years.

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
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Special Revenue Funds			
	Special Grant	Proposition A	Proposition C	Gas Tax
Assets:				
Pooled cash and investments	\$ 122,770	\$ 2,574,525	\$ 1,122,987	\$ 238,800
Receivables:				
Accounts	163,609	12,326	-	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	-	22,716	13,435	5,100
Prepaid costs	-	-	-	-
Due from other governments	288,909	-	-	65,722
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 575,288	\$ 2,609,567	\$ 1,136,422	\$ 309,622
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 35,240	\$ 132,913	\$ 274,046	\$ 141,506
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	298,991	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	33,571	6,913
Due to other governments	-	-	-	-
Unearned revenues	542,288	-	-	-
Total Liabilities	876,519	132,913	307,617	148,419
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	223,767	1,924	29,047	163,461
Reserved for prepaid costs	-	-	-	-
Unreserved:				
Designated for capital projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	(524,998)	2,474,730	799,758	(2,258)
Total Fund Balances	(301,231)	2,476,654	828,805	161,203
Total Liabilities and Fund Balances	\$ 575,288	\$ 2,609,567	\$ 1,136,422	\$ 309,622

(Continued)

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	Special Revenue Funds			
	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act
Assets:				
Pooled cash and investments	\$ 191,511	\$ 272,683	\$ 897,204	\$ 1,711,079
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	2,253	3,423	10,987	20,709
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 193,764	\$ 276,106	\$ 908,191	\$ 1,731,788
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,800	\$ 1,056	\$ 9,019	\$ 51,051
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenues	-	-	313,295	-
Total Liabilities	2,800	1,056	322,314	51,051
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	-	19,461	17,690	99,869
Reserved for prepaid costs	-	-	-	-
Unreserved:				
Designated for capital projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	190,964	255,589	568,187	1,580,868
Total Fund Balances	190,964	275,050	585,877	1,680,737
Total Liabilities and Fund Balances	\$ 193,764	\$ 276,106	\$ 908,191	\$ 1,731,788

**CITY OF WEST HOLLYWOOD
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Special Revenue Funds			
	City Lighting	Public Access	Parking Improvement	Permit Parking
Assets:				
Pooled cash and investments	\$ 212,610	\$ 493,709	\$ 4,485,921	\$ -
Receivables:				
Accounts	-	-	-	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	2,925	5,957	47,735	-
Prepaid costs	-	-	24,021	-
Due from other governments	23,804	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 239,339	\$ 499,666	\$ 4,557,677	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 41,533	\$ 39,926	\$ 78,586	\$ 14,305
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	116,372
Deferred revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	10,710	-
Due to other governments	-	-	-	-
Unearned revenues	-	-	248,903	-
Total Liabilities	41,533	39,926	338,199	130,677
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	96,527	78,549	98,526	3,142
Reserved for prepaid costs	-	-	24,021	-
Unreserved:				
Designated for capital projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	101,279	381,191	4,096,931	(133,819)
Total Fund Balances	197,806	459,740	4,219,478	(130,677)
Total Liabilities and Fund Balances	\$ 239,339	\$ 499,666	\$ 4,557,677	\$ -

(Continued)

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	Special Revenue Funds			
	CDBG	Housing Trust	Sunset Mitigation	Avenues of Art and Design
Assets:				
Pooled cash and investments	\$ -	\$ 8,138,173	\$ -	\$ 37,381
Receivables:				
Accounts	27,914	-	556,438	2,319
Loans	1,037,024	7,573,666	-	-
Allowance for loan forgiveness	-	(7,573,666)	-	-
Accrued interest	-	97,874	-	-
Prepaid costs	-	-	-	-
Due from other governments	-	269,495	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 1,064,938	\$ 8,505,542	\$ 556,438	\$ 39,700
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 18,250	\$ 61,597	\$ -	\$ 9,661
Accrued liabilities	-	-	-	359
Due to other funds	9,673	-	737,748	-
Deferred revenues	-	269,495	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	1,037,024	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	1,064,947	331,092	737,748	10,020
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	-	733,662	-	-
Reserved for prepaid costs	-	-	-	-
Unreserved:				
Designated for capital projects	-	-	-	-
Designated for debt service	-	-	-	-
Undesignated	(9)	7,440,788	(181,310)	29,680
Total Fund Balances	(9)	8,174,450	(181,310)	29,680
Total Liabilities and Fund Balances	\$ 1,064,938	\$ 8,505,542	\$ 556,438	\$ 39,700

**CITY OF WEST HOLLYWOOD
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Capital Projects Funds			General Reserves Capital Projects
	Debt Funded Capital Projects	Community Facilities	Santa Monica Boulevard	
Assets:				
Pooled cash and investments	\$ -	\$ -	\$ 6,224,183	\$ -
Receivables:				
Accounts	-	-	3,168	-
Loans	-	-	-	-
Allowance for loan forgiveness	-	-	-	-
Accrued interest	-	-	77,029	-
Prepaid costs	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	33,428	-	-
Total Assets	\$ -	\$ 33,428	\$ 6,304,380	\$ -
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 795	\$ -	\$ -	\$ 223
Accrued liabilities	-	-	-	-
Due to other funds	1,122,856	-	-	4,036
Deferred revenues	-	-	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	1,123,651	-	-	4,259
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	17,481	-	-	3,500
Reserved for prepaid costs	-	-	-	-
Unreserved:				
Designated for capital projects	-	33,428	-	-
Designated for debt service	-	-	-	-
Undesignated	(1,141,132)	-	6,304,380	(7,759)
Total Fund Balances	(1,123,651)	33,428	6,304,380	(4,259)
Total Liabilities and Fund Balances	\$ -	\$ 33,428	\$ 6,304,380	\$ -

(Continued)

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	Capital Projects Funds		Debt Service Funds	
	Redevelopment Agency Low & Moderate Housing	Capital Projects Debt Service	Redevelopment Agency	
Assets:				
Pooled cash and investments	\$ 982,743	\$ 5,526,637	\$ 7,620,041	
Receivables:				
Accounts	-	-	-	
Loans	2,493,049	-	-	
Allowance for loan forgiveness	(2,493,049)	-	-	
Accrued interest	22,625	42,932	101,924	
Prepaid costs	-	-	-	
Due from other governments	54,919	-	201,782	
Due from other funds	-	-	888,801	
Restricted assets:				
Cash and investments with fiscal agents	244,223	2,009,517	558,349	
Total Assets	\$ 1,304,510	\$ 7,579,086	\$ 9,370,897	
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 3,260	
Accrued liabilities	-	-	-	
Due to other funds	-	-	-	
Deferred revenues	-	-	-	
Advances from other funds	-	-	-	
Deposits payable	-	-	-	
Due to other governments	-	-	687,392	
Unearned revenues	-	-	-	
Total Liabilities	-	-	690,652	
Fund Balances:				
Fund balances:				
Reserved:				
Reserved for encumbrances	-	-	-	
Reserved for prepaid costs	-	-	-	
Unreserved:				
Designated for capital projects	1,304,510	-	-	
Designated for debt service	-	6,462,431	6,140,511	
Undesignated	-	1,116,655	2,539,734	
Total Fund Balances	1,304,510	7,579,086	8,680,245	
Total Liabilities and Fund Balances	\$ 1,304,510	\$ 7,579,086	\$ 9,370,897	

**CITY OF WEST HOLLYWOOD
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

Page 7 of 7

	<u>Permanent Fund</u>	
	<u>Laurel Avenue Trust</u>	<u>Total Governmental Funds</u>
Assets:		
Pooled cash and investments	\$ 85,017	\$ 40,937,974
Receivables:		
Accounts	-	765,774
Loans	-	11,103,739
Allowance for loan forgiveness	-	(10,066,715)
Accrued interest	1,035	478,659
Prepaid costs	3,800	27,821
Due from other governments	-	904,631
Due from other funds	-	888,801
Restricted assets:		
Cash and investments with fiscal agents	-	2,845,517
Total Assets	\$ 89,852	\$ 47,886,201
Liabilities and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 915,767
Accrued liabilities	-	359
Due to other funds	-	1,990,685
Deferred revenues	-	568,486
Advances from other funds	99,430	99,430
Deposits payable	-	51,194
Due to other governments	-	1,724,416
Unearned revenues	-	1,104,486
Total Liabilities	99,430	6,454,823
Fund Balances:		
Fund balances:		
Reserved:		
Reserved for encumbrances	-	1,586,606
Reserved for prepaid costs	3,800	27,821
Unreserved:		
Designated for capital projects	-	1,337,938
Designated for debt service	-	12,602,942
Undesignated	(13,378)	25,876,071
Total Fund Balances	(9,578)	41,431,378
Total Liabilities and Fund Balances	\$ 89,852	\$ 47,886,201

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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, 2007

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>
Revenues:				
Taxes	\$ -	\$ 608,847	\$ 505,757	\$ -
Intergovernmental	1,511,156	1,616,573	-	684,817
Charges for services	-	-	-	-
Use of money and property	-	83,286	49,865	24,219
Fines and forfeitures	-	-	-	-
Miscellaneous	-	46,684	5,150	-
Developer participation	-	-	-	-
Total Revenues	<u>1,511,156</u>	<u>2,355,390</u>	<u>560,772</u>	<u>709,036</u>
Expenditures:				
Current:				
General government	269,752	-	-	-
Public safety	30,615	-	-	-
Public services	967,745	1,885,137	199,953	862,864
Capital outlay	129,750	-	723,135	295,178
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>1,397,862</u>	<u>1,885,137</u>	<u>923,088</u>	<u>1,158,042</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>113,294</u>	<u>470,253</u>	<u>(362,316)</u>	<u>(449,006)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>113,294</u>	<u>470,253</u>	<u>(362,316)</u>	<u>(449,006)</u>
Fund Balances, Beginning of Year	<u>(414,525)</u>	<u>2,006,401</u>	<u>1,191,121</u>	<u>610,209</u>
Fund Balances, End of Year	<u>\$ (301,231)</u>	<u>\$ 2,476,654</u>	<u>\$ 828,805</u>	<u>\$ 161,203</u>

(Continued)

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	Special Revenue Funds			
	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act
Revenues:				
Taxes	\$ 45,274	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	8,105	13,506	38,141	66,525
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Developer participation	-	40,417	187,318	457,607
Total Revenues	53,379	53,923	225,459	524,132
Expenditures:				
Current:				
General government	-	-	100,649	-
Public safety	-	-	-	-
Public services	9,735	124,653	-	-
Capital outlay	28,000	-	-	80,653
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	37,735	124,653	100,649	80,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,644	(70,730)	124,810	443,479
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	15,644	(70,730)	124,810	443,479
Fund Balances, Beginning of Year	175,320	345,780	461,067	1,237,258
Fund Balances, End of Year	\$ 190,964	\$ 275,050	\$ 585,877	\$ 1,680,737

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	<u>Special Revenue Funds</u>			
	<u>City Lighting</u>	<u>Public Access</u>	<u>Parking Improvement</u>	<u>Permit Parking</u>
Revenues:				
Taxes	\$ 657,280	\$ 76,248	\$ -	\$ -
Intergovernmental	6,330	-	-	-
Charges for services	-	-	-	-
Use of money and property	5,886	22,186	1,718,321	596,968
Fines and forfeitures	3,056	-	760,990	-
Miscellaneous	10,204	450	-	-
Developer participation	-	-	270,939	-
Total Revenues	<u>682,756</u>	<u>98,884</u>	<u>2,750,250</u>	<u>596,968</u>
Expenditures:				
Current:				
General government	-	151,794	-	-
Public safety	-	-	-	-
Public services	587,338	-	506,660	714,237
Capital outlay	-	-	16,525	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>587,338</u>	<u>151,794</u>	<u>523,185</u>	<u>714,237</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>95,418</u>	<u>(52,910)</u>	<u>2,227,065</u>	<u>(117,269)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(479,096)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(479,096)</u>	<u>-</u>
Net Change in Fund Balances	<u>95,418</u>	<u>(52,910)</u>	<u>1,747,969</u>	<u>(117,269)</u>
Fund Balances, Beginning of Year	<u>102,388</u>	<u>512,650</u>	<u>2,471,509</u>	<u>(13,408)</u>
Fund Balances, End of Year	<u>\$ 197,806</u>	<u>\$ 459,740</u>	<u>\$ 4,219,478</u>	<u>\$ (130,677)</u>

(Continued)

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	Special Revenue Funds			
	CDBG	Housing Trust	Sunset Mitigation	Avenues of Art and Design
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	96,276	-	-	-
Charges for services	-	-	553,623	247,335
Use of money and property	-	318,601	-	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	-	-
Developer participation	-	2,747,605	-	-
Total Revenues	96,276	3,066,206	553,623	247,335
Expenditures:				
Current:				
General government	-	-	591,500	267,864
Public safety	-	-	603,778	-
Public services	96,276	210,168	-	-
Capital outlay	-	472,905	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	96,276	683,073	1,195,278	267,864
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	2,383,133	(641,655)	(20,529)
Other Financing Sources (Uses):				
Transfers in	-	-	575,441	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	575,441	-
Net Change in Fund Balances	-	2,383,133	(66,214)	(20,529)
Fund Balances, Beginning of Year	(9)	5,791,317	(115,096)	50,209
Fund Balances, End of Year	\$ (9)	\$8,174,450	\$ (181,310)	\$ 29,680

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	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)	1,595	99,425	-
Fines and forfeitures	-	-	-	-
Miscellaneous	-	-	6,200,000	-
Developer participation	-	-	-	-
Total Revenues	(375)	1,595	6,299,425	-
Expenditures:				
Current:				
General government	-	1,595	-	-
Public safety	-	-	-	-
Public services	-	-	-	-
Capital outlay	2,660	-	-	4,259
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,660	1,595	-	4,259
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,035)	-	6,299,425	(4,259)
Other Financing Sources (Uses):				
Transfers in	-	-	39,472	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	39,472	-
Net Change in Fund Balances	(3,035)	-	6,338,897	(4,259)
Fund Balances, Beginning of Year	(1,120,616)	33,428	(34,517)	-
Fund Balances, End of Year	\$ (1,123,651)	\$ 33,428	\$ 6,304,380	\$ (4,259)

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	Capital Projects		
	Funds	Debt Service Funds	
	Redevelopment Agency Low & Moderate Housing	Capital Projects Debt Service	Redevelopment Agency
Revenues:			
Taxes	\$ 1,019,854	\$ -	\$ 3,058,878
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	138,204	1,089,132	345,897
Fines and forfeitures	-	-	-
Miscellaneous	-	-	-
Developer participation	-	-	-
Total Revenues	1,158,058	1,089,132	3,404,775
Expenditures:			
Current:			
General government	18,750	-	66,525
Public safety	-	-	-
Public services	-	-	-
Capital outlay	2,897,706	-	-
Debt service:			
Principal retirement	60,860	690,000	139,140
Interest and fiscal charges	178,813	1,113,997	408,807
Total Expenditures	3,156,129	1,803,997	614,472
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,998,071)	(714,865)	2,790,303
Other Financing Sources (Uses):			
Transfers in	-	1,831,520	-
Transfers out	-	-	(250,569)
Total Other Financing Sources (Uses)	-	1,831,520	(250,569)
Net Change in Fund Balances	(1,998,071)	1,116,655	2,539,734
Fund Balances, Beginning of Year	3,302,581	6,462,431	6,140,511
Fund Balances, End of Year	\$ 1,304,510	\$ 7,579,086	\$ 8,680,245

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

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	<u>Permanent Fund</u>	
	<u>Laurel Avenue Trust</u>	<u>Total Governmental Funds</u>
Revenues:		
Taxes	\$ -	\$ 5,972,138
Intergovernmental	-	3,915,152
Charges for services	-	800,958
Use of money and property	3,867	4,623,354
Fines and forfeitures	-	764,046
Miscellaneous	-	6,262,488
Developer participation	-	3,703,886
Total Revenues	<u>3,867</u>	<u>26,042,022</u>
Expenditures:		
Current:		
General government	-	1,468,429
Public safety	-	634,393
Public services	284	6,165,050
Capital outlay	-	4,650,771
Debt service:		
Principal retirement	-	890,000
Interest and fiscal charges	-	1,701,617
Total Expenditures	<u>284</u>	<u>15,510,260</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,583</u>	<u>10,531,762</u>
Other Financing Sources (Uses):		
Transfers in	-	2,446,433
Transfers out	-	(729,665)
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,716,768</u>
Net Change in Fund Balances	<u>3,583</u>	<u>12,248,530</u>
Fund Balances, Beginning of Year	<u>(13,161)</u>	<u>29,182,848</u>
Fund Balances, End of Year	<u>\$ (9,578)</u>	<u>\$ 41,431,378</u>

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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, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (414,525)	\$ (414,525)	\$ (414,525)	\$ -
Resources (Inflows):				
Intergovernmental	3,663,998	4,284,372	1,511,156	(2,773,216)
Amounts Available for Appropriation	3,249,473	3,869,847	1,096,631	(2,773,216)
Charges to Appropriation (Outflow):				
General government	125,867	391,923	269,752	122,171
Public safety	25,363	30,336	30,615	(279)
Public services	1,126,856	2,134,307	967,745	1,166,562
Capital outlay	2,385,912	2,319,350	129,750	2,189,600
Total Charges to Appropriations	3,663,998	4,875,916	1,397,862	3,478,054
Budgetary Fund Balance, June 30	\$ (414,525)	\$ (1,006,069)	\$ (301,231)	\$ 704,838

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,006,401	\$ 2,006,401	\$ 2,006,401	\$ -
Resources (Inflows):				
Taxes	550,000	550,000	608,847	58,847
Intergovernmental	877,325	1,565,000	1,616,573	51,573
Use of money and property	10,000	10,000	83,286	73,286
Other	60,000	60,000	46,684	(13,316)
Amounts Available for Appropriation	3,503,726	4,191,401	4,361,791	170,390
Charges to Appropriation (Outflow):				
Public services	2,124,574	2,124,574	1,885,137	239,437
Total Charges to Appropriations	2,124,574	2,124,574	1,885,137	239,437
Budgetary Fund Balance, June 30	\$ 1,379,152	\$ 2,066,827	\$ 2,476,654	\$ 409,827

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,191,121	\$ 1,191,121	\$ 1,191,121	\$ -
Resources (Inflows):				
Taxes	460,000	460,000	505,757	45,757
Use of money and property	12,000	12,000	49,865	37,865
Other	-	-	5,150	5,150
Amounts Available for Appropriation	1,663,121	1,663,121	1,751,893	88,772
Charges to Appropriation (Outflow):				
Public services	212,972	233,769	199,953	33,816
Capital outlay	20,000	1,213,589	723,135	490,454
Total Charges to Appropriations	232,972	1,447,358	923,088	524,270
Budgetary Fund Balance, June 30	\$ 1,430,149	\$ 215,763	\$ 828,805	\$ 613,042

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE

GAS TAX

YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 610,209	\$ 610,209	610,209	\$ -
Resources (Inflows):				
Intergovernmental	696,000	696,000	684,817	(11,183)
Use of money and property	1,000	1,000	24,219	23,219
Amounts Available for Appropriation	1,307,209	1,307,209	1,319,245	12,036
Charges to Appropriation (Outflow):				
Public services	1,033,170	1,112,472	862,864	249,608
Capital outlay	-	179,398	295,178	(115,780)
Total Charges to Appropriations	1,033,170	1,291,870	1,158,042	133,828
Budgetary Fund Balance, June 30	\$ 274,039	\$ 15,339	\$ 161,203	\$ 145,864

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 175,320	\$ 175,320	\$ 175,320	\$ -
Resources (Inflows):				
Taxes	44,000	44,000	45,274	1,274
Use of money and property	2,500	2,500	8,105	5,605
Amounts Available for Appropriation	221,820	221,820	228,699	6,879
Charges to Appropriation (Outflow):				
Public services	19,760	19,760	9,735	10,025
Capital outlay	60,000	97,000	28,000	69,000
Total Charges to Appropriations	79,760	116,760	37,735	79,025
Budgetary Fund Balance, June 30	\$ 142,060	\$ 105,060	\$ 190,964	\$ 85,904

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE

TRAFFIC

YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 345,780	\$ 345,780	\$ 345,780	\$ -
Resources (Inflows):				
Use of money and property	7,000	-	13,506	13,506
Developer fees	10,000	-	40,417	40,417
Amounts Available for Appropriation	362,780	345,780	399,703	53,923
Charges to Appropriation (Outflow):				
Public services	132,162	148,755	124,653	24,102
Capital Outlay	20,000	68,091	-	68,091
Total Charges to Appropriations	152,162	216,846	124,653	92,193
Budgetary Fund Balance, June 30	\$ 210,618	\$ 128,934	\$ 275,050	\$ 146,116

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
PUBLIC BEAUTIFICATION AND ART
YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 461,067	\$ 461,067	\$ 461,067	\$ -
Resources (Inflows):				
Use of money and property	6,000	6,000	38,141	32,141
Developer fees	-	106,000	187,318	81,318
Amounts Available for Appropriation	467,067	573,067	686,526	113,459
Charges to Appropriation (Outflow):				
General government	217,000	245,468	100,649	144,819
Total Charges to Appropriations	217,000	245,468	100,649	144,819
Budgetary Fund Balance, June 30	\$ 250,067	\$ 327,599	\$ 585,877	\$ 258,278

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,237,258	\$ 1,237,258	\$ 1,237,258	\$ -
Resources (Inflows):				
Use of money and property	4,000	4,000	66,525	62,525
Developer fees	-	281,715	457,607	175,892
Amounts Available for Appropriation	1,241,258	1,522,973	1,761,390	238,417
Charges to appropriation (outflow):				
Capital outlay	208,000	830,383	80,653	749,730
Total Charges to Appropriations	208,000	830,383	80,653	749,730
Budgetary Fund Balance, June 30	\$ 1,033,258	\$ 692,590	\$ 1,680,737	\$ 988,147

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 CITY LIGHTING
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 102,388	\$ 102,388	\$ 102,388	\$ -
Resources (Inflows):				
Taxes	598,000	598,000	657,280	59,280
Intergovernmental	6,000	6,000	6,330	330
Use of money and property	1,200	1,200	5,886	4,686
Fines and forfeitures	3,000	3,000	3,056	56
Other	-	-	10,204	10,204
Amounts Available for Appropriation	710,588	710,588	785,144	74,556
Charges to Appropriation (Outflow):				
Public services	610,000	676,181	587,338	88,843
Total Charges to Appropriations	610,000	676,181	587,338	88,843
Budgetary Fund Balance, June 30	\$ 100,588	\$ 34,407	\$ 197,806	\$ 163,399

CITY OF WEST HOLLYWOOD

BUDGET COMPARISON SCHEDULE
 PUBLIC ACCESS
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 512,650	\$ 512,650	\$ 512,650	\$ -
Resources (Inflows):				
Taxes	75,000	75,000	76,248	1,248
Use of money and property	4,000	4,000	22,186	18,186
Other	2,000	2,000	450	(1,550)
Amounts available for appropriation	593,650	593,650	611,534	17,884
Charges to Appropriation (Outflow):				
General government	323,509	509,897	151,794	358,103
Total Charges to Appropriations	323,509	509,897	151,794	358,103
Budgetary Fund Balance, June 30	\$ 270,141	\$ 83,753	\$ 459,740	\$ 375,987

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 PARKING IMPROVEMENT
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,471,509	\$ 2,471,509	\$ 2,471,509	\$ -
Resources (Inflows):				
Use of money and property	1,470,000	1,472,750	1,718,321	245,571
Fines and forfeitures	625,000	731,671	760,990	29,319
Developer fees	11,000	11,000	270,939	259,939
Proceeds of long-term debt	-	3,500,000	-	(3,500,000)
Amounts Available for Appropriation	4,577,509	8,186,930	5,221,759	(2,965,171)
Charges to Appropriation (Outflow):				
Public services	712,490	737,837	506,660	231,177
Capital outlay	3,500,000	4,070,866	16,525	4,054,341
Transfers to other funds	479,096	479,096	479,096	-
Total Charges to Appropriations	4,691,586	5,287,799	1,002,281	4,285,518
Budgetary Fund Balance, June 30	\$ (114,077)	\$ 2,899,131	\$ 4,219,478	\$ 1,320,347

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 PERMIT PARKING
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (13,408)	\$ (13,408)	\$ (13,408)	\$ -
Resources (Inflows):				
Use of money and property	627,000	627,000	596,968	(30,032)
Amounts Available for Appropriation	613,592	613,592	583,560	(30,032)
Charges to Appropriation (Outflow):				
Public services	742,764	754,373	714,237	40,136
Total Charges to Appropriations	742,764	754,373	714,237	40,136
Budgetary Fund Balance, June 30	\$ (129,172)	\$ (140,781)	\$ (130,677)	\$ 10,104

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
 YEAR ENDED JUNE 30, 2007

	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	1,054,605	96,276	(958,329)
Amounts Available for Appropriation	499,991	1,054,596	96,267	(958,329)
Charges to Appropriation (Outflow):				
Public services	259,396	1,054,605	96,276	958,329
Total Charges to Appropriations	259,396	1,054,605	96,276	958,329
Budgetary Fund Balance, June 30	\$ 240,595	\$ (9)	\$ (9)	\$ -

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
HOUSING TRUST
YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,791,317	\$ 5,791,317	\$ 5,791,317	\$ -
Resources (Inflows):				
Intergovernmental	-	1,000,000	-	(1,000,000)
Use of money and property	15,000	15,000	318,601	303,601
Developer fees	197,000	1,166,000	2,747,605	1,581,605
Amounts Available for Appropriation	6,003,317	7,972,317	8,857,523	885,206
Charges to Appropriation (Outflow):				
Public services	2,775,000	2,851,531	210,168	2,641,363
Capital outlay	1,000,000	2,058,562	472,905	1,585,657
Total Charges to Appropriations	3,775,000	4,910,093	683,073	4,227,020
Budgetary Fund Balance, June 30	\$ 2,228,317	\$ 3,062,224	\$ 8,174,450	\$ 5,112,226

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 SUNSET MITIGATION
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ (115,096)	\$ (115,096)	\$ (115,096)	\$ -
Resources (inflows):				
Charges for services	600,000	600,000	553,623	(46,377)
Transfers from other funds	-	575,441	575,441	-
Amounts available for appropriation	484,904	1,060,345	1,013,968	(46,377)
Charges to appropriation (outflow):				
General government	591,500	591,500	591,500	-
Public safety	575,441	575,441	603,778	(28,337)
	1,166,941	1,166,941	1,195,278	(28,337)
Budgetary fund balance, June 30	\$ (682,037)	\$ (106,596)	\$ (181,310)	\$ (74,714)

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 AVENUES OF ART AND DESIGN
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 50,209	\$ 50,209	\$ 50,209	\$ -
Resources (inflows):				
Charges for services	221,000	221,000	247,335	26,335
Amounts available for appropriation	271,209	271,209	297,544	26,335
Charges to appropriation (outflow):				
General government	221,000	221,000	267,864	(46,864)
	221,000	221,000	267,864	(46,864)
Budgetary fund balance, June 30	\$ 50,209	\$ 50,209	\$ 29,680	\$ (20,529)

CAPITAL PROJECT FUNDS

COMMUNITY FACILITIES FUND :

The City issued 20-year bonds worth \$835,000 to finance Seismic Improvements within the Communities Facilities District. However, this debt is entirely financed by the assessments levied on the properties within this district and the City assumes no future liabilities. Thus, the activities on this debt are reported under Agency 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.

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.

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
DEBT FUNDED CAPITAL PROJECTS
YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (1,120,616)	\$ (1,120,616)	\$(1,120,616)	\$ -
Resources (Inflows):				
Use of money and property	876,025	-	(375)	(375)
Other debts issued	-	10,700,000	-	(10,700,000)
Amounts Available for Appropriation	(244,591)	9,579,384	(1,120,991)	(10,700,375)
Charges to Appropriation (Outflow):				
Capital outlay	10,700,000	10,502,782	2,660	10,500,122
Total Charges to Appropriations	10,700,000	10,502,782	2,660	10,500,122
Budgetary Fund Balance, June 30	\$ (10,944,591)	\$ (923,398)	\$(1,123,651)	\$ (200,253)

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 COMMUNITY FACILITIES
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 33,428	\$ 33,428	\$ 33,428	\$ -
Resources (Inflows):				
Use of money and property	-	-	1,595	1,595
Amounts Available for Appropriation	<u>33,428</u>	<u>33,428</u>	<u>35,023</u>	<u>1,595</u>
Charges to Appropriation (Outflow):				
General government	-	-	1,595	(1,595)
Total Charges to Appropriations	<u>-</u>	<u>-</u>	<u>1,595</u>	<u>(1,595)</u>
Budgetary Fund Balance, June 30	<u>\$ 33,428</u>	<u>\$ 33,428</u>	<u>\$ 33,428</u>	<u>\$ -</u>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY CAPITAL PROJECTS
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (6,031,498)	\$ (6,031,498)	\$(6,031,498)	\$ -
Resources (Inflows):				
Charges for services	-	-	-	-
Use of money and property	60,000	80,000	80,154	154
Transfers from other funds	-	-	250,569	250,569
Amounts Available for Appropriation	<u>(5,971,498)</u>	<u>(5,951,498)</u>	<u>(5,700,775)</u>	<u>250,723</u>
Charges to Appropriation (Outflow):				
General government	1,086,686	1,286,686	467,600	819,086
Capital Outlay	6,278,000	6,278,000	800,000	5,478,000
Debt service:				
Interest and fiscal charges	350,000	350,000	364,694	(14,694)
Total Charges to Appropriations	<u>7,714,686</u>	<u>7,914,686</u>	<u>1,632,294</u>	<u>6,282,392</u>
Budgetary Fund Balance, June 30	<u>\$ (13,686,184)</u>	<u>\$ (13,866,184)</u>	<u>\$(7,333,069)</u>	<u>\$ 6,533,115</u>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY LOW & MODERATE HOUSING
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,302,581	\$ 3,302,581	\$ 3,302,581	\$ -
Resources (Inflows):				
Taxes	686,000	686,000	1,019,854	333,854
Use of money and property	-	-	138,204	138,204
Amounts Available for Appropriation	3,988,581	3,988,581	4,460,639	472,058
Charges to Appropriation (Outflow):				
General government	-	-	18,750	(18,750)
Capital Outlay	1,250,000	3,993,439	2,897,706	1,095,733
Debt service:				
Principal	60,000	-	60,860	(60,860)
Interest and fiscal charges	176,416	176,416	178,813	(2,397)
Total Charges to Appropriations	1,486,416	4,169,855	3,156,129	1,013,726
Budgetary Fund Balance, June 30	\$ 2,502,165	\$ (181,274)	\$ 1,304,510	\$ 1,485,784

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, 2007**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,462,431	\$ 6,462,431	\$ 6,462,431	\$ -
Resources (Inflows):				
Use of money and property	876,025	876,025	1,089,132	213,107
Transfers from other funds	-	1,831,520	1,831,520	-
Amounts Available for Appropriation	7,338,456	9,169,976	9,383,083	213,107
Charges to Appropriation (Outflow):				
Debt service:				
Principal	690,000	690,000	690,000	-
Interest and fiscal charges	1,141,520	1,147,520	1,113,997	33,523
Total Charges to Appropriations	1,831,520	1,837,520	1,803,997	33,523
Budgetary Fund Balance, June 30	\$ 5,506,936	\$ 7,332,456	\$ 7,579,086	\$ 246,630

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY DEBT SERVICE
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,140,511	\$ 6,140,511	\$ 6,140,511	\$ -
Resources (Inflows):				
Taxes	2,744,000	-	3,058,878	3,058,878
Use of money and property	10,000	-	345,897	345,897
Amounts Available for Appropriation	8,894,511	6,140,511	9,545,286	3,404,775
Charges to Appropriation (Outflow):				
General government	705,000	605,000	66,525	538,475
Debt service:				
Principal	140,000	140,000	139,140	860
Interest and fiscal charges	415,054	415,054	408,807	6,247
Transfers to other funds	-	-	250,569	(250,569)
Total Charges to Appropriations	1,260,054	1,160,054	865,041	295,013
Budgetary Fund Balance, June 30	\$ 7,634,457	\$ 4,980,457	\$ 8,680,245	\$ 3,699,788

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PERMANENT FUND

LAUREL AVE. TRUST FUND (ALSO PGS 76 & 84):

A Trust was formed between the City and Elsie Weisman to maintain a donated historic apartment building. The fund is to account for the rental revenues, related operating costs, and the capital improvements. Prior to GASB 34, this fund was considered a Non-Expendable Trust, and was considered a Fiduciary Fund.

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON SCHEDULE
 LAUREL AVENUE TRUST
 YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (13,161)	\$ (13,161)	\$ (13,161)	\$ -
Resources (Inflows):				
Use of money and property	-	-	3,867	3,867
Amounts Available for Appropriation	(13,161)	(13,161)	(9,294)	3,867
Charges to Appropriation (Outflow):				
Public services	-	-	284	(284)
Total Charges to Appropriations	-	-	284	(284)
Budgetary Fund Balance, June 30	\$ (13,161)	\$ (13,161)	\$ (9,578)	\$ 3,583

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
NON-MAJOR PROPRIETARY FUNDS
JUNE 30, 2007

	Sewer Charge	Solid Waste	Landscape District	Street Maintenance	Totals
Assets:					
Current:					
Cash and investments	\$ 454,764	\$308,735	\$129,129	\$ 38,208	\$930,836
Receivables:					
Accounts	2,112	-	-	13	2,125
Accrued interest	5,559	5,018	1,623	416	12,616
Due from other governments	14,330	20,753	6,613	6,950	48,646
Total Current Assets	476,765	334,506	137,365	45,587	994,223
Total Assets	\$ 476,765	\$334,506	\$137,365	\$ 45,587	\$994,223
Liabilities and Net Assets:					
Liabilities:					
Current:					
Accounts payable	\$ 43,704	\$ 6,611	\$ 9,632	\$ 11,888	\$ 71,835
Total Current Liabilities	43,704	6,611	9,632	11,888	71,835
Total Liabilities	43,704	6,611	9,632	11,888	71,835
Net Assets:					
Unrestricted	433,061	327,895	127,733	33,699	922,388
Total Net Assets	433,061	327,895	127,733	33,699	922,388
Total Liabilities and Net Assets	\$ 476,765	\$334,506	\$137,365	\$ 45,587	\$994,223

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007**

	Sewer Charge	Solid Waste	Landscape District	Street Maintenance	Totals
Operating Revenues:					
Sales and service charges	\$ 491,307	\$1,187,790	\$162,103	\$ 282,993	\$ 2,124,193
Fines and forfeitures	411	2,874	601	576	4,462
Licenses and permits	71,779	-	-	-	71,779
Total Operating Revenues	563,497	1,190,664	162,704	283,569	2,200,434
Operating Expenses:					
Treatment	328,276	1,217,092	156,241	247,114	1,948,723
Administration and general	34,500	42,550	4,000	101,191	182,241
Total Operating Expenses	362,776	1,259,642	160,241	348,305	2,130,964
Operating Income (Loss)	200,721	(68,978)	2,463	(64,736)	69,470
Nonoperating Revenues (Expenses):					
Interest revenue	13,748	10,819	4,895	887	30,349
Total Nonoperating Revenues (Expenses)	13,748	10,819	4,895	887	30,349
Income (Loss) Before Transfers	214,469	(58,159)	7,358	(63,849)	99,819
Transfers in	-	-	-	26,706	26,706
Changes in Net Assets	214,469	(58,159)	7,358	(37,143)	126,525
Net Assets:					
Beginning of Year	218,592	386,054	120,375	70,842	795,863
End of Fiscal Year	\$ 433,061	\$ 327,895	\$127,733	\$ 33,699	\$ 922,388

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007**

	Sewer Charge	Solid Waste	Landscape District	Street Maintenance	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 562,664	\$ 1,235,330	\$ 173,752	\$ 296,525	\$ 2,268,271
Cash paid to suppliers for goods and services	(199,391)	(1,032,770)	(159,572)	(64,837)	(1,456,570)
Cash paid to employees for services	(125,320)	(222,292)	-	(273,224)	(620,836)
Net Cash Provided (Used) by Operating Activities	237,953	(19,732)	14,180	(41,536)	190,865
Cash Flows from Non-Capital Financing Activities					
Financing Activities:					
Cash transfers in	-	-	-	26,706	26,706
Net Cash Provided (Used) by Non-Capital Financing Activities	-	-	-	26,706	26,706
Cash Flows from Investing Activities:					
Interest received	10,319	9,134	4,340	1,231	25,024
Net Cash Provided (Used) by Investing Activities	10,319	9,134	4,340	1,231	25,024
Net Increase (Decrease) in Cash and Cash Equivalents	248,272	(10,598)	18,520	(13,599)	242,595
Cash and Cash Equivalents at Beginning of Year	206,492	319,333	110,609	51,807	688,241
Cash and Cash Equivalents at End of Year	\$ 454,764	\$ 308,735	\$ 129,129	\$ 38,208	\$ 930,836
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 200,721	\$ (68,978)	\$ 2,463	\$ (64,736)	\$ 69,470
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
(Increase) decrease in accounts receivable	(1,883)	-	-	(13)	(1,896)
(Increase) decrease in due from other governments	1,050	44,666	11,048	12,969	69,733
Increase (decrease) in accounts payable	38,065	4,580	669	10,244	53,558
Total Adjustments	37,232	49,246	11,717	23,200	121,395
Net Cash Provided (Used) by Operating Activities	\$ 237,953	\$ (19,732)	\$ 14,180	\$ (41,536)	\$ 190,865

Non-Cash Investing, Capital, and Financing Activities:

There were no noncash investing, capital or financing activities during the year.

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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, 2007**

	<u>Business Improvement</u>	<u>Community District Debt Service</u>	<u>Totals</u>
Assets:			
Cash and investments	\$ -	\$ 21,756	\$ 21,756
Receivables (net of allowance for uncollectibles):			
Accounts	166,570	-	166,570
Taxes	198,705	-	198,705
Interest	-	2,018	2,018
Due from other governments	-	612	612
Cash with fiscal agent	-	384,355	384,355
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 365,275</u>	<u>\$ 408,741</u>	<u>\$ 774,016</u>
 Liabilities:			
Accounts payable	\$ 365,275	\$ -	\$ 365,275
Due to bondholders	-	408,741	408,741
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 365,275</u>	<u>\$ 408,741</u>	<u>\$ 774,016</u>

CITY OF WEST HOLLYWOOD

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2007**

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
BUSINESS IMPROVEMENT				
Assets:				
Receivables (net of allowance for uncollectibles):				
Accounts	\$ 155,675	\$ 129,726	\$ 118,831	\$ 166,570
Taxes	198,450	198,705	198,450	198,705
Total Assets	\$ 354,125	\$ 328,431	\$ 317,281	\$ 365,275
Liabilities:				
Accounts payable	\$ 354,125	\$ 328,431	\$ 317,281	\$ 365,275
Total Liabilities	\$ 354,125	\$ 328,431	\$ 317,281	\$ 365,275
COMMUNITY DISTRICT DEBT SERVICE				
Assets:				
Cash and investments	\$ 160,814	\$ 823,053	\$ 962,111	\$ 21,756
Receivables (net of allowance for uncollectibles):				
Interest	1,442	8,283	7,707	2,018
Restricted assets:				-
Cash with fiscal agent	229,842	969,496	814,983	384,355
Due from other governments	4,872	612	4,872	612
Total Assets	\$ 396,970	\$1,801,444	\$ 1,789,673	\$ 408,741
Liabilities:				
Due to bondholders	\$ 396,970	\$1,801,444	\$ 1,789,673	\$ 408,741
Total Liabilities	\$ 396,970	\$1,801,444	\$ 1,789,673	\$ 408,741
TOTAL				
Assets:				
Cash and investments	\$ 160,814	\$ 823,053	\$ 962,111	\$ 21,756
Receivables (net of allowance for uncollectibles):				
Accounts	155,675	129,726	118,831	166,570
Taxes	198,450	198,705	198,450	198,705
Interest	1,442	8,283	7,707	2,018
Restricted assets:				
Cash with fiscal agent	229,842	969,496	814,983	384,355
Due from other governments	4,872	612	4,872	612
Total Assets	\$ 751,095	\$2,129,875	\$ 2,106,954	\$ 774,016
Liabilities:				
Accounts payable	\$ 354,125	\$ 328,431	\$ 317,281	\$ 365,275
Due to bondholders	396,970	1,801,444	1,789,673	408,741
Total Liabilities	\$ 751,095	\$2,129,875	\$ 2,106,954	\$ 774,016

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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



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CITY OF WEST HOLLYWOOD

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

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	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
Governmental activities			
Invested in capital assets, net of related debt	\$ 81,802,689	\$ 83,025,801	\$ 82,839,263
Restricted	22,213,608	30,203,837	42,540,457
Unrestricted	34,378,132	44,313,953	61,562,154
Total governmental activities net assets	<u>\$ 138,394,429</u>	<u>\$ 157,543,591</u>	<u>\$ 186,941,874</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 10,812,425	\$ 10,593,768	\$ 10,270,624
Restricted	-	-	-
Unrestricted	1,962,405	1,127,018	1,270,903
Total business-type activities net assets	<u>\$ 12,774,830</u>	<u>\$ 11,720,786</u>	<u>\$ 11,541,527</u>
Primary government			
Invested in capital assets, net of related debt	\$ 92,615,114	\$ 93,619,569	\$ 93,109,887
Restricted	22,213,608	30,203,837	42,540,457
Unrestricted	36,340,537	45,440,971	62,833,057
Total primary government net assets	<u>151,169,259</u>	<u>169,264,377</u>	<u>198,483,401</u>

CITY OF WEST HOLLYWOOD

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

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	<u>54,064,019</u>	<u>53,861,280</u>	<u>78,410,237</u>	<u>54,373,828</u>
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	<u>2,310,289</u>	<u>2,936,016</u>	<u>2,270,000</u>	<u>2,180,904</u>
Total primary government expenses	<u>\$ 56,374,308</u>	<u>\$ 56,797,296</u>	<u>\$ 80,680,237</u>	<u>\$ 56,554,732</u>
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	<u>27,747,548</u>	<u>24,083,096</u>	<u>42,430,102</u>	<u>25,050,595</u>
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	<u>1,748,252</u>	<u>1,855,954</u>	<u>1,908,749</u>	<u>1,911,549</u>
Total primary government program revenues	<u>\$ 29,495,800</u>	<u>\$ 25,939,050</u>	<u>\$ 44,338,851</u>	<u>\$ 26,962,144</u>
Net (expense)/revenue				
Governmental activities	\$ (26,316,471)	\$ (29,778,184)	\$ (35,980,135)	\$ (29,323,233)
Business-type activities	<u>(562,037)</u>	<u>(1,080,062)</u>	<u>(361,251)</u>	<u>(269,355)</u>
Total Primary government net expense	<u>\$ (26,878,508)</u>	<u>\$ (30,858,246)</u>	<u>\$ (36,341,386)</u>	<u>\$ (29,592,588)</u>

(Continued)

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

CITY OF WEST HOLLYWOOD

**TABLE 2
CHANGES IN NET ASSETS
LAST SEVEN 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	36,563,083	34,451,528	40,313,286	39,279,968
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	616,464	719,736	59,087	60,339
Total primary government	\$ 37,179,547	\$ 35,171,264	\$ 40,372,373	\$ 39,340,307
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	\$ 10,301,039	\$ 4,313,018	\$ 4,030,987	\$ 9,747,719

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

CITY OF WEST HOLLYWOOD

**TABLE 3
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST SEVEN 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
General Fund			
Reserved	\$ 7,366,598	\$ 8,667,835	\$ 9,586,060
Unreserved	34,649,072	43,109,866	59,779,958
Total General Fund	<u>\$ 42,015,670</u>	<u>\$ 51,777,701</u>	<u>\$ 69,366,018</u>
All other governmental funds			
Reserved	\$ 1,853,944	\$ 1,739,931	\$ 1,828,522
Unreserved, reported in:			
Special revenue funds	8,124,694	12,827,476	17,077,571
Capital projects funds	(4,446,100)	(3,999,838)	(1,053,737)
Debt service funds	9,104,625	12,596,942	16,259,331
Permanent funds	(14,039)	(13,161)	(13,378)
Total all other governmental funds	<u>\$ 14,623,124</u>	<u>\$ 23,151,350</u>	<u>\$ 34,098,309</u>

CITY OF WEST HOLLYWOOD

**TABLE 4
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST SEVEN 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	5.8%	5.5%	7.6%	5.3%

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
Revenues			
Taxes	\$ 37,952,941	\$ 45,207,616	\$ 46,101,241
Licenses and permits	3,768,824	3,685,402	4,713,679
Intergovernmental	9,019,572	5,630,843	7,291,616
Charges for services	3,000,706	3,465,762	3,305,877
Use of money and property	6,191,455	7,878,304	9,464,842
Fines and forfeitures	8,615,254	9,035,814	9,527,735
Other	320,347	790,001	6,514,931
Developer fees	2,959,411	2,171,542	3,703,886
Total revenues	71,828,510	77,865,284	90,623,807
Expenditures			
Current:			
General government	13,874,481	16,166,120	15,194,716
Public Safety	10,698,220	11,139,872	11,319,265
Public Services	27,292,421	27,346,605	30,204,839
Capital outlay	4,722,669	6,322,213	6,663,064
Debt service:			
Principal retirement	5,420,000	845,000	890,000
Interest and fiscal charges	2,169,468	2,076,761	2,066,311
Cost of issuance	-	-	-
Total expenditures	64,177,259	63,896,571	66,338,195
Excess (deficiency) of revenues over (under) expenditures	7,651,251	13,968,714	24,285,612
Other financing sources (uses)			
Transfers in	8,062,551	2,684,606	2,697,002
Transfers out	(8,062,551)	(2,684,606)	(2,723,708)
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
Net change in fund balances	\$ 7,651,251	\$ 16,848,181	\$ 27,956,612
Debt service as a percentage of noncapital expenditures	12.8%	5.1%	5.0%

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
1998	7,595,268	6,974,300	4,752,532	1,113,140	1,059,901	21,495,142
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	9,317,692	2,050,259	2,259,576	39,412,337

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		
1998	2,744,232,979	127,799,815	0	2,872,032,794	394,793,296	8,403,183	403,196,479	-
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	-

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	
1998	1.00000	0.01201	0.00000	0.00158	0.00890	0.00220	0.00228	1.02697
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

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>2007</u>		<u>1998</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>
Pacific Design Center 1 LLC	\$ 214,114,318	3.49%	\$ 153,075,406	5.16%
Mani Brothers	93,834,701	1.53%	-	0.00%
CLPF West Hollywood Limited Partnership	76,887,600	1.25%	-	0.00%
Mondrian Holdings LLC	73,150,408	1.19%	17,136,170	0.58%
BRCP Millennium LLC	70,836,046	1.15%	-	0.00%
BA Studios LLC	55,029,929	0.90%	-	0.00%
W Bel Age LLC	46,153,581	0.75%	20,233,789	0.68%
Sunset Millennium Associates LLC	38,660,691	0.63%	-	0.00%
West Hollywood Development Co. LLC	33,864,000	0.55%		0.00%
Overstreet Monte	29,300,924	0.48%	-	0.00%
City of West Hollywood		0.00%	22,092,755	0.74%
RWH Holdings Inc.		0.00%	24,355,070	0.82%
Time Warner Entertainment Company	-	0.00%	41,945,025	1.41%
9000 Sunset Boulevard Corporation	-	0.00%	21,245,233	0.72%
Shearson Beverly Hills Medical	-	0.00%	23,000,000	0.78%
Charles Luckman Trust	-	0.00%	19,569,022	0.66%
Cedars Sinai Medical Center	-	0.00%	18,137,962	0.61%
TOTALS	\$ 731,832,198	13.57%	\$ 360,790,432	12.16%

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
1998	4,982,517	4,386,159	88.0%	146,957	4,533,116	91.0%
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	19,597,691	14,014,192	71.5%	1,261,990	15,276,182	77.9%

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			
1998	0	32,465,000	0	0	32,465,000	3.2%	922.98
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	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 2007 at this time.

Source: City of West Hollywood

CITY OF WEST HOLLYWOOD

TABLE 11
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2006
(UNAUDITED)

<u>Jurisdiction</u>	<u>Net General Obligation Debt Outstanding</u>	<u>Percentage Applicable to City of West Hollywood</u>	<u>Amount Applicable to City of West Hollywood June 30, 2007</u>
Overlapping General Fund Debt:			
Los Angeles County	\$ 8,395,000	0.679%	\$ 57,042
Los Angeles County Flood Control District	370,000	0.697%	2,580
Metropolitan Water District	165,681,509	0.751%	1,244,473
Los Angeles County Community College District	1,037,474,898	1.205%	12,505,794
Los Angeles Unified School District	6,504,880,000	1.488%	<u>96,811,205</u>
Subtotal, overlapping debt			110,621,094
City direct governmental debt			21,915,000
Total direct and overlapping governmental debt:			<u>\$ 132,536,094</u>

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CITY OF WEST HOLLYWOOD

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

Page 1 of 2

	Fiscal Year			
	1998	1999	2000	2001
Debt limit	\$ 440,051,083	\$ 454,335,094	\$ 471,852,527	\$ 534,446,400
Total net debt applicable to limit	34,235,000	34,235,000	34,235,000	34,235,000
Legal debt margin	\$ 405,816,083	\$ 420,100,094	\$ 437,617,527	\$ 500,211,400
Total net debt applicable to the limit as percentage of debt limit	7.78%	7.54%	7.26%	6.41%

(Continued)

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Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 601,330,601	\$ 632,879,805	\$ 669,881,700	\$ 724,258,134	\$ 786,253,106	\$ 898,796,113
<u>33,765,000</u>	<u>32,465,000</u>	<u>43,965,000</u>	<u>38,605,000</u>	<u>38,605,000</u>	<u>38,605,000</u>
<u>\$ 567,565,601</u>	<u>\$ 600,414,805</u>	<u>\$ 625,916,700</u>	<u>\$ 685,653,134</u>	<u>\$ 747,648,106</u>	<u>\$ 860,191,113</u>
5.62%	5.13%	6.56%	5.33%	4.91%	4.30%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value	<u>\$ 5,991,974,086</u>
Debt limit (1)	898,796,113
Debt applicable to limit:	
Certificates of participation	\$ 27,105,000
Tax allocation bonds	\$ 11,500,000
Net amount of debt applicable to debt limit	<u>38,605,000</u>
Legal debt margin	<u>\$ 860,191,113</u>

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.

CITY OF WEST HOLLYWOOD

TABLE 13
EAST SIDE PROJECT AREA BONDS COVERAGE
LAST THREE 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

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**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
1998	35,174	1,001,368,606	28,469	6.6%
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	37,653	N/A	N/A	N/A

Notes: Annual income and unemployment figures for 2007 was not available at time of publication of this CAFR.

Sources: (1) California Department of Finance. E-4 Population Estimates for City, County, State 1991-2007

(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. 2006 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 FOUR YEARS AGO**

	2007		2006		2005		2004		2003	
	# Employees	% Percent of Total City Employment	#	%	#	%	#	%	#	%
Interative Corp (aka Ticketmaster)	1,300	5.0%	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%	-	0.0%
Wyndham Bel Age Hotel LP	230	0.9%	230	0.9%	230	0.9%	200	0.8%	200	0.8%
Dailey & Associates	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%
Hollywood Standard LLC (The Standard Hotel)	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	0.7%	165	0.7%
House of Blues Concerts Inc	150	0.6%	150	0.6%	150	0.6%	150	0.6%	150	0.6%
Mondrian Holdings LLC (Mondrian Hotel)	400	1.5%	400	1.5%	400	1.6%	500	2.0%	500	2.0%
HMBL LLC (Best Western Sunset Plaza)	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%
KKHG Management LLC (Argyle Hotel)	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%	60	0.2%	60	0.2%	60	0.2%
Suissa Miller Advertising LLC	100	0.4%	100	0.4%	-	0.0%	-	0.0%	-	0.0%
New Line Cinema Corp	100	0.4%	100	0.4%	100	0.4%	100	0.4%	100	0.4%
Total Jobs By Principal Employers	3,884	14.8%	3,884	15.0%	3,670	14.3%	3,764	15.0%	1,873	7.6%
Total Jobs (estimated) in City of West Hollywood	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									
	98	99	00	01	02	03	04	05	06	07
General Government										
Legislative & Executive	26.3	26.8	26.8	27.0	27.0	21.5	21.5	22.5	22.5	22.5
Administration	13.0	14.0	17.3	18.8	18.8	26.8	26.8	27.8	27.8	28.8
Finance & Information Technology	21.0	21.0	21.0	21.0	21.0	22.0	22.0	22.0	22.0	22.0
Public Information (1)	-	-	-	-	-	8.7	8.7	8.7	8.7	8.7
Community Services										
Human Services	35.6	39.9	39.9	42.2	43.7	49.2	46.5	47.2	47.2	47.2
Housing & Rent Stabilization	20.0	20.0	20.0	21.0	21.0	17.8	16.8	18.0	17.0	17.0
Community Development	28.5	32.5	32.5	33.0	33.0	29.0	30.0	33.0	33.0	33.0
Transportation	22.0	22.0	22.0	24.0	24.0	23.0	23.0	23.0	23.0	24.0
Total	<u>166.4</u>	<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>

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									
	98	99	00	01	02	03	04	05	06	07
Police (1)										
Incidents	7,066	7,328	7,493	7,667	7,274	7,338	7,353	7,591	7,650	7,332
Arrests	2,803	2,686	2,893	2,271	2,268	2,406	2,464	2,715	2,800	3,272
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	4	5	5	5	5	5
Community Development										
Commercial building permits	146	148	292	210	113	142	321	307	254	304
Residential building permits	455	504	316	735	480	467	401	460	483	442
Parking										
Citations issued	191,881	195,794	202,220	191,177	216,718	198,076	197,370	181,337	187,854	183,311

CITY OF WEST HOLLYWOOD

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

Function/ program	Fiscal Year									
	98	99	00	01	02	03	04	05	06	07
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	1	4	4	4	4
Cultural & Recreation:										
Parks	4	4	4	4	4	5	5	5	5	5
General Services:										
Sidewalks (length/feet)	237,600	237,600	237,600	275,638	275,638	275,638	275,638	275,638	275,638	275,638
Streets (miles)	51	51	51	54	54	54	54	54	54	54
Traffic signals	49	49	52	54	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

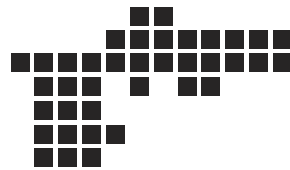
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CITY OF WEST HOLLYWOOD

8300 Santa Monica Boulevard, CA 90069 - 4314

323.848.6400 | www.weho.org

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City of West Hollywood
California 1984