

# City of West Hollywood

## Comprehensive Annual Financial Report

WEST HOLLYWOOD, CALIFORNIA

FISCAL YEAR ENDING JUNE 30, 2014



## What People Are Saying About WEHO.

Read the "tweets" via **Twitter** by West Hollywood visitors and residents on the back of each divider.

### **Acknowledgements**

West Hollywood Library mural on the cover, *Peace Elephant* on the Basic Financial Statement tab by Shepard Fairey, *Three Horned Beast* on the Notes to Financial Section tab by Lisa Little and Emily White

**Photography:** Patti McGuire (West Hollywood Library mural), Contributing City of West Hollywood photographers: Joshua Barash, Jonathan Moore, Richard Settle, Brett White, and Tom Trevor

**Graphic Design:** Cover and dividers, Joanne Shannahoff



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**WITH REPORT ON AUDIT  
BY INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANTS**

**FICAL YEAR ENDED JUNE 30, 2014**

**Prepared By The City's:**

**Department of Finance & Technology Services  
(Electronic Version Available At: [www.weho.org/financials](http://www.weho.org/financials))**

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June 30, 2014

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# Introduction



It's so nice working in West Hollywood and being able to walk anywhere for food/drinks/shopping.

*via twitter*





# CITY OF WEST HOLLYWOOD

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**DEPARTMENT  
OF FINANCE  
& TECHNOLOGY  
SERVICES**

December 30, 2014

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, 2014. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

## INTERNAL CONTROLS & RESPONSIBILITY

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



## INDEPENDENT AUDIT

The City requires an annual audit by independent certified public accountants. White Nelson Diehl Evans 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, 2014, 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, 2014, 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 White Nelson Diehl Evans LLP, and is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The Single Audit report is separately issued and can be obtained at City Hall.

## BUDGETARY CONTROLS

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

## MANAGEMENT DISCUSSION & ANALYSIS

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

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

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

The City operates as a "contract city," using private firms and other governmental agencies to provide some of the traditional municipal services to the community. The City provides general governmental services, community development, public works, and 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 Department of the City.

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



## ECONOMIC CONDITION

Although the focus of this Comprehensive Annual Financial Report is the economic condition of the City at June 30, 2014, the local economy is of such relevance that it is incumbent on us to provide some information in this report. The City of West Hollywood continues to maintain an implied general obligation bond rating of 'AAA' with a stable outlook; which was re-affirmed in July 2013.

The City of West Hollywood continues to be a vibrant, livable, and successful community for both its residents and businesses. Its stable outlook reflects the expectation that the City will continue to benefit from its diverse revenue base. Over the last five years the City's transient occupancy tax (hotel tax), sales tax, and property tax revenues have all steadily increased from their lows during the great recession; as of June 30, 2014, all had surpassed their pre-recession revenue peaks. The sales tax base, which is highly diversified given its small geographic area, generated \$15.6 million in 2014. Some of the key sales tax producers in the City include supermarkets, big box retailers, high-end boutique retail stores, numerous restaurants and bars, a luxury automobile dealer, and a variety of furniture and design showrooms. The City has some of the highest average daily rates and occupancy levels for hotel rooms in the Los Angeles region. In 2014, both occupancy and room rates continued to increase, generating \$19.0 million in transient occupancy tax for the City. Property tax revenues also grew in 2014 to \$14.5 million, due to increasing home prices and sales, as well as continued new construction and development.

The City is dedicated to maintaining a balance between the quality of residential life and the desire for continued development. This is evident in its low rental vacancy rates, extremely strong assessed property values, high taxable sales per capita, and extremely high resident quality of life (90% of residents surveyed in the City's 2013 Community Study rated their quality of life as good or excellent). There are a number of new real estate developments either under construction or planned within the City. These projects will redevelop properties that are currently vacant or underutilized. Together, the projects that are currently under construction, or recently completed, will add new retail, restaurants, residential units, office/showroom space, and 296 hotel rooms; totaling approximately \$1 billion in new assessed value. Though the local economic drivers for the City of West Hollywood are in positive territory, one has to be mindful that the regional, state, and national economies are still fragile and any unforeseen event, domestic or global, could destabilize the fragile recovery.

## LONG TERM FINANCIAL PLANNING

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

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

## DEBT ADMINISTRATION

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

### *City Financing*

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

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

2013 Lease Revenue Bonds - On September 28, 2013, the 2013 Lease Revenue Bonds were issued for \$19,155,000 to finance the acquisition and construction of a new automated parking facility and related improvements at City Hall, to finance capital improvements to the Werle Building and to pay the cost of issuing the 2013 Bonds.



*Former Community Development Commission (now Successor Agency) Financing*

Redevelopment Agency Tax Allocation Bonds 2003/Successor Agency Tax Allocation Refunding Bonds, Series 2013A - In September 2003, the Redevelopment Agency issued Tax Allocation Bonds of \$11,500,000 to finance the Eastside Redevelopment Project, including acquisition of property for the West Hollywood Gateway retail center, as well as activities that increase, improve or preserve the supply of low- and moderate-income housing within or of benefit to the Project Area.

In December of 2013, the Successor Agency participated in the County of Los Angeles Redevelopment Refunding Authority's Pooled Bond Refunding Program. The former Community Development Commission's 2003 Tax Allocation Bonds were pooled with redevelopment bonds from seven other former redevelopment agencies for the refunding and the 2013 Tax Allocation Refunding Bonds were issued.

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

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

MAJOR ACCOMPLISHMENTS FOR THE YEAR

- Sponsored and Co-sponsored numerous local and regional events and programs related to the City's core constituencies which support the City's Core Values, Strategic Goals and Legislative Priorities.
- Developed the Weho PickUp Line Entertainment Trolley concept to provide an innovative transportation option to reduce traffic and parking congestion and increase pedestrian opportunities.
- Performed over 350 marriage ceremonies hundreds of couples following the landmark Proposition 8 decision by the Supreme Court.
- Approved the Design District Master Plan to enhance and update the design hub of the City with better traffic flow, pedestrian and bike options, aesthetic improvements and opportunities for creative and unique branding that fits with the Design District.
- Worked with Visit West Hollywood to create a new Tourism Improvement District for the City's hoteliers, significantly increasing marketing revenue for Visit West Hollywood.
- Installed numerous art exhibits throughout the City, including "Love Your Bean," "The Caretakers," "Abandoned Relics," "Three Horned Beast and [Baby Beast]," "Doggie Dog," "Look, See," "Rock N' Roll Billboards of the Sunset Strip" and "Clive Barker: Worlds and Words".





- The City's social media reach in this fiscal year increased significantly over the previous fiscal year for our most critical platforms: Facebook (80%); Twitter (89%); To date, total Facebook fans: 9,602; Twitter followers: 6,553.
- Expanded NeoGov online employment/job application tool to include a mobile-optimize function that allows applicants to apply on-the-go from their tablets, iPads and smartphones.
- Issued Lease Revenue Bonds in the amount of \$19,155,000, for the City Hall Automated Parking Garage Project and improvements to the Werle Building.
- In partnership with the Sheriff's Department, instituted a Security Ambassador Program staffed by Block by Block along and around Santa Monica Boulevard to enhance security and promote neighborhood livability.
- Strengthened coordination among first responders during major special events and disasters by utilizing a joint command center which includes integrated police, fire, and emergency medical services communication.
- Worked with non-profit developers to complete construction of The Courtyard at La Brea, a 32-unit mixed-use project for very low-income and extremely low-income households, and the Janet Witkin Center, a 17-unit low-income senior housing that includes mixed-use.
- Adopted and initiated implementation of the 2013-2021 Housing Element Update.
- Collaborated with event producers to facilitate the logistics and production of several large scale events, including Sunset Strip Music Festival, HBO Emmy Party, AIDS Walk and the Halloween Carnival.
- Received the Project of the Year Award from the International Association of Public Participation for the Community Study.
- Expanded visibility of available community services through TV shows on #trending, the "WeHo Cares" Facebook page, and the City website.
- Completed and implemented a Zone Text Amendments for streamlining residential remodel projects, emergency and transitional housing and to clarify code language bringing the city into compliance with new state requirements.
- Installed Bike Sharrows, Bike Lanes and Rapid-Flash crosswalk beacons, along with creating an innovate online map, as part of the Bicycle and Pedestrian Master Plan, that allowed geographic posting of comments and threaded response.
- Established quarterly newsletter providing updates on current projects, long range planning and trends in the planning and development field and an interactive InfoMap providing geographic and narrative information on current projects.
- Adopted an ordinance establishing a Green Streets Policy for transportation corridor projects to improve water quality.
- Completed the La Brea Avenue Streetscape Improvements.

## VISION 2020 STRATEGIC PLAN

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

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

## AWARDS

### GFOA Award Program - Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Hollywood for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This is the twentieth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We are confident that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility.

### GFOA and CSMFO Budget Award Program

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

ACKNOWLEDGMENTS

Preparation of this report was accomplished through the combined efforts of the City's Staff. The following staff deserves special recognition for their contribution to this project: Lorena Quijano - Accounting Services Manager, Jonathan Leonard – Revenue Manager, and Karen Bareng – Accountant.

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

Respectfully submitted,



Paul Arevalo  
City Manager



David A. Wilson  
Director of Finance and  
Technology Services

## Finance Policies

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

### *SUMMARY OF POLICIES*

- I. We will comply with all the requirements of generally accepted accounting principles (GAAP).
- II. We will maintain a balanced operating budget for all governmental funds, ensuring that ongoing revenues are equal to or greater than ongoing expenditures.
- III. We will require that all proprietary funds be self-supporting.
- IV. We will maintain an appropriated General Fund working reserve equivalent to 20% of the General Fund budget and an appropriated emergency reserve equivalent to 5% 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.





Government Finance Officers Association

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, 2013**

Executive Director/CEO



## DIRECTORY OF CITY OFFICIALS

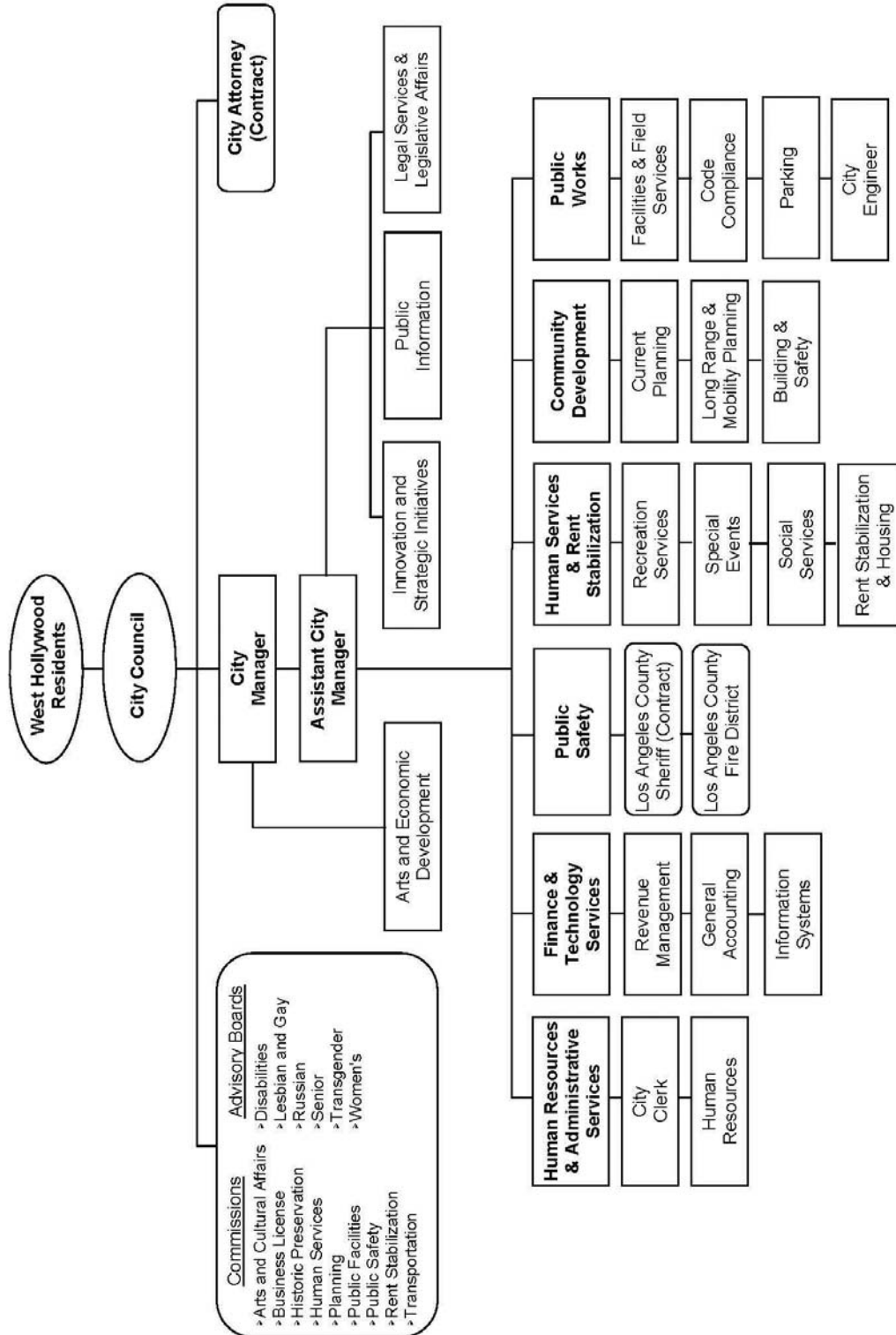
### Mayor and City Council

Mayor .....	<i>John D'Amico</i>
Mayor Pro Tempore .....	<i>John Heilman</i>
Council Member .....	<i>John J. Duran</i>
Council Member .....	<i>Abbe Land</i>
Council Member .....	<i>Jeffrey Prang</i>

### Administration

City Manager .....	<i>Paul Arevalo</i>
City Attorney .....	<i>Michael Jenkins</i>
Assistant City Manager .....	<i>Sam C. Baxter</i>
City Clerk .....	<i>Yvonne Quarker</i>
Director of Community Development .....	<i>Stephanie DeWolfe</i>
Director of Human Resources and Administrative Services .....	<i>LuNita Bock</i>
Director of Human Services and Rent Stabilization .....	<i>Elizabeth Savage</i>
Director of Public Safety .....	<i>Kristen Cook</i>
Director of Public Works .....	<i>Oscar Delgado</i>
Department of Finance and Technology Services	
Director .....	<i>David A. Wilson</i>
Accounting Services Manager .....	<i>Lorena E. Quijano</i>
Revenue Management Manager .....	<i>John Leonard</i>
Information Technology Manager .....	<i>Eugene Tsipis</i>

Citywide Organizational Chart



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# Financial Section



On the Sunset Strip! Has to be one of the best places to people watch!

*via twitter*



## INDEPENDENT AUDITORS' REPORT

City Council Members  
City of West Hollywood  
West Hollywood, California

### **Report on the Financial Statements**

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 (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the West Hollywood Marketing Corporation (the Marketing Corporation), which represent 100%, 100%, and 100%, respectively, of the assets, net position and revenues for the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *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 from material misstatement.

## **Auditors' Responsibility (Continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

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, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 16 to the financial statements, the net position of the governmental activities and fund balances of the other governmental funds were restated as of July 1, 2013. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

## **Other Matters (Continued)**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules (supplementary information), and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
December 29, 2014

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# Management Discussion and Analysis



Why do people love WeHo? #West Hollywood is just plain awesome! Get moving there asap...

*via twitter*





## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of West Hollywood ("City"), we offer readers of the City's financial statements this overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2014. We encourage the readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal and the accompanying Basic Financial Statements. Comparative data on the government-wide financial statements is only presented in Management's Discussion and Analysis (hereafter MD&A).

### FINANCIAL HIGHLIGHTS

#### Government-Wide

- Total assets of the City were \$371.1 million and total liabilities were \$98.0 million at June 30, 2014. The assets exceeded liabilities by \$273.1 million (*net position*). Of this amount, \$67.4 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors. A summary of net position is reflected in Table 1 (page 10).
- For the year ended June 30, 2014, total net position increased by \$16.6 million from the prior year. Total revenues from all sources were \$106.3 million and total expenses for all functions/programs were \$89.7 million. A summary of changes in net position is reflected in Table 2 (page 11).
- Of total revenues, program revenues were \$34.6 million and general revenues were \$71.7 million (Table 2). Program revenues are separated into three categories: Charges for Services, \$30.0 million; Operating Grants and Contributions \$2.8 million; and Capital Grants and Contributions, \$1.9 million. General revenues are separated into eight categories: Property Taxes, \$14.5 million; Transient Occupancy Taxes, \$19.0 million; Sales Taxes \$15.6 million; Franchise Taxes, \$2.5 million; Business License Taxes, \$3.0 million; Motor Vehicle In-Lieu \$3.8 million; Use of Money & Property \$11.7 million and Other \$1.6 million.

#### Fund Based

- For fiscal year ending June 30, 2014, total Fund Balance of the General Fund was \$94.4 million, or 119.9 percent of total General Fund expenditures of \$78.7 million, as reflected in Table 5 and Table 7 (pages 22 and 25). The non-spendable Fund Balance was \$0.04 million. Restricted Balance was \$1.3 million. Committed Fund Balance was \$11.2 million while assigned Fund Balance was \$76.9 million and unassigned Fund Balance was \$5.1 million.

- For the General Fund, actual resources available for appropriation during the year were \$173.1 million; this consists of \$84.0 million in fund balance and \$89.1 million in revenue inflows which was \$9.2 million over budget. The excess over the estimated inflows resulted from the sale of City-owned property; increases in the amount received from Taxes, mainly related to higher than expected property taxes, sales tax and business license taxes; an increase in License and Permits mainly due to increases in building permits, building plan check fees and encroachment permits; and increases in the Use of Money and Property which consisted of increases for parking meter collections and bus shelter revenues.

Actual charges (outflows) of \$78.7 million were \$4.5 million less than the budget of \$83.2 million. The major variance was due to \$2.5 million in capital projects not completed during the fiscal year that will be carried forward to FY 2014-15; \$2.1 million in Public Safety services mainly due to unplanned staffing shortages related to injuries and other leaves in addition to unplanned promotions which resulted in lower salaries overall; and \$2.4 in combined savings in General Government, mainly from the City Attorney, Administrative Services Administration, Assistant City Manager's and Finance Administration divisions.

## 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 Position* (page 33) presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference between these items reported as *net position*. In time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* (pages 34-35) presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; (e.g., uncollected taxes or earned but unused leaves). *Program Revenues* are revenues that derive directly from the program itself. *General Revenues* are revenues primarily generated from taxes.

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

*Governmental Activities* – These activities account for most of the City's basic services which consist of: *General Government*, made up of the departments of the City Manager, Human Resources & Administrative Services and Finance & Technology Services. *Public Safety* is made up of Sheriff's costs and other public safety services. *Public Service* includes the departments of Human Services & Rent Stabilization, Community Development and Public Works. Governmental activities are financed mostly by property taxes, transient occupancy taxes, sales taxes, parking fines, charges for services, franchise taxes, and state and federal grants.

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

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

The *government-wide financial statements* report both the City, as the *primary government*, and the legally separate *component units*. The Housing Authority, Public Facilities Corporation, Community Foundation, the Public Financing Authority and the West Hollywood Library Fund are known as *Blended Component Units* and all function for practical purposes, as part of the City, and, therefore, have been included (blended) as an integral part of the primary government. Only the West Hollywood Marketing Corporation has been presented separately from the primary government, as it is shown 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-three 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, Capital Project Debt Service Fund and Debt Funded Capital Projects Fund. These three funds are considered to be major funds. Data from other governmental funds (non-major) are combined into a single presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 93 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 the budget. The basic governmental fund financial statements can be found on pages 36-41.

*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 Position 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 44-47.

*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 Position* 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 pages 48-49.

*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 51-90.

*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* on pages 91-143.

## GOVERNMENT - WIDE FINANCIAL ANALYSIS

This analysis will focus on the fiscal year ending June 30, 2014, for net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities. These tables are summarizing the statements located on page 33 to 35. Management has included comparative data from fiscal year ending June 30, 2013 in its analysis. Some data related to June 30, 2013 has been reclassified for comparative purposes.

Net Position (Table 1)  
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 166.9	\$ 132.9	\$ 0.5	\$ 0.1	\$ 167.4	\$ 133.0
Capital assets	193.1	190.9	10.6	11.0	203.8	201.9
<b>Total assets</b>	<b>360.0</b>	<b>323.8</b>	<b>11.1</b>	<b>11.1</b>	<b>371.1</b>	<b>334.9</b>
Long-term debt outstanding	73.9	59.0	-	-	73.9	59.0
Other liabilities	24.0	19.2	0.1	0.1	24.1	19.4
<b>Total liabilities</b>	<b>97.9</b>	<b>78.2</b>	<b>0.1</b>	<b>0.1</b>	<b>98.0</b>	<b>78.4</b>
Net position:						
Net Investment in						
capital assets	142.4	144.9	10.6	11.0	153.0	155.9
Restricted	52.7	35.5	-	-	52.7	35.5
Unrestricted	67.0	65.1	0.4	(0.0)	67.4	65.1
<b>Total net position</b>	<b>\$ 262.1</b>	<b>\$ 245.5</b>	<b>\$ 11.0</b>	<b>\$ 11.0</b>	<b>\$ 273.1</b>	<b>\$ 256.5</b>

The City's Government-Wide total net position was \$273.1 million, with assets of \$371.1 million and liabilities of \$98.0 million. The net investment in capital assets of \$153.0 million represents 56.0 percent of the City's total net position. Net 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, net of any unused proceeds from debt issuance. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. It should be noted that the resources needed to repay capital related debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$52.7 million (19.3 percent) represents resources that are subject to external restrictions in how they may be used. There is an increase of \$17.2 million in restricted net position mainly related to an increase in amounts restricted to Capital Projects. The remaining balance of \$67.4 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors within the programs areas.

**Changes in Net Position (Table 2)**  
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 26.9	\$ 20.1	\$ 3.0	\$ 2.9	\$ 29.9	\$ 23.0
Operating Contributions & Grants	2.8	4.5	-	-	2.8	4.5
Capital Contributions & Grants	1.9	0.4	-	-	1.9	0.4
Sub-total Program Revenues	31.6	24.9	3.0	2.9	34.6	27.8
General Revenues:						
Property taxes	14.5	13.3	-	-	14.5	13.3
Transient occupancy taxes	19.0	18.1	-	-	19.0	18.1
Sales taxes	15.6	14.7	-	-	15.6	14.7
Franchise taxes	2.5	2.5	-	-	2.5	2.5
Business license taxes	3.0	2.6	-	-	3.0	2.6
Motor Vehicle in lieu	3.8	3.5	-	-	3.8	3.5
Use of money and property	11.7	9.6	0.0	0.0	11.7	9.6
Other	1.6	0.9	-	-	1.6	0.9
Sub-total General Revenues	71.7	65.1	0.0	0.0	71.7	65.1
<b>Total Revenues</b>	<b>103.3</b>	<b>90.0</b>	<b>3.0</b>	<b>2.9</b>	<b>106.3</b>	<b>92.9</b>
<b>Expenses</b>						
General Government	\$ 20.6	\$ 25.5	\$ -	\$ -	\$ 20.6	\$ 25.5
Public Safety	15.0	14.9	-	-	15.0	14.9
Public Services	47.3	36.6	-	-	47.3	36.6
Interest on Long-Term Debt	3.6	2.6	-	-	3.6	2.6
Solid Waste	-	-	1.5	1.4	1.5	1.4
Sewer District	-	-	0.4	0.4	0.4	0.4
Landscape	-	-	0.2	0.2	0.2	0.2
Sewer Charge	-	-	0.7	0.6	0.7	0.6
Street Maintenance	-	-	0.4	0.4	0.4	0.4
<b>Total Expenses</b>	<b>86.5</b>	<b>79.6</b>	<b>3.2</b>	<b>2.9</b>	<b>89.7</b>	<b>82.5</b>
<b>Increase in</b>						
<b>Net Assets before Transfers</b>	<b>16.8</b>	<b>10.4</b>	<b>(0.2)</b>	<b>(0.0)</b>	<b>16.6</b>	<b>10.4</b>
Transfers	-	-	-	-	-	-
Increase (decrease) in Net Position, Before Extraordinary Gains and Transfers	\$ 16.8	\$ 10.4	\$ (0.2)	\$ (0.0)	\$ 16.6	\$ 10.4
Extraordinary gain	-	0.6	-	-	-	0.6
Transfers	(0.2)	(0.2)	0.2	0.2	-	-
Increase (decrease) in Net Position, After Extraordinary Gains and Transfers	16.6	10.8	0.0	0.2	16.6	10.9
<b>Net Position at July 1</b>	<b>245.5</b>	<b>235.4</b>	<b>11.0</b>	<b>10.8</b>	<b>256.5</b>	<b>246.3</b>
<b>Restatements</b>	0.0	(0.7)	-	-	0.0	(0.7)
<b>Net Position, June 30</b>	<b>\$ 262.1</b>	<b>\$ 245.5</b>	<b>\$ 11.0</b>	<b>\$ 11.0</b>	<b>\$ 273.1</b>	<b>\$ 256.5</b>

The government's net position increased \$16.6 million (Table 2), with total revenues of \$106.3 million and total expenses of \$89.7 million. The change in Net Position is approximately 6.1 percent of the total Net Position of \$273.1 million. Program revenues were \$34.6 million and general revenues were \$71.7 million. General revenues fund the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$29.9 million, which is *program revenue*. Other program revenues which are applied directly against the costs of providing these services are Operating Grants and Contributions, and Capital Grants and Contributions, at \$2.8 million and \$1.9 million respectively. Transient Occupancy Tax was the second largest revenue at \$19.0 million, followed by Sales Tax at \$15.6 million. The fourth largest revenue source was Property Tax at \$14.5 million. These last three sources are all general revenues.

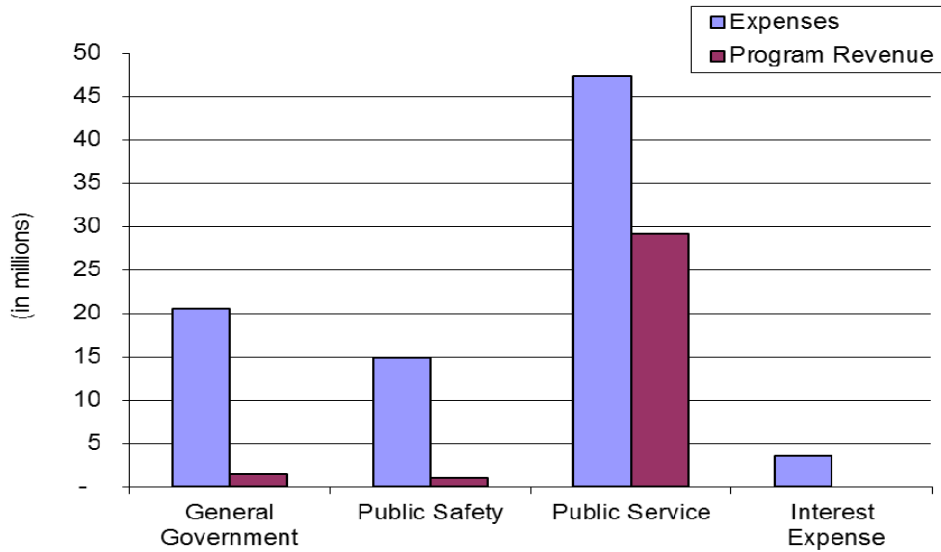
In comparison to the prior fiscal year, the government's total revenues increased by \$13.4 million. Program revenue increased by \$6.8 million and General Revenues increased by \$6.6 million. For Program revenues, Charges for Services increased \$6.9 million, Operating Grants and Contributions decreased \$1.7 million and Capital Grants and Contributions increased in the amount of \$1.5 million. The decrease in Operating Grants and Contributions was due to a decrease in various county grants and a decrease of \$1.0 million in traded MTA funds with other cities. The increase in Capital Grants and Contributions was due mainly due to \$1.2 million LACMTA transportation project grant. For General Revenue, the major increases were Property tax by \$1.2 million, Transient Occupancy Tax by \$0.9 million, Sales Tax by \$0.9 million and Use of Property & Money by \$2.1 million.

Compared to prior year, the government's total expenses increased by \$7.2 million. This increase occurred in Governmental Activities, with the increases in Public Services by \$10.7 million and Interest on Long-Term Debt by \$1.0 million. However, these increases were offset by a decrease in General Government of \$4.9 million.

Governmental Activities. Governmental activities increased the City's *net position* by \$16.6 million (Table 2). The cost of all governmental activities this year was \$86.5 million or 96.4 percent of the *primary government* expenses and was an increase of \$6.9 million from the prior year. As shown in the *Statement of Activities* on pages 34-35, the amount that taxpayers financed through City taxes was \$58.4 million. The other portion of the costs was paid by those who directly benefited from the programs (\$26.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$4.7 million) and by use of money and property and other revenues (\$13.3 million). The City used part of the \$71.7 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)

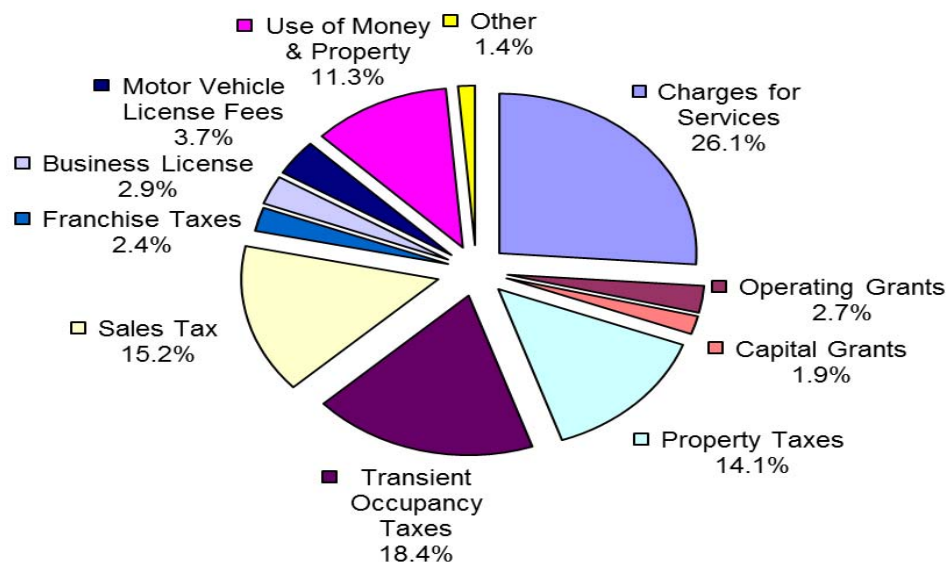


Graph 1 presents the costs of each of the City’s three functions – General Government, Public Safety, Public Service, plus Interest on long-term debt as well as the program’s revenues. The net cost (total cost less *program revenues*) is the amount that was paid from *general revenues*.

*General Government* had expenses of \$20.6 million with program revenues of \$1.5 million, while *Public Safety* had expenses of \$15.0 million with program revenues of \$1.0 million. Expenses in *Public Services* represented \$47.3 million or 54.7 percent of total expenses for Governmental Activities. Of this amount, \$29.2 million was funded by *program revenues* and the remaining \$18.1 million was funded by *general revenues*. Interest on long term debt was \$3.6 million which was funded by general revenues. From the prior year, *General Government* had a \$4.9 million decrease and Public Services increased by \$10.7 million.

Graph 2 presents revenues by source for Governmental Activities. Similar to the government-wide activities, *Charges for Services* is the largest at \$26.9 million or 26.0 percent. *Charges for Service’s* consist of Parking Fines at \$11.3 million, Plan Check Fees at \$2.6 million, Rent Stabilization Fees at \$1.9 million, Affordable housing in-lieu fees at \$2.3 million, Building permits at \$1.5 million, Encroachment permits at \$1.1 million, Planning revenues at \$.6 million and other miscellaneous charges of \$5.6 million.

Revenues by Source – Governmental Activities (Graph 2)



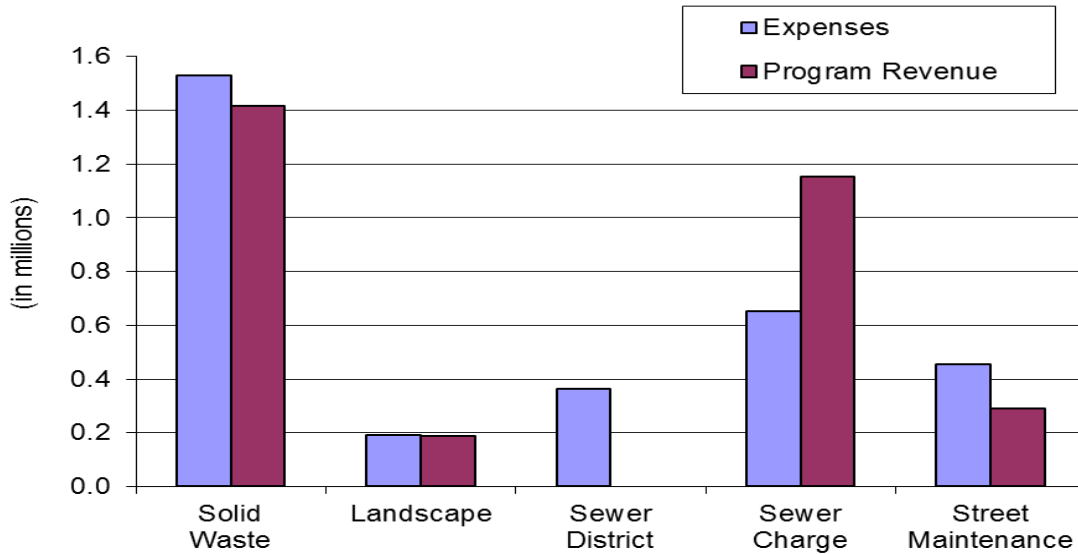
Other program revenues include operating and capital grants and contributions that together represented 4.6 percent of the total, or \$4.7 million. Operating and capital grants and contributions includes: \$3.5 million in various Federal, State and County grants and \$1.2 million in Gas Tax.

For General Revenues, the four major categories were Property Tax at \$14.5 million, Transient Occupancy Tax at \$19.0 million, Sales Tax at \$15.6 million, and Use of Money and Property at \$11.6 million. These four sources represented 59.0 percent of the Governmental Activities.

Business-type Activities. *Net position* at June 30, 2014, was \$11.0 million, with assets equaling \$11.1 million and liabilities of \$0.1 million. Net investment in capital assets represented the largest portion of net position at 96.4 percent or \$10.6 million. The change in Business-type activities net position was nominal in 2014 (Table 2). Revenues of the City’s business-type activities were \$ 3.0 million, while the expenses were \$3.2 million. The governmental activities made a transfer of \$0.2 million to business-type activities.

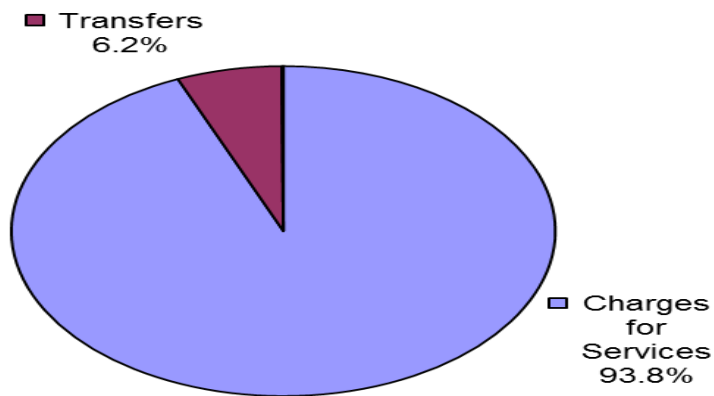
Graph 3 presents the costs of each of the City’s business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs 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.

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 \$3.0 million or 93.8 percent. Total General Revenues were \$0.2 million and was represented by a transfer to the Street Maintenance District and a nominal amount of interest earnings that is not visible on the graph.

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



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

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

Governmental Fund Balances – As of the end of the current fiscal year, governmental funds (page 37) reported combined ending fund balances of \$140.3 million.

Fund Balance designations are as follows: Non-Spendable Fund Balance was \$0.05 million, Restricted Fund Balance was \$49.2 million, Committed Fund Balance was \$11.2 million, Assigned Fund Balance was \$76.9 million and lastly Unassigned Fund Balance was \$3.0 million.

Governmental Revenues – Table 3 presents a summary of governmental fund revenues for the fiscal year ended June 30, 2014, compared to prior year revenues.

Comparison of Governmental Revenues (Table 3)  
Fiscal Years 2013-14 and 2012-13

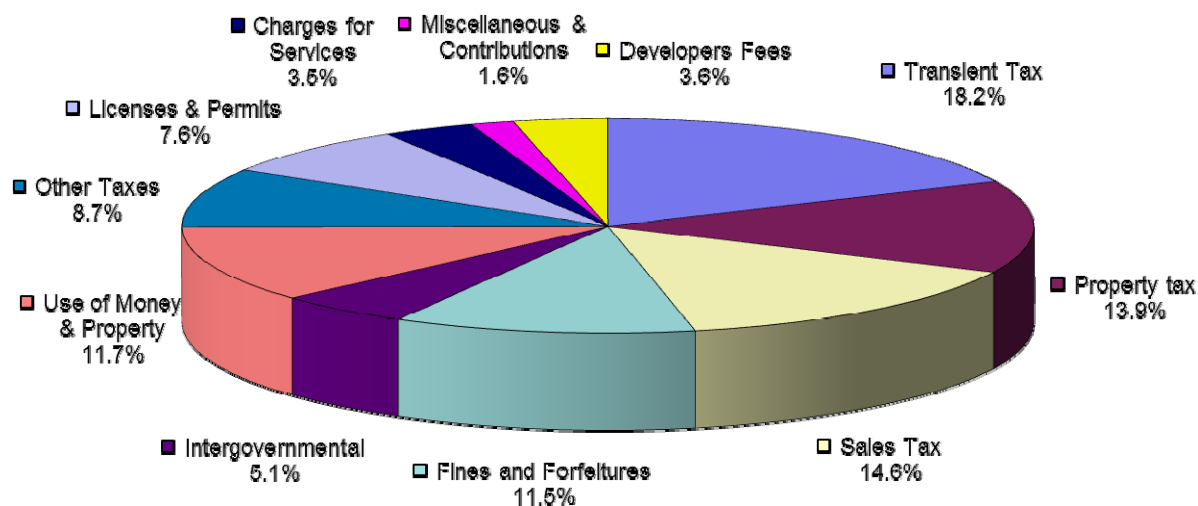
	Amount	% of Total	Amount	% of Total	Variance	% Increase/
	FY 13-14	Revenues	FY 12-13	Revenues	Over/(Under) FY 13-14	(Decrease) FY 13-14
Transient Tax	\$ 18,982,361	18.2%	\$ 18,062,326	19.9%	\$ 920,035	5.1%
Property tax	14,448,324	13.9%	14,950,434	16.5%	(502,110)	-3.4%
Sales Tax	15,250,031	14.6%	14,669,198	16.2%	580,833	4.0%
Fines and Forfeitures	11,936,215	11.5%	10,576,985	11.7%	1,359,230	12.9%
Intergovernmental	5,323,009	5.1%	3,850,979	4.3%	1,472,030	38.2%
Use of Money & Property	12,154,214	11.7%	9,574,917	10.6%	2,579,297	26.9%
Other Taxes	9,105,096	8.7%	8,529,073	9.4%	576,023	6.8%
Licenses & Permits	7,968,949	7.6%	4,990,941	5.5%	2,978,008	59.7%
Charges for Services	3,609,803	3.5%	3,382,268	3.7%	227,535	6.7%
Contributions	16,689	0.0%	122,321	0.1%	(105,632)	-86.4%
Miscellaneous	1,699,059	1.6%	997,287	1.1%	701,772	70.4%
Developers Fees	3,730,002	3.6%	872,764	1.0%	2,857,238	327.4%
<b>TOTAL</b>	<b>\$ 104,223,752</b>	<b>100.0%</b>	<b>\$ 90,579,493</b>	<b>100.0%</b>	<b>\$ 13,644,259</b>	<b>15.1%</b>

Revenues of governmental funds for fiscal year 2013-14 were \$104.2 million, with an increase of \$13.6 million or 15.1% from the prior fiscal year. *There were several significant changes in revenue sources for the City attributed to various causes.* The following are key points and graphs of the Governmental Fund revenues.

- Transient Occupancy Tax Revenue at \$19.0 million had an increase of 5.1% over prior year. With the economy recovering and tourism picking up, both occupancy and room rates have been increasing at most of the City's hotels, resulting in increased hotel tax revenues.
- Property Tax Revenue at \$14.4 million had a decrease of 3.4%, or \$0.5 million. The loss of redevelopment resulted in a reduction in property taxes and a change in the reporting of funds received by the former redevelopment agency.
- Sales Tax Revenue at \$15.2 million increased \$.6 million or 4.0% over prior year. The local economy is recovering from the downturn in the economy. Many of the major sectors increased in FY 2014 as the business economy continues to improve.
- Fines and Forfeitures Revenues at \$12.0 million had an increase of \$1.4 million, or 12.9% over prior year, due to increase in parking fines.
- Intergovernmental Revenue at \$5.3 million had an increase of \$1.5 million, or 38.2% over the prior year. The increase was mainly attributed to reimbursements received from Los Angeles County MTA for transportation related grants.
- Use of Money and Property at \$12.2 million had an increase of \$2.6 million, or 26.9%. The major component of the increase was due to the increase in parking meter revenues because of the following: rates were increased due to parking meter upgrades and extension of parking meters' hours of operations.
- Other Tax Revenues at \$9.1 million had an increase of 6.8% from the prior year, or \$0.6 million. The increase was mainly attributable to increase in business license tax due to improving economy in both the city and the region. As the economy has improved, the City has seen increased consumer spending, which increased sales tax receipts, wherein business license tax is based upon.
- License and Permit Revenue at \$8.0 million had an increase of \$3.0 million, or 59.7%. The increase is attributed to increase in both plan check fees and building permit fees due to the improving real estate industry. Many new projects and developments that were approved prior to the great recession are now moving forward.
- Charges for Services Revenue at \$3.6 million had a nominal increase of 6.7% or \$0.2 million over prior year.
- Contributions at \$0.02 million decreased by 86.4% from last year. The decrease is due to the decrease in fundraising activity for the West Hollywood Library now that the project has been completed.
- Miscellaneous Revenues at \$1.7 million increased by \$0.7 million over the prior year. This year's balance included receipts of \$1.1 million as part of development agreements for major projects.

- Developer Fees at \$3.7 million had an increase of \$2.9 million, or 327.4%. The increase was mainly due to several large projects than begun construction and paid the required impact fees.

Governmental Fund Revenues – Fiscal Year 2013-14 (Graph 5)



Governmental Expenditures – Table 4 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2014, compared to prior year amounts.

Comparison of Major Governmental Expenditures (Table 4)  
Fiscal Years 2013-14 and 2012-13

	Amount FY 13-14	% of Total Expenditures	Amount FY 12-13	% of Total Expenditures	Variance Over/(Under) FY 12-13	% Increase/ (Decrease) FY 12-13
General Government	\$ 22,623,280	23.7%	\$ 20,387,134	24.8%	\$ 2,236,146	11.0%
Public Safety	14,902,172	15.6%	14,916,605	18.2%	(14,433)	-0.1%
Public Services	42,477,061	44.5%	36,438,556	44.4%	6,038,505	16.6%
Total Operating Expenditures	80,002,513	83.8%	71,742,295	87.4%	8,260,218	11.5%
Capital Outlay	10,072,944	10.6%	6,066,194	7.4%	4,006,750	66.1%
Debt Service	5,374,271	5.6%	4,245,257	5.2%	1,129,014	26.6%
<b>TOTAL</b>	<b>\$ 95,449,728</b>	<b>100.0%</b>	<b>\$ 82,053,746</b>	<b>100.0%</b>	<b>\$ 13,395,982</b>	<b>16.3%</b>

Operating expenditures for 2013-14 were \$80.0 million, an increase of 11.5 percent or \$8.3 million from the prior fiscal year, with General Government and Public Services having a combined increase of \$8.2 million.

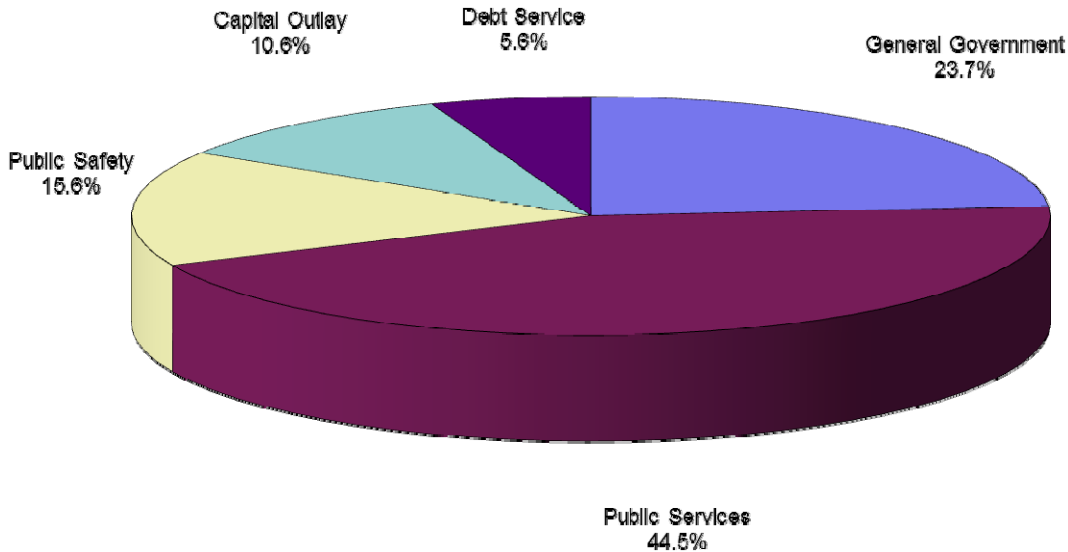
General government increased by \$2.2 million or 11.0%. The increase is mainly due to a one-time retrospective liability insurance payment of \$2.8 that occurred during the year.

Public service increased by \$6.0 million and totaled \$42.5 million. The increase in public service costs is mainly attributable to the \$3.1 million affordable housing loan and \$.4 million operating subsidy to Courtyard at La Brea, L.P.

Capital Outlay expenditures were \$10.1 million, an increase of \$4.0 million from the prior year because this year's balance included expenditures related to the construction Mid-City parking garage.

Graph 6 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2014 by functions.

Governmental Fund Expenditures – Fiscal Year 2013-14 (Graph 6)



Proprietary Funds consist of five non-major Enterprise Funds, along with one Internal Service Fund (pages 44-47). 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 126.

Revenues for Enterprise Funds include assessments and other charges for services. Total operating revenues for all Enterprise Funds are \$3.0 million, while non-operating revenues and transfers represent \$0.2 million. Operating expenses for the fiscal year were \$3.2 million. The City also has one Internal Service Fund to allocate costs of the City's information systems infrastructure to the various departments. The interdepartmental charge for services (revenues) in the fiscal year was \$0.4 million with general government expenses of \$1.1 million.

Fiduciary Funds account for resources held for the benefit of parties outside the City, in which the City is acting as trustee (pages 48-49). The *Statement of Fiduciary Net Position* reports the activities for which the City has a fiduciary responsibility. The City administers a Hotel Marketing Benefit Zone that primarily accounts for the receipt of 3.0 percent of the Transient Occupancy Tax (Hotel Tax) collected by the City on behalf of the West Hollywood Marketing Corporation (WHMC). The purpose of the WHMC is to promote the City of West Hollywood as a travel destination and convention site. The City also administers a Community District Debt Service Fund which accounts for the collection of special taxes on the property tax rolls to pay interest and principal on bonds issued for seismic retrofitting of 11 buildings within the City. The City also administers the Business Improvement District to promote retail stores, restaurants and art galleries near the Pacific Design Center.

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



## MAJOR FUNDS-ANALYSIS

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

Capital Projects Debt Service Fund accounts for all financial activity related to the administration of proceeds generated from the issuance of long-term debt. The City issued Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) for the acquisition and construction of major capital improvement projects such as mixed use parking structures, fire station, homeless shelter, city hall, park renovations, and new parking meters (Pages 36 to 41).

Principal and interest on COPs and LRBs 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.

Fund Balance - The Fund Balance increased by \$12.3 million during the year mainly due to proceeds from the issuance of the 2013 Lease Revenue Bonds.

Expenditures - The Capital Project Debt Service fund incurred \$5.4 million of expenditures in the current year, mainly due to principal and interests paid relating to the City's 2009 and 2013 Lease Revenue bonds.

### CAPITAL PROJECTS FUND - DEBT FUNDED CAPITAL PROJECTS FUND ANALYSIS

Debt Funded Capital Projects Fund is a major fund and accounts for receipts and disbursements of monies used for the construction of major capital projects in the City. At present, the fund is accounting for the West Hollywood Park Master Plan. The Master Plan is comprised of the Library, Parking and Open Space (Pages 36 to 41).

Fund Balance - The deficit fund balance decreased from \$6.8 million to \$1.8 million at year-end. The deficit decreased due to \$4.9 million designated transfer from General Fund. The deficit is expected to be eliminated through designated transfers from the General Fund, the Library Fund, and future bond proceeds related to the West Hollywood Park Master Plan Phase II.

Expenditures - The Debt Funded Capital Projects Fund incurred \$0.5 million of capital expenditures in the current year. The majority of these expenditures related to the winding down of the Library construction and expenditures related to the West Hollywood Park Master Plan Phase II.

**GENERAL FUND – FUND BALANCE ANALYSIS**

The General Fund is the chief operating fund of the City (pages 36 to 41). The fund balance had an increase of \$10.4 million, with an ending fund balance of \$94.4 million (Table 5).

Fund Balance designations are as follows:

- Non-Spendable Fund Balance was \$0.04 million;
- Restricted Fund Balance was \$1.3 million;
- Committed Fund Balance was \$11.2 million;
- Assigned Fund Balance was \$76.9 million; and lastly
- Unassigned Fund Balance was \$5.1 million.

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

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

	FY 13-14	FY 12-13	FY 11-12	FY 10-11	FY 09-10
Fund Balance					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 8,737,738
Designated Unreserved	-	-	-	-	52,692,076
Undesignated Unreserved	-	-	-	-	7,134,832
Nonspendable	39,510	65,340	186,823	783,625	-
Restricted	1,255,006	1,255,006	-	-	-
Committed	11,177,318	9,367,610	7,735,781	18,787,130	-
Assigned	76,904,392	63,018,495	58,557,142	40,500,000	-
Unassigned	5,060,905	10,329,622	9,295,313	15,077,764	-
<b>Total Fund Balance</b>	<b>\$ 94,437,131</b>	<b>\$ 84,036,073</b>	<b>\$ 75,775,059</b>	<b>\$ 75,148,519</b>	<b>\$ 68,564,646</b>
Beginning Balance	\$ 84,036,073	\$ 75,775,059	\$ 75,148,519	\$ 68,564,646	\$ 76,510,460
Operating Surplus /(Deficit)	10,401,058	8,261,014	1,246,735	6,583,873	(7,945,814)
Restatement	-	-	(620,195)	-	-
<b>Ending Balance</b>	<b>\$ 94,437,131</b>	<b>\$ 84,036,073</b>	<b>\$ 75,775,059</b>	<b>\$ 75,148,519</b>	<b>\$ 68,564,646</b>

**GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS**

**Revenues** – For fiscal year 2013-14, General Fund Revenues and Other Financing Sources were \$89.1 million, an increase of 15.4 percent from the previous year. The most significant increases in revenues were in the following categories:

- Fines and Forfeitures
- Licenses and permits
- Use of money and Property
- Other Financing Sources

These categories are reflected in the following table and are described further along with other fluctuations in the key points listed below.

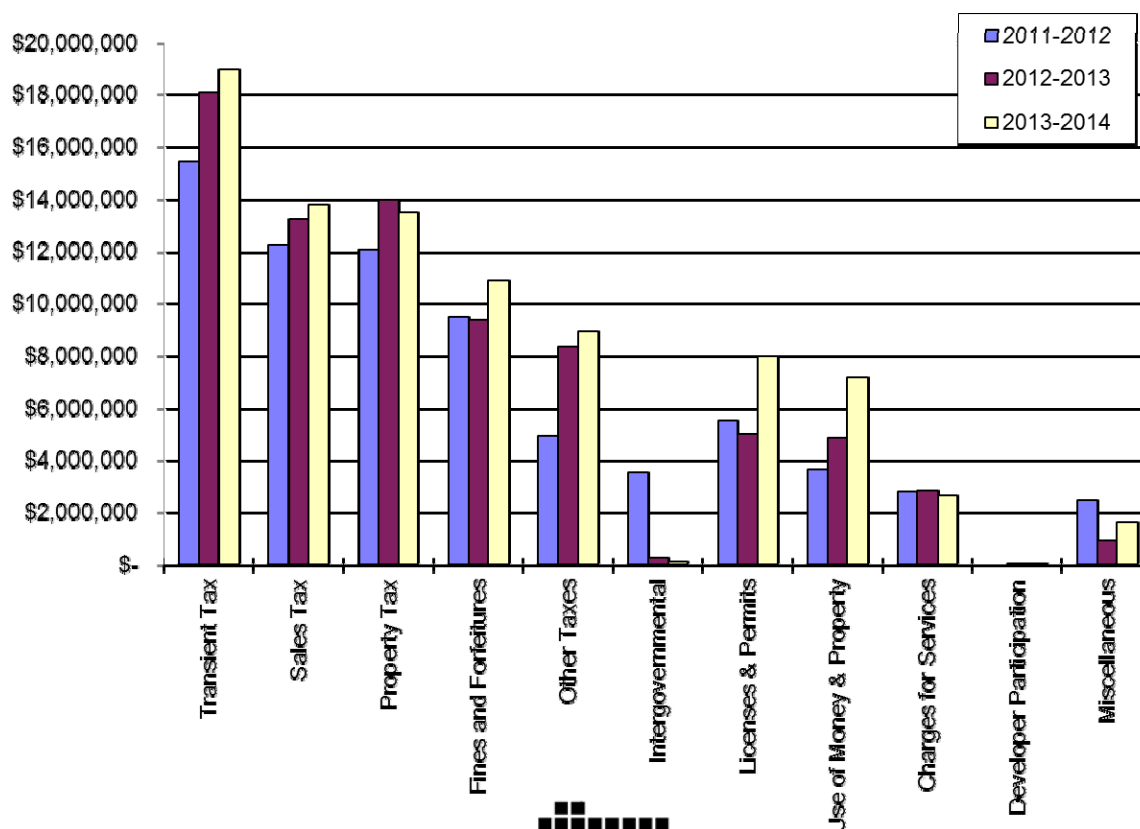
General Fund Revenues and Other Financing Sources (Table 6)  
Fiscal Years 2013-14 and 2012-13

	2013-2014	2012-2013	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
Transient Tax	\$ 18,982,361	\$ 18,062,326	\$ 920,035	5.1%	21.3%
Sales Tax	13,799,302	13,236,253	563,049	4.3%	15.5%
Property Tax	13,475,851	13,971,978	(496,127)	-3.6%	15.1%
Fines and Forfeitures	10,877,343	9,397,136	1,480,207	15.8%	12.2%
Other Taxes	8,959,022	8,371,907	587,115	7.0%	10.1%
Intergovernmental	131,724	289,175	(157,451)	-54.4%	0.1%
Licenses & Permits	7,968,948	4,990,941	2,978,007	59.7%	8.9%
Use of Money & Property	7,178,690	4,854,736	2,323,954	47.9%	8.1%
Charges for Services	2,651,853	2,823,391	(171,538)	-6.1%	3.0%
Developer Participation	4,532	4,295	237	5.5%	0.0%
Miscellaneous	1,609,705	927,485	682,220	73.6%	1.8%
Other Financing Sources	3,440,322	260,988	3,179,334	1218%	3.9%
Totals	<u>\$ 89,079,653</u>	<u>\$ 77,190,611</u>	<u>\$ 11,889,042</u>	<u>15.4%</u>	<u>100.0%</u>

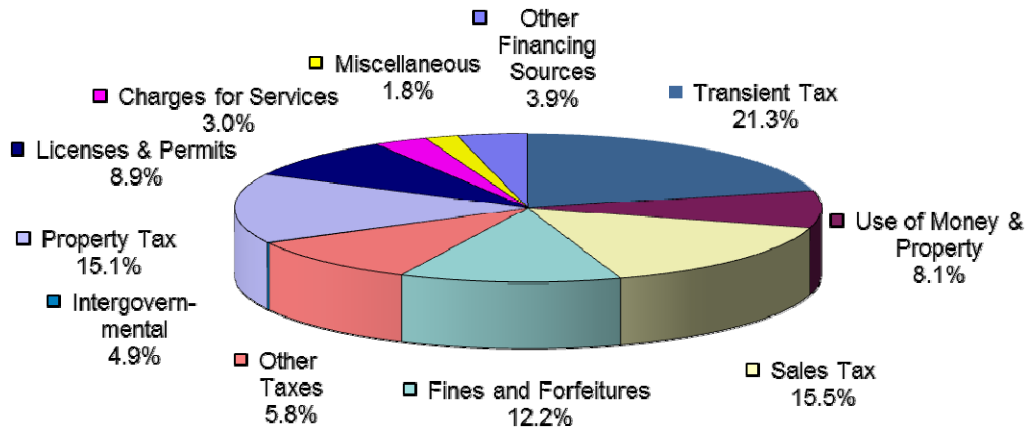
- Transient Occupancy Tax Revenue at \$19.0 million had an increase of 5.1% over prior year. With the economy recovering and tourism picking up, both occupancy and room rates have been increasing at most of the City's hotels, resulting in increased hotel tax revenues.
- Sales Tax Revenue at \$13.8 million increased \$0.6 million or 4.3% over the prior year. The local economy is recovering from the downturn in the economy. Many of the major sectors increased in FY 2014 as the business economy continues to improve.

- Property tax revenue at \$13.5 million had a decrease of 3.6% or \$0.5 million. Last year’s balance included a one-time State loan repayment in the amount of \$1.4 million, for previously deferred property tax revenues.
- Fines and Forfeitures Revenues at \$10.9 million had an increase of \$1.5 million, or 15.8% compared to prior year. The increase is due to increase in parking fines.
- Other Taxes Revenues at \$9.0 million had an insignificant change over prior year.
- Licenses and Permits Revenue at \$8.0 million increased by \$3.0 million, or 59.7% compared to prior year. The increase is attributed to an increase in the amount of fees received for both plan check and building permits due to the improving real estate industry. Many new projects and developments that were approved prior to the great recession are now moving forward.
- Use of Money and Property Revenue at \$7.2 million had an increase of \$2.3 million, or 47.9% increase. The major component of the increase was due to the increase in parking meter revenues as parking meters were upgraded to credit card meters.
- Other financing sources at \$3.4 million increased by \$3.2 million. This is due to the proceeds from sale of land during the year.

Comparison of General Fund Revenues (Graph 7)  
Fiscal Years 2013-14, 2012-13 and 2011-12



General Fund Revenues - Fiscal Year 2013-14 (Graph 8)



For fiscal year 2013-14, total General Fund expenditures were \$78.7 million, an increase of 14.1% or \$9.7 million from the prior year. The following are key points and graphs of General Fund expenditures. For detailed information, please refer to pages 40 to 41.

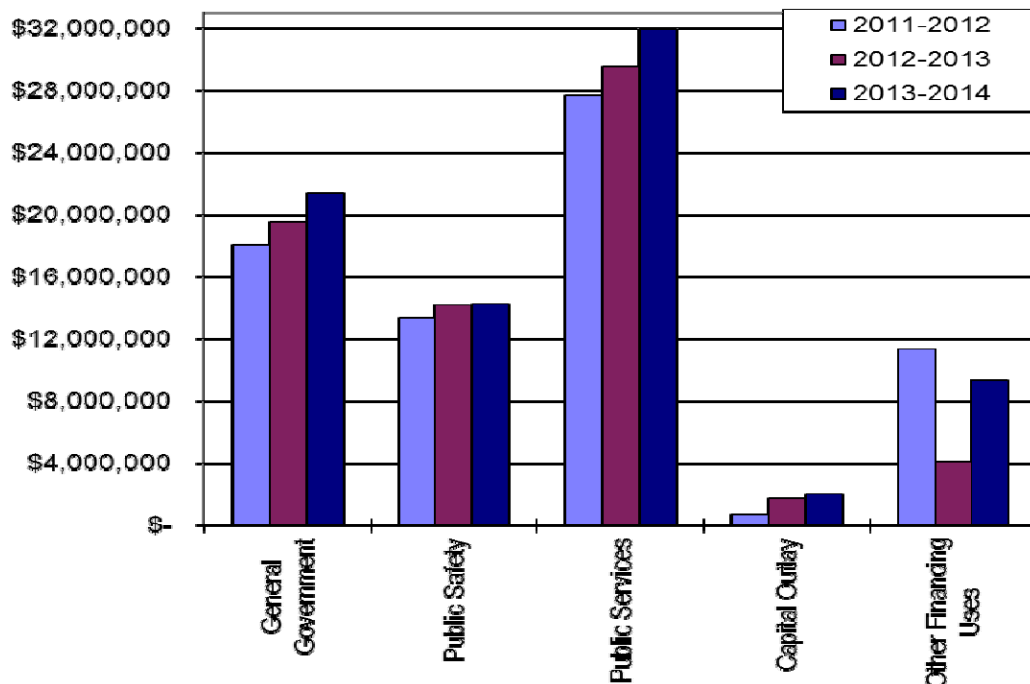
General Fund Expenditures (Table 7)  
Fiscal Years 2013-14 and 2012-13

	2013-2014	2012-2013	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
General Government	\$ 21,352,216	\$ 19,474,695	\$ 1,877,521	9.6%	27.1%
Public Safety	14,219,018	14,164,217	54,801	0.4%	18.1%
Public Services	31,857,430	29,530,831	2,326,599	7.9%	40.5%
Capital Outlay	1,987,908	1,677,464	310,444	18.5%	2.5%
Other Financing Uses	9,262,023	4,082,390	5,179,633	126.9%	11.8%
<b>Total Expenditures</b>	<b>\$ 78,678,595</b>	<b>\$ 68,929,597</b>	<b>\$ 9,748,998</b>	<b>14.1%</b>	<b>100.0%</b>

- General Government expenditures were \$21.4 million, an increase of \$1.9 million or 9.6%. The increase is mainly due to a one-time retrospective liability insurance payment of \$2.8 million. This increase was offset by a decrease of \$0.7 million in Prop A funds purchased during the year.

- Public Safety expenditures were \$14.2 million, an increase of 0.4 percent.
- Public Service expenditures were \$31.9 million and resulted in a 7.9 percent increase. Public Service is the largest function in the General Fund with the following five (5) major program areas: 1) Facilities and Field Services at \$5.9 million, 2) Social Services at \$5.4 million, 3) Recreation Services at \$5.2 million, 4) Parking Services at \$4.1 million, and 5) Current & Historic Preservation Planning at \$2.4 million. The increase is primarily attributed to reviving some of the Contractual Services that were reduced due to budget cuts during the recession and personnel cost for operating programs.
- Capital Outlay expenditures were \$2.0 million, an increase of \$0.3 million from the prior year. The increase was due to the capital improvements projects related to city hall major repairs and improvements
- Other Financing Uses were \$9.3 million, which is an increase of \$5.2 million from the prior year. The increase is due to the General Fund's transfer to the Capital Projects Debt Service Fund to pay debt service.

Comparison of General Fund Expenditures (Graph 9)  
Fiscal Years 2013-14, 2012-13 and 2011-12



## GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City budget several times. Budget revisions fall into three categories. The first category includes carry-forward encumbrances and capital projects that are approved shortly after the beginning of the year. The second category includes changes that the Council makes during the mid-year budget process. Finally, the Council approves supplemental appropriations throughout the year based on individual items that are brought forward by various departments. The General Fund budgetary comparison statement is located on page 43.

Resources (Inflows) –The budgeted amount for *revenues* (resources available for appropriation) had an increase of \$7.9 million between the original budget of \$72.0 million and the final amended budget of \$79.9 million. The increase was primarily due to a mid-year adjustment to Transient Occupancy Taxes of \$3.9, which reflected higher receipts due to the improving economy and an increase of \$3.1 million due to the sale of the property at 6439 Santa Monica Boulevard. Actual revenues exceeded the final amended budget by \$9.2 million. The significant difference in actual revenues was primarily due to Licenses and permits exceeding budget by \$3.6 million and actual taxes exceeding budget by \$2.8 million. Both increases are attributed to the improving economy. Overall the budget was adopted with conservative estimates due to the unstable economy.

Charges to Appropriations (Outflows) – The difference between the original budget and the final budget was an increase of \$8.4 million in appropriations. The major increase was in Capital Projects in the amount of \$3.3 million. For the other functions, General Government had a \$2.3 million increase and Public Service had an increase of \$2.0 million, while Public Safety's increase was nominal. In all instances actual expenditures were less than the final adopted budget; the remaining appropriations were either partially encumbered or re-appropriated in the next fiscal year. The reason for the variance is due to timing of the initiation and the completion of projects.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets (Table 8) for its governmental and business-type activities as of June 30, 2014, is \$203.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure. Additional information about the City's capital assets can be found in the Notes to the Financial Statements on pages 67-68.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Government-Wide Totals</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land	\$ 46,990	\$ 50,086	\$ -	\$ -	\$ 46,990	\$ 50,086
Buildings and systems	67,253	68,138	-	-	67,253	68,138
Improvements other than buildings	9,667	9,067	-	-	9,667	9,067
Machinery and Equipment	3,520	4,043	-	-	3,520	4,043
Infrastructure	52,403	52,390	10,539	10,936	62,942	63,326
Construction in progress	13,306	7,172	73	73	13,379	7,245
<b>Total Capital Assets</b>	<b>\$ 193,140</b>	<b>\$ 190,896</b>	<b>\$ 10,612</b>	<b>\$ 11,010</b>	<b>\$ 203,752</b>	<b>\$ 201,906</b>

Long-Term Debt. At year end, the City had \$73.9 million in outstanding long-term debt for Governmental Activities as reflected in Table 9 below. These consisted of Compensated Absences, OPEB Obligation, Lease Revenue 2009 Series A and B Bonds and Lease Revenue 2013 Series A and B Bonds.

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

	<b>Governmental Activities</b>			
	<b>2014</b>	<b>2013</b>	<b>Variance Over/(Under) last year</b>	<b>% of increase (decrease) over last year</b>
Compensated Absences	3,283.6	3,029.1	254.5	8.4%
OPEB Obligation	2,066.9	1,721.3	345.6	20.1%
Lease Revenue - 2009 Series A	14,184.9	15,911.7	(1,726.8)	-10.9%
Lease Revenue - 2009 Series B	35,173.4	35,228.9	(55.5)	-0.2%
Lease Revenue - 2013 Series A&B	19,188.0	-	19,188.0	0.0%
CJPIA General Liability Retrospective	-	2,760.0	(2,760.0)	-100.0%
CJPIA Workers' Comp Retrospective	-	338.8	(338.8)	-100.0%
<b>Total Long-Term Debt</b>	<b>\$ 73,896.8</b>	<b>\$ 58,989.8</b>	<b>\$ 14,907.0</b>	<b>25.3%</b>



Compensated Absences had an increase of \$.3 million or 8.4% increase with an outstanding balance of \$3.3 million at year end. The increase was due to minor cost-of-living increase in employee wages and increased vacation and sick time accruals. The City's OPEB obligation at year end was \$2.1 million. The City has assigned funds in its Fund Balance to cover this obligation.

On July 15, 2009, Lease Revenue Bonds Series A were issued for \$22,160,000 to prepay the outstanding principal balance of the 1998 Refunding Certificates of Participation in the amount of \$20,420,000. Also on July 15 2009, Lease Revenue Bonds Series B were issued in the amount of \$34,780,000 to finance the acquisition, construction and improvements to the City's West Hollywood Park, including a new Public Library, a 90 space underground parking facility, a 337 space above ground parking facility and a 2.5 acre landscape park expansion. Additional information about the City's long-term debt can be found in the *Notes to the Financial Statements* on page 74; Note Number 8.

On September 28, 2013, Lease Revenue Bonds were issued for \$19,155,000 to finance the acquisition and construction of a new city hall automated parking facility and related improvements, finance capital improvement to the Werle Building and pay the cost of issuing the 2013 bonds. Additional information about the City's long-term debt can be found in the Notes to the Financial Statements on page 74; Note 8.

As of June 30, 2014 the City did not have an outstanding amount due to the CJPIA for retrospective deposits relating to General Liability and Workers' Compensation amounts owed to the Authority by members. As of July 1, 2014, the City has joined PARSAC for both its Liability and Workers' Compensation programs.

Long-Term Debt - Successor Agency: Due to the dissolution of redevelopment, the following long-term debt is no longer reported as Governmental Activities.

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

	Successor Agency Activities			
	2014	2013	Variance Over/(Under) last year	% of increase (decrease) over last year
Tax Allocation Bonds - 2003	-	9,525.0	(9,525.0)	-100.0%
Tax Allocation Bonds - 2011 Series A	28,565.0	28,830.0	(265.0)	-0.9%
Tax Allocation Bonds - 2011 Series B	8,144.3	8,835.0	(690.7)	-7.8%
Tax Allocation Refunding Bonds - 2013	9,668.4	-	9,668.4	100.0%
<b>Total Long-Term Debt</b>	<b>\$ 46,377.7</b>	<b>\$ 47,190.0</b>	<b>\$ (812.3)</b>	<b>-1.7%</b>

At year end, the City had \$46.4 million in outstanding long-term debt for Successor Agency Activities. These consisted of 2013 Tax Allocation Refunding Bonds, 2011 Tax Allocation Bonds Series 'A' and 2011 Tax Allocation Bonds Series 'B'.

In December of 2013, the Successor Agency participated in the County of Los Angeles Redevelopment Refunding Authority's Pooled Bond Refunding Program. The former Community Development Commission's 2003 Tax Allocation Bonds was pooled with redevelopment bonds from seven other former redevelopment agencies for the refunding and the 2013 Tax Allocation Refunding Bonds were issued.

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

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

### ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

Although the focus of this report is based on the economic condition of the City prevailing as of June 30, 2014, there are always local, state, federal and global issues that require consideration in this report and upcoming projections, because of their future economic impact to the City.

During the last fiscal year and the six months that have followed it, the local, regional, State, and federal economies have shown increased strength. This is particularly true for the local West Hollywood economy, as tourism spending and hotel occupancy rates have increased and the City is seeing all time revenue highs. On a State and national level many economic indicators continue to improve, including home prices and sales, consumer confidence, automobile sales, and new jobs; additionally, first-time jobless claims and the national unemployment rate continue to consistently decrease. However, there are always uncertainties at the state, national, and global level that have the potential to harm the economy. For this reason, City staff closely monitors all economic indicators and trends.

Over the last decade the State budget has been a major concern, as deficits and cuts to services were frequent. Many of the State's efforts to balance its budget over this time have deeply impacted local governments, for this reason the City will continue to monitor legislative matters and the State budget as it continues to stabilize. At the same time, there is reason for optimism regarding the State budget. Changes enacted within the first term of Governor Jerry Brown's return to the State Capitol have produced significant budget surpluses, reinstated some previous service reductions, paid off a portion of the State's standing debt, and established new requirements to save a greater portion of surplus revenue into a "rainy day fund". While the State is projected to have a surplus during the current year, and into the future, there is still uncertainty because the State's primary revenue source is personal income taxes which can fluctuate significantly depending on the economy, additionally, voter approved tax increases, which have helped to stabilize the State budget, will expire in 2017.

The forecast for the City of West Hollywood continues to be optimistic. The City, with the use of its Long Range Financial Planning Model, continues to maintain its ability to fund enhanced levels of service for its residents without the need to use reserves for operations. Management is confident that the City can sustain and build upon its current reserves while satisfying the funding needs of future capital projects and operations. The City's financial standing was further validated by Standard & Poor's and Fitch confirming their "AAA" issuer credit ratings, with a stable outlook, for the City of West Hollywood in July 2013.

While most cities continue to struggle to return revenues to pre-recession highs, the City surpassed all pre-recession revenue peaks as of June 30, 2013. The City's sales tax base, which is highly diversified given its small geographic area, generated \$15.6 million in General Fund revenue in 2014. Some of the key sales tax producers in the City include supermarkets, big box retailers, high-end boutique retail stores, numerous restaurants and bars, a luxury automobile dealer, and a variety of furniture and design showrooms. The City has some of the highest average daily rates and occupancy levels for hotel rooms in the Los Angeles region. In 2014, both occupancy and room rates continued to increase, generating \$19.0 million in General Fund transient occupancy tax revenue for the City.

Property tax revenues also grew in 2014 to \$14.5 million citywide, due to increasing home prices and sales, as well as continued new construction and development. Additionally, there are a number of new real estate developments either under construction or planned within the City. These projects will redevelop properties that are currently vacant or underutilized, and produce new revenue for the City. Together, the projects that are currently under construction, or recently completed, will add new retail, restaurants, residential units, office/showroom space, and 296 hotel rooms; totaling approximately \$1 billion in new assessed value. Additionally, within the next 12-18 months the City anticipates construction will begin on two additional hotels which will total approximately 300 rooms. One of those hotels will be the West Coast flagship property for Marriott International's new Edition brand. The Edition brand will consist of high-end properties in only select international locations. The city anticipates the new hotel projects currently under construction and slated to begin construction in the near term will significantly increase transient occupancy tax revenues in the City and also further enhance the City's international reputation as a premier travel destination.

Taking this information into account, the City's adopted General Fund budget for fiscal year 2014-2015 continues to reflect pragmatic optimism about the City's financial future. Budget projections for key revenues over the next year will anticipate that they will grow as the economic base expands. Higher costs for public safety, housing and social services, wages, retirement and health care counter in significant part the anticipated revenue expansion, however, the city has been able to increase its investment in infrastructure improvements and expand services for residents and businesses. The City continues to use its strategic plan, Vision 2020, in guiding its decisions during the budget process.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

# Basic Financial Statements



@wehocity Love living in #WeHo! It has a neighborhood feel in big city Los Angeles. :)

*via twitter*



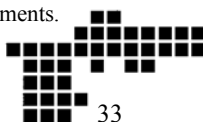
## CITY OF WEST HOLLYWOOD

## STATEMENT OF NET POSITION

June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	West Hollywood Marketing Corp.
<b>ASSETS:</b>				
Cash and investments	\$ 129,260,392	\$ 454,445	\$ 129,714,837	\$ 595,342
Receivables:				
Accounts	3,939,276	1,176	3,940,452	790,082
Taxes	2,412,441	-	2,412,441	-
Notes and loans	613,439	-	613,439	-
Accrued interest	87,658	425	88,083	-
Internal balances	10,650	(10,650)	-	-
Prepaid costs	21,133	-	21,133	33,842
Deposits	39,000	-	39,000	-
Due from other governments	6,362,899	47,128	6,410,027	-
Restricted assets:				
Cash with fiscal agent	24,133,063	-	24,133,063	-
Capital assets not being depreciated	60,296,406	73,417	60,369,823	-
Capital assets, net of accumulated depreciation	132,843,297	10,538,883	143,382,180	47,009
<b>TOTAL ASSETS</b>	<b>360,019,654</b>	<b>11,104,824</b>	<b>371,124,478</b>	<b>1,466,275</b>
<b>LIABILITIES:</b>				
Accounts payable	9,500,860	96,016	9,596,876	45,687
Accrued liabilities	1,676,631	-	1,676,631	56,242
Accrued interest	1,251,138	-	1,251,138	-
Unearned revenue	4,207,250	-	4,207,250	2,000
Deposits payable	6,727,779	-	6,727,779	-
Due to other governments	613,439	-	613,439	-
Noncurrent liabilities:				
Due within one year	3,247,673	-	3,247,673	7,649
Due in more than one year	70,649,093	-	70,649,093	3,325
<b>TOTAL LIABILITIES</b>	<b>97,873,863</b>	<b>96,016</b>	<b>97,969,879</b>	<b>114,903</b>
<b>NET POSITION:</b>				
Net investment in capital assets	142,442,200	10,612,300	153,054,500	47,009
Restricted for:				
Public services	20,028,277	-	20,028,277	-
Capital projects	7,330,666	-	7,330,666	-
Debt service	25,388,069	-	25,388,069	-
Unrestricted	66,956,579	396,508	67,353,087	1,304,363
<b>TOTAL NET POSITION</b>	<b>\$ 262,145,791</b>	<b>\$ 11,008,808</b>	<b>\$ 273,154,599</b>	<b>\$ 1,351,372</b>

See independent auditors' report and notes to financial statements.



CITY OF WEST HOLLYWOOD

STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 20,615,002	\$ 1,247,385	\$ 160,787	\$ -
Public safety	14,980,054	935,387	107,713	-
Public services	47,313,347	24,740,324	2,532,226	1,914,153
Bond issuance costs	358,483	-	-	-
Interest on long-term debt	3,250,922	-	-	-
Total Governmental Activities	<u>86,517,808</u>	<u>26,923,096</u>	<u>2,800,726</u>	<u>1,914,153</u>
<b>Business-Type Activities:</b>				
Sewer Charge	651,057	1,154,927	-	-
Solid Waste	1,531,511	1,417,997	-	-
Landscape District	190,288	187,117	-	-
Sewer District	363,557	-	-	-
Street Maintenance	456,132	288,581	-	-
Total Business-Type Activities	<u>3,192,545</u>	<u>3,048,622</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 89,710,353</u>	<u>\$ 29,971,718</u>	<u>\$ 2,800,726</u>	<u>\$ 1,914,153</u>
<b>Component Units:</b>				
West Hollywood				
Marketing Corporation	<u>\$ 2,997,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

Property taxes, levied for general purposes

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Motor Vehicle In Lieu

Use of money and property

Other

Transfers

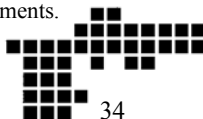
Total General Revenues and Transfers

Change in net position

Net Position - Beginning of Year, as Restated

Net Position - End of Year

See independent auditors' report and notes to financial statements.





Net (Expenses) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Marketing Corporation
\$ (19,206,830)	\$ -	\$ (19,206,830)	\$ -
(13,936,954)	-	(13,936,954)	-
(18,126,644)	-	(18,126,644)	-
(358,483)	-	(358,483)	-
(3,250,922)	-	(3,250,922)	-
<u>(54,879,833)</u>	<u>-</u>	<u>(54,879,833)</u>	<u>-</u>
-	503,870	503,870	-
-	(113,514)	(113,514)	-
-	(3,171)	(3,171)	-
-	(363,557)	(363,557)	-
-	(167,551)	(167,551)	-
<u>-</u>	<u>(143,923)</u>	<u>(143,923)</u>	<u>-</u>
(54,879,833)	(143,923)	(55,023,756)	-
-	-	-	(2,997,698)
14,516,251	-	14,516,251	-
18,983,466	-	18,983,466	3,434,131
15,635,224	-	15,635,224	-
2,469,575	-	2,469,575	-
3,005,510	-	3,005,510	-
3,771,692	-	3,771,692	-
11,681,771	2,911	11,684,682	232
1,581,952	-	1,581,952	205,764
<u>(164,557)</u>	<u>164,557</u>	<u>-</u>	<u>-</u>
<u>71,480,884</u>	<u>167,468</u>	<u>71,648,352</u>	<u>3,640,127</u>
16,601,051	23,545	16,624,596	642,429
<u>245,544,740</u>	<u>10,985,263</u>	<u>256,530,003</u>	<u>708,943</u>
<u>\$ 262,145,791</u>	<u>\$ 11,008,808</u>	<u>\$ 273,154,599</u>	<u>\$ 1,351,372</u>

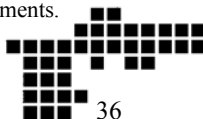
CITY OF WEST HOLLYWOOD

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2014

	General	Debt Service Fund Capital Projects Debt Service	Capital Projects Fund Debt Funded Capital Projects
<b>ASSETS:</b>			
Cash and investments	\$ 101,448,591	\$ 7,605,695	\$ -
Receivables:			
Accounts	781,118	-	-
Taxes	2,412,441	-	-
Notes and loans	-	-	-
Accrued interest	73,494	2,056	-
Prepaid costs	510	-	-
Deposits	39,000	-	-
Due from other governments	4,178,900	-	-
Due from other funds	4,269,642	-	-
Restricted assets:			
Cash and investments with fiscal agents	-	24,133,063	-
<b>TOTAL ASSETS</b>	<b>\$ 113,203,696</b>	<b>\$ 31,740,814</b>	<b>\$ -</b>
<b>LIABILITIES:</b>			
Accounts payable	\$ 5,134,316	\$ -	\$ 261,010
Accrued liabilities	1,676,631	-	-
Unearned revenues	3,762,066	-	-
Deposits payable	6,474,396	-	-
Due to other governments	-	-	-
Due to other funds	-	6,805,566	1,516,951
<b>TOTAL LIABILITIES</b>	<b>17,047,409</b>	<b>6,805,566</b>	<b>1,777,961</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenues	1,719,156	-	-
<b>TOTAL DEFERRED     INFLOWS OF RESOURCES</b>	<b>1,719,156</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICIT):</b>			
Nonspendable:			
Prepaid costs	510	-	-
Deposits	39,000	-	-
Restricted:			
Public services	-	-	-
Capital projects	-	802,185	-
Debt service	1,255,006	24,133,063	-
Committed to:			
Emergency contingency	3,934,225	-	-
Continuing appropriations	7,243,093	-	-
Assigned to:			
Self insurance	5,000,000	-	-
Capital projects	45,817,000	-	-
Future expenditures	3,283,588	-	-
Working reserve	15,736,900	-	-
Unfunded pension costs	7,066,904	-	-
Unassigned	5,060,905	-	(1,777,961)
<b>TOTAL FUND BALANCES (DEFICIT)</b>	<b>94,437,131</b>	<b>24,935,248</b>	<b>(1,777,961)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS     OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 113,203,696</b>	<b>\$ 31,740,814</b>	<b>\$ -</b>

See independent auditors' report and notes to financial statements.



Other Governmental Funds	Total Governmental Funds
\$ 19,803,534	\$ 128,857,820
3,158,158	3,939,276
-	2,412,441
613,439	613,439
11,990	87,540
6,796	7,306
-	39,000
2,183,999	6,362,899
6,805,566	11,075,208
-	24,133,063
<u>\$ 32,583,482</u>	<u>\$ 177,527,992</u>
\$ 3,972,443	\$ 9,367,769
-	1,676,631
445,184	4,207,250
253,383	6,727,779
613,439	613,439
2,752,691	11,075,208
<u>8,037,140</u>	<u>33,668,076</u>
1,780,941	3,500,097
<u>1,780,941</u>	<u>3,500,097</u>
6,796	7,306
-	39,000
16,528,180	16,528,180
6,528,481	7,330,666
-	25,388,069
-	3,934,225
-	7,243,093
-	5,000,000
-	45,817,000
-	3,283,588
-	15,736,900
-	7,066,904
(298,056)	2,984,888
<u>22,765,401</u>	<u>140,359,819</u>
<u>\$ 32,583,482</u>	<u>\$ 177,527,992</u>

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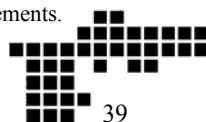
## CITY OF WEST HOLLYWOOD

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2014

Fund balances - total governmental funds		\$ 140,359,819
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of depreciation have not been included as financial resources in governmental fund activity.		193,139,703
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$(68,025,000)	
Unamortized bond premiums/discounts	(521,274)	
Compensated absences	<u>(3,283,588)</u>	
		(71,829,862)
Governmental funds report all Other Post-Employment Benefit (OPEB) contributions as expenditures, however, in the Statement of Net Position, any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		(2,066,904)
Accrued interest payable for the current portion of interest due on bonds has not reported in the governmental funds		(1,251,138)
Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.		3,500,097
The internal service fund is used by management to charge the costs of certain activities, such as the information system, to individual funds. The assets and liabilities of the internal service fund must be added to the Statement of Net Position.		<u>294,076</u>
Net position of governmental activities		<u><u>\$ 262,145,791</u></u>

See independent auditors' report and notes to financial statements.



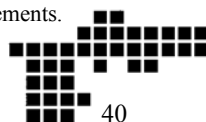
CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the year ended June 30, 2014

	General	Debt Service Fund Capital Projects Debt Service	Capital Projects Fund Debt Funded Capital Projects
<b>REVENUES:</b>			
Taxes	\$ 55,216,537	\$ -	\$ -
Licenses and permits	7,968,949	-	-
Intergovernmental	131,724	-	700,000
Charges for services	2,651,852	-	-
Use of money and property	7,178,690	912,845	-
Fines and forfeitures	10,877,343	-	-
Contributions	-	-	-
Developer participation	4,532	-	-
Miscellaneous	1,609,704	-	6,988
<b>TOTAL REVENUES</b>	<b>85,639,331</b>	<b>912,845</b>	<b>706,988</b>
<b>EXPENDITURES:</b>			
Current:			
General government	21,352,216	-	-
Public safety	14,219,018	-	-
Public services	31,857,430	-	-
Capital outlay	1,987,908	-	507,277
Debt service:			
Debt issuance cost	-	358,483	-
Principal retirement	-	1,905,000	-
Interest and fiscal charges	-	3,110,788	-
<b>TOTAL EXPENDITURES</b>	<b>69,416,572</b>	<b>5,374,271</b>	<b>507,277</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>16,222,759</b>	<b>(4,461,426)</b>	<b>199,711</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bond proceeds	-	19,155,000	-
Bond premiums	-	218,975	-
Transfers in	373,322	4,565,482	4,867,396
Transfers out	(9,262,023)	(7,155,566)	-
Sale of property	3,067,000	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,821,701)</b>	<b>16,783,891</b>	<b>4,867,396</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>10,401,058</b>	<b>12,322,465</b>	<b>5,067,107</b>
<b>FUND BALANCES (DEFICIT) - BEGINNING OF YEAR, AS RESTATED</b>	<b>84,036,073</b>	<b>12,612,783</b>	<b>(6,845,068)</b>
<b>FUND BALANCES (DEFICIT) - END OF YEAR</b>	<b>\$ 94,437,131</b>	<b>\$ 24,935,248</b>	<b>\$ (1,777,961)</b>

See independent auditors' report and notes to financial statements.



Other Governmental Funds	Total Governmental Funds
\$ 2,569,275	\$ 57,785,812
-	7,968,949
4,491,285	5,323,009
957,951	3,609,803
4,062,679	12,154,214
1,058,872	11,936,215
16,689	16,689
3,725,470	3,730,002
82,367	1,699,059
<u>16,964,588</u>	<u>104,223,752</u>
1,271,064	22,623,280
683,154	14,902,172
10,619,631	42,477,061
7,577,759	10,072,944
-	358,483
-	1,905,000
-	3,110,788
<u>20,151,608</u>	<u>95,449,728</u>
<u>(3,187,020)</u>	<u>8,774,024</u>
-	19,155,000
-	218,975
7,381,007	17,187,207
(1,049,651)	(17,467,240)
-	3,067,000
<u>6,331,356</u>	<u>22,160,942</u>
3,144,336	30,934,966
<u>19,621,065</u>	<u>109,424,853</u>
<u>\$ 22,765,401</u>	<u>\$ 140,359,819</u>

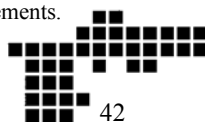
CITY OF WEST HOLLYWOOD

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2014

Net change in fund balances - total governmental funds		\$ 30,934,966
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded asset disposal and depreciation expense in the current period.</p>		
Capital outlays	\$ 9,932,816	
Disposal	(3,095,442)	
Depreciation expense	<u>(4,593,551)</u>	2,243,823
<p>The issuance of long term debt provides current financial resources to governmental funds, while the repayment of the principal of long term-debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Debt issuance	(19,155,000)	
Premiums	(218,975)	
Principal repayments	1,905,000	
Amortization of bond premiums/discounts	<u>63,249</u>	(17,405,726)
<p>Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.</p>		
		(203,293)
<p>Restrospective deposit or refund from CJPIA General Liability and Workers' Compensation are not reported in the governmental funds. This is the net change for the current period.</p>		
		3,098,744
<p>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 the governmental funds.</p>		
		(254,438)
<p>Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the Statement of Activities only the ARC is reported as an expense.</p>		
		(345,637)
<p>Revenues reported as unavailable revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity.</p>		
		(911,895)
<p>The internal service fund is used by management to charge the costs of certain activities, such as the information system, to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities.</p>		
		<u>(555,493)</u>
Change in net position of governmental activities		<u>\$ 16,601,051</u>

See independent auditors' report and notes to financial statements.





CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON STATEMENT BY DEPARTMENT  
GENERAL FUND

For year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 84,036,073	\$ 84,036,073	\$ 84,036,073	\$ -
Resources (Inflows):				
Taxes	48,001,000	51,916,117	55,216,537	3,300,420
Licenses and permits	3,902,910	4,345,245	7,968,949	3,623,704
Intergovernmental	240,000	240,000	131,724	(108,276)
Charges for services	2,535,602	2,576,602	2,651,852	75,250
Use of money and property	5,641,900	5,641,900	7,178,690	1,536,790
Fines and forfeitures	9,880,518	9,880,518	10,877,343	996,825
Developer participation	-	-	4,532	4,532
Miscellaneous	1,764,937	1,874,002	1,609,704	(264,298)
Transfers in	-	350,000	373,322	23,322
Sale of property	-	3,067,000	3,067,000	-
Amounts Available for Appropriations	<u>156,002,940</u>	<u>163,927,457</u>	<u>173,115,726</u>	<u>9,188,269</u>
Charges to Appropriations (Outflows):				
Current:				
General government:				
City Council	1,241,527	1,219,527	1,172,140	47,387
City Manager	1,056,728	951,614	789,658	161,956
Assistant City Manager	980,205	1,837,524	684,979	1,152,545
Economic Development	1,400,714	1,699,908	1,516,879	183,029
Public Safety Administration	1,959,355	1,967,855	2,002,630	(34,775)
City Attorney	883,000	943,000	679,628	263,372
Administrative Services Administration	636,014	823,536	511,018	312,518
Legal Services	1,098,624	1,358,624	1,352,374	6,250
City Clerk	1,101,384	1,101,384	1,073,369	28,015
Human Resources	1,438,689	1,552,456	1,503,125	49,331
Finance Administration	5,441,451	5,451,951	4,804,427	647,524
Revenue Management	853,240	1,471,540	1,449,701	21,839
General Accounting	998,366	1,033,366	1,005,789	27,577
Information Technology	1,502,818	1,348,439	1,188,901	159,538
Public Info & Prosecution Services	1,545,852	1,686,020	1,617,598	68,422
Public safety:				
City Police/Protective Services	16,286,663	16,334,163	14,219,018	2,115,145
Public services:				
Human Services Administration	481,041	478,041	468,865	9,176
Recreation Services	4,964,479	5,318,023	5,196,284	121,739
Social Services	5,456,481	5,585,128	5,425,082	160,046
Housing & Rent Stabilization Administration	1,706,333	1,829,122	1,661,848	167,274
Community Development Administrator	774,084	663,354	646,310	17,044
Current & Historic Preservation Planning	2,122,664	2,600,827	2,398,359	202,468
Long Range & Mobility Planning	1,046,186	1,538,184	998,932	539,252
Building & Safety	1,445,589	1,983,340	1,845,426	137,914
Public Works Administration	729,720	769,720	737,830	31,890
Facilities and Field Services	5,899,525	5,913,056	5,887,806	25,250
Commercial Code Compliance	1,451,155	1,506,155	1,498,424	7,731
Parking	4,340,427	4,190,427	4,114,291	76,136
City Engineering	1,082,663	1,169,429	977,973	191,456
Capital outlay	1,200,000	4,476,461	1,987,908	2,488,553
Transfers out	3,587,991	9,262,023	9,262,023	-
Total Charges to Appropriations	<u>74,712,968</u>	<u>88,064,197</u>	<u>78,678,595</u>	<u>9,385,602</u>
Budgetary Fund Balance, June 30	\$ 81,289,972	\$ 75,863,260	\$ 94,437,131	\$ 18,573,871

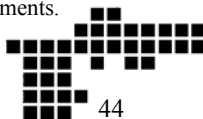
See independent auditors' report and notes to financial statements.

CITY OF WEST HOLLYWOOD  
 STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

June 30, 2014

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Information System Master Plan Internal Service Fund
<b>ASSETS:</b>		
CURRENT ASSETS:		
Cash and investments	\$ 454,445	\$ 402,572
Receivables:		
Accounts	1,176	-
Accrued interest	425	118
Prepaid costs	-	13,827
Due from other governments	47,128	-
Due from other funds	206,851	-
TOTAL CURRENT ASSETS	710,025	416,517
NONCURRENT ASSETS:		
Capital assets, nondepreciable	73,417	-
Capital assets, net of accumulated depreciation	10,538,883	-
TOTAL NONCURRENT ASSETS	10,612,300	-
TOTAL ASSETS	11,322,325	416,517
<b>LIABILITIES:</b>		
CURRENT LIABILITIES:		
Accounts payable	96,016	133,091
Due to other funds	206,851	-
TOTAL CURRENT LIABILITIES	302,867	133,091
TOTAL LIABILITIES	302,867	133,091
<b>NET POSITION:</b>		
Net investment in capital assets	10,612,300	-
Unrestricted	407,158	283,426
TOTAL NET POSITION	11,019,458	\$ 283,426
Prior years' accumulated adjustment to reflect the consolidation of the internal service fund activities related to the enterprise funds	9,460	
Current year's adjustment to reflect the consolidation of the internal service fund activities related to the enterprise funds	(20,110)	
Net position of business-type activities	\$ 11,008,808	

See independent auditors' report and notes to financial statements.



## CITY OF WEST HOLLYWOOD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

For the year ended June 30, 2014

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Information System Master Plan Internal Service Fund
OPERATING REVENUES:		
Sales and service charges	\$ 3,006,289	\$ 407,534
Penalties on assessments	17,032	-
Other fees and charges	25,301	-
TOTAL OPERATING REVENUES	<u>3,048,622</u>	<u>407,534</u>
OPERATING EXPENSES:		
Administration and general	266,866	1,100,208
Treatment	2,292,271	-
Cost of sales and services	215,782	-
Depreciation expense	397,516	-
TOTAL OPERATING EXPENSES	<u>3,172,435</u>	<u>1,100,208</u>
OPERATING LOSS	<u>(123,813)</u>	<u>(692,674)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest revenue	2,911	1,595
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,911</u>	<u>1,595</u>
LOSS BEFORE TRANSFERS	(120,902)	(691,079)
TRANSFERS IN	<u>164,557</u>	<u>115,476</u>
CHANGE IN NET POSITION	43,655	(575,603)
NET POSITION - BEGINNING OF YEAR	<u>10,975,803</u>	<u>859,029</u>
NET POSITION - END OF YEAR	<u>\$ 11,019,458</u>	<u>\$ 283,426</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ (20,110)	
Change in net position - Enterprise Funds	<u>43,655</u>	
Change in net position of business-type activities	<u>\$ 23,545</u>	

See independent auditors' report and notes to financial statements.

CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the year ended June 30, 2014

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Information System Master Plan Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers and users	\$ 3,083,116	\$ 407,534
Cash paid to suppliers for goods and services	(2,190,303)	(1,000,773)
Cash paid to employees for services	(623,044)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>269,769</u>	<u>(593,239)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Cash transfers in	164,557	115,476
Repayment received from other funds	537,017	-
Repayment made to other funds	(537,015)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>164,559</u>	<u>115,476</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	3,197	1,477
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,197</u>	<u>1,477</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	437,525	(476,286)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>16,920</u>	<u>878,858</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 454,445</u>	<u>\$ 402,572</u>

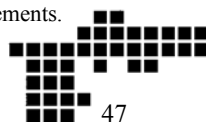
CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 (CONTINUED)

For the year ended June 30, 2014

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Information System Master Plan Internal Service Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (123,813)	\$ (692,674)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense	397,516	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	33,651	-
Due from other governments	843	-
Increase (decrease) in:		
Accounts payable	(11,916)	99,435
Deposits payable	(26,512)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 269,769	\$ (593,239)

See independent auditors' report and notes to financial statements.



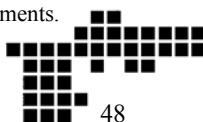
## CITY OF WEST HOLLYWOOD

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

June 30, 2014

	Agency Funds	Private-Purpose Trust Funds
<b>ASSETS:</b>		
Cash and investments	\$ 71,998	\$ 6,070,004
Receivables:		
Accounts	259,093	-
Taxes	578,986	-
Accrued interest	128	-
Due from other funds	134,643	-
Restricted assets:		
Cash and investments with fiscal agents	-	32,852,211
Capital assets:		
Capital assets, not being depreciated	-	1,338,057
Capital assets, net of accumulated depreciation	-	484,649
<b>TOTAL ASSETS</b>	<b>\$ 1,044,848</b>	<b>40,744,921</b>
<b>LIABILITIES:</b>		
Accounts payable	\$ 910,205	2,416
Accrued interest	-	1,143,103
Due to other funds	134,643	-
Long-term liabilities:		
Due in one year	-	750,000
Due in more than one year	-	45,627,703
<b>TOTAL LIABILITIES</b>	<b>\$ 1,044,848</b>	<b>47,523,222</b>
<b>NET POSITION:</b>		
Held in trust for other purposes		(6,778,301)
<b>TOTAL NET POSITION</b>		<b>\$ (6,778,301)</b>

See independent auditors' report and notes to financial statements.



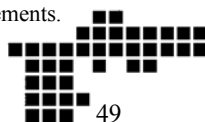
CITY OF WEST HOLLYWOOD

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the year ended June 30, 2014

	<u>Private-Purpose Trust Funds</u>
ADDITIONS:	
Taxes	\$ 4,484,586
Interest and change in fair value of investments	<u>26,758</u>
 TOTAL ADDITIONS	 <u>4,511,344</u>
DEDUCTIONS:	
Administrative expenses	452,212
Contractual services	7,417
Interest expense	3,517,291
Depreciation expense	<u>11,856</u>
 TOTAL DEDUCTIONS	 <u>3,988,776</u>
 CHANGE IN NET POSITION	 522,568
 NET POSITION - BEGINNING OF YEAR	 <u>(7,300,869)</u>
 NET POSITION - END OF YEAR	 <u>\$ (6,778,301)</u>

See independent auditors' report and notes to financial statements.



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# Notes to Financial Section



Who says you can't accomplish something in local government? Thank you @wehocity for opening the WeHo park courts this upcoming week!

*via twitter*



CITY OF WEST HOLLYWOOD  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2014

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**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 except the West Hollywood Library Foundation Fund are governed by the City Council of the City of West Hollywood. The West Hollywood Library Foundation Fund is governed by a separate board of directors; however, its activities exclusively benefit the City of West Hollywood. Therefore, all the entities mentioned below are included in this financial presentation using the blending method.

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

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

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):

**Blended Component Units (Continued):**

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

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

Separate financial statements are not issued for these component units.

**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 Marketing 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 Marketing Corporation's major source of revenue.

The Marketing Corporation's issued financial statements may be obtained at its office.

**Government-Wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary 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.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activity, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, inter-fund services have been eliminated; however, those transactions between governmental and business-type activity have not been eliminated.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):

**Government-Wide and Fund Financial Statements (Continued):**

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.

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.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):

**Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued):**

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.

**Fund Classifications:**

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 Capital Projects Debt Service Fund accounts for all financial activity related to the administration of proceeds generated from the issuance of long-term debt. The City issued Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) 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 and LRBs issued are paid from resources accumulated through rents, parking fines, parking meter collections, and allocation of costs to divisions in lieu of the square feet occupied at City Hall by the foresaid divisions.

The Debt Funded Capital Projects Fund accounts for the receipt and disbursement of monies used for the construction of the mixed use parking facilities, City Hall acquisition, Homeless Shelter, Fire Station No.7, new parking meters, and the West Hollywood Library, which generally require more than one budgetary cycle to complete. These projects have been funded by the General Fund, bond proceeds and donations obtained by the West Hollywood Library Foundation Fund.

The City's fund structure also includes 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 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.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):

**Fund Classifications (Continued):**

Fund Structure (Continued):

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

The Private-Purpose Trust Funds account for financial activities and obligations of the Successor Agency Trust for Assets of the Former Redevelopment Agency.

**New Accounting Pronouncements:**

Current Year Standards

- GASB 66 - “*Technical Corrections, an amendment of GASB Statement No. 10 and Statement No. 62*”, required to be implemented in the current fiscal year did not impact the City.
- GASB 70 - “*Accounting and Financial Reporting for Nonexchange Financial Guarantees*”, required to be implemented in the current fiscal year did not impact the City.

Pending Accounting Standards

GASB has issued the following statements which may impact the City’s financial reporting requirements in the future:

- GASB 68 - “*Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*”, effective for the fiscal years beginning after June 15, 2014.
- GASB 69 - “*Government Combinations and Disposals of Government Operations*”, effective for periods beginning after December 15, 2013.
- GASB 71 - “*Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68*”, effective for the periods beginning after June 15, 2014.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):

**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.

**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."

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

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

**Prepaid Items:**

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



1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):

**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:

Buildings	50 years
Building improvements	30 to 50 years
Public domain infrastructure	30 to 50 years
Vehicles	5 years
Office equipment	5 years
Machinery and equipment	3 to 10 years
Equipment under lease purchase	3 years
Furniture and fixtures	7 years

**Deferred Outflows/Inflows of Resources:**

In addition to assets, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The government has no item that qualifies for reporting in this category.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and cost reimbursement grants billed for reimbursement in which revenues have not yet been received. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):

**Net Position Flow Assumption:**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Fund Balance Flow Assumptions:**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Compensated Absences:**

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

Employees are entitled to unlimited accumulation of sick leave. Employees may elect to receive compensation at 50% of their regular hourly rate of pay for each hour of sick leave accumulated in excess of 96 hours up to 200 hours. Employees may elect to receive full compensation at their regular hourly rate of pay for each hour of sick leave accumulated over 200 hours. There is no compensation for unused sick leave between zero and 96 hours.

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):

**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 position. Bond premiums and discounts 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.

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.

**Fund Balance Classifications:**

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

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

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

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

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

Unassigned - This classification includes the residual balance for the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

See independent auditors' report.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED):

**Net Position:**

Net position is the excess of all the City's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net position is divided into three captions. These captions apply only to net position, which is determined only at the government-wide level, and are described below:

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

**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. Budgets are adopted for all funds except for the General Reserves Capital Project Fund. 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.

**Encumbrances:**

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED):

**Deficit Fund Balances or Net Position:**

The following funds contained deficit fund balances or net position at June 30, 2014:

	<u>Amount</u>
Major Fund:	
Debt Funded Capital Projects	\$ (1,777,961)
Other Governmental Special Revenue Funds:	
Special Grant	(91,724)
Sunset Mitigation	(206,332)
Nonmajor Enterprise Fund:	
Street Maintenance	(17,692)

The City expects to eliminate these deficits from future revenues and transfer in form the general fund.

**Excess of Expenditures Over Appropriations:**

The following are funds in which certain expenditures exceeded appropriations for the fiscal year ended June 30, 2014. The City manages its budget at the department level rather than at the cost center level as shown below.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Major Fund:			
General Fund:			
General Government:			
Public Safety Administration	\$ 1,967,855	\$ 2,002,630	\$ 34,775
Other Governmental Funds:			
Public Access Special Revenue Fund:			
General Government	154,976	179,073	24,097
Housing Trust Special Revenue Fund:			
Public Services	3,922,715	3,951,450	28,735

3. CASH AND INVESTMENTS:

**Cash and Investments:**

As of June 30, 2014, cash and investments were reported in the accompanying financial statements as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental activities	\$ 129,260,392	\$ 24,133,063	\$ 153,393,455
Business-type activities	454,445	-	454,445
Component unit	595,342	-	595,342
Fiduciary funds	<u>6,142,002</u>	<u>32,852,211</u>	<u>38,994,213</u>
Total cash and investments	<u>\$ 136,452,181</u>	<u>\$ 56,985,274</u>	<u>\$ 193,437,455</u>

See independent auditors' report.

3. CASH AND INVESTMENTS (CONTINUED):

**Cash and Investments (Continued):**

Cash and investments held by the City at June 30, 2014 consisted of the following:

Petty cash	\$ 3,210
Deposits with financial institutions	9,261,657
Investments	<u>184,172,588</u>
Total cash and investments	<u>\$ 193,437,455</u>

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

**Investments Authorized by the City's Investment Policy:**

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

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

See independent auditors' report.



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### 3. CASH AND INVESTMENTS (CONTINUED):

**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 Papers.
9. State and local Bonds.
10. Federal Funds or Bankers Acceptances with a maximum term of one year.
11. Repurchase Agreements.
12. Pre-refunded Municipal Bonds.
13. Local Agency Investment Fund of the State of California.

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

3. CASH AND INVESTMENTS (CONTINUED):

**Disclosures Relating to Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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, 2014, the City had the following investments and original maturities:

<u>Investment Type</u>	<u>Remaining Maturity (in Years)</u> <u>Less Than 1 Year</u>
California Local Agency Investment Fund	\$ 48,549,762
Los Angeles County Investment Pool	78,637,336
Cash with Fiscal Agents:	
California Local Agency Investment Fund	5,122,911
Money Market Mutual Funds	<u>51,862,579</u>
	<u>\$ 184,172,588</u>

**Disclosures Relating to 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, 2014, the City's investments in external investment pools are unrated and money market mutual funds are rated AAA.

**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, 2014, the City has not invested more than 5% of its total investments in anyone issuer. Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.



### 3. CASH AND INVESTMENTS (CONTINUED):

#### **Custodial Credit Risk:**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The California Government Code requires 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 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.

At June 30, 2014, the carrying amount of the City's deposits was \$8,147,802 and the bank balance was \$8,803,315, which is insured and collateralized under California Law. The \$655,513 difference represents outstanding checks and other reconciling items. The City's deposits were covered by FDIC insurance or collateralized as required by California law.

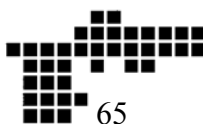
The carrying amount of the West Hollywood Marketing Corporation's deposits was \$595,342 and the bank balance was \$766,335. Bank balance in excess of \$250,000 was not covered by Federal Deposit Insurance Corporation or collateralized. The \$170,993 difference represents outstanding checks and other reconciling items.

The carrying amount of the West Hollywood Library Foundation's deposits was \$492,635, which is equal to bank balance. Bank balance in excess of \$250,000 was not covered by Federal Deposit Insurance Corporation or collateralized.

#### **Investment in State Investment Pool:**

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

See independent auditors' report.



3. CASH AND INVESTMENTS (CONTINUED):

**Investment in County Investment Pool:**

The City is a voluntary participant in the Los Angeles County Investment Pool (LACIP) that is regulated by the California Government Code and the Los Angeles County Board of Supervisors under the oversight of the Los Angeles County Treasurer-Tax Collector. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LACIP for the entire LACIP portfolio. The balance available for withdrawal is based on the accounting records maintained by LACIP, which are recorded on an amortized cost basis.

**GASB Statement No. 31:**

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement. Funds which did not have sufficient investment income to offset the fiscal years unrealized loss will reflect a negative in the use of money and property revenue category.

4. HOUSING LOANS RECEIVABLE:

The City has established the Citywide Affordable Housing Trust Fund, accounted for as a special revenue fund to assist non-profit housing and community development corporations in preserving and expanding the supply of low and moderate income housing in the City of West Hollywood. Loans in the amount of \$27,996,603 were outstanding at June 30, 2014, to qualified developers and properties at annual interest rates ranging from 3% to 6%.

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

5. CAPITAL ASSETS:

A summary of changes in the Governmental Activities capital assets at June 30, 2014 is as follows:

<b>Governmental Activities:</b>	Balance at <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance at <u>June 30, 2014</u>
Capital assets, not being depreciated:					
Land	\$ 50,085,774	\$ -	\$ (3,095,442)	\$ -	\$ 46,990,332
Construction in progress	<u>7,171,931</u>	<u>6,965,858</u>	<u>-</u>	<u>(831,715)</u>	<u>13,306,074</u>
Total capital assets, not being depreciated	<u>57,257,705</u>	<u>6,965,858</u>	<u>(3,095,442)</u>	<u>(831,715)</u>	<u>60,296,406</u>
Capital assets, being depreciated:					
Buildings	77,506,222	670,460	-	-	78,176,682
Improvements other than buildings	10,573,530	684,479	-	128,408	11,386,417
Machinery and equipment	7,754,503	363,609	-	-	8,118,112
Furniture and fixtures	1,799,139	-	-	-	1,799,139
Office equipment	1,567,423	5,685	-	-	1,573,108
Infrastructure	<u>93,410,465</u>	<u>1,242,725</u>	<u>-</u>	<u>703,307</u>	<u>95,356,497</u>
Total capital assets, being depreciated	<u>192,611,282</u>	<u>2,966,958</u>	<u>-</u>	<u>831,715</u>	<u>196,409,955</u>
Less accumulated depreciation for:					
Buildings	(9,368,016)	(1,555,769)	-	-	(10,923,785)
Improvements other than buildings	(1,506,496)	(212,760)	-	-	(1,719,256)
Machinery and equipment	(5,167,891)	(535,660)	-	-	(5,703,551)
Furniture and fixtures	(539,322)	(245,766)	-	-	(785,088)
Office equipment	(1,370,561)	(110,897)	-	-	(1,481,458)
Infrastructure	<u>(41,020,821)</u>	<u>(1,932,699)</u>	<u>-</u>	<u>-</u>	<u>(42,953,520)</u>
Total accumulated depreciation	<u>(58,973,107)</u>	<u>(4,593,551)</u>	<u>-</u>	<u>-</u>	<u>(63,566,658)</u>
Total capital assets, being depreciated, net	<u>133,638,175</u>	<u>(1,626,593)</u>	<u>-</u>	<u>831,715</u>	<u>132,843,297</u>
Total governmental activities capital assets, net	<u>\$ 190,895,880</u>	<u>\$ 5,339,265</u>	<u>\$ (3,095,442)</u>	<u>\$ -</u>	<u>\$ 193,139,703</u>

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

General government	\$ 212,736
Public safety	77,882
Public services	<u>4,302,933</u>
Total depreciation expense	<u>\$ 4,593,551</u>

See independent auditors' report.

5. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Business-type Activities capital assets at June 30, 2014 is as follows:

<b>Business-type Activities:</b>	<u>Balance at July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2014</u>
Capital assets, not being depreciated:				
Construction in progress	\$ 73,417	\$ -	\$ -	\$ 73,417
Capital assets, being depreciated:				
Machinery and equipment	32,183	-	-	32,183
Office equipment	34,734	-	-	34,734
Infrastructure	<u>20,245,096</u>	<u>-</u>	<u>-</u>	<u>20,245,096</u>
Total capital assets, being depreciated	<u>20,312,013</u>	<u>-</u>	<u>-</u>	<u>20,312,013</u>
Less accumulated depreciation for:				
Machinery and equipment	(32,183)	-	-	(32,183)
Office equipment	(34,734)	-	-	(34,734)
Improvements	<u>(9,308,697)</u>	<u>(397,516)</u>	<u>-</u>	<u>(9,706,213)</u>
Total accumulated depreciation	<u>(9,375,614)</u>	<u>(397,516)</u>	<u>-</u>	<u>(9,773,130)</u>
Capital assets, being depreciated, net	<u>10,936,399</u>	<u>(397,516)</u>	<u>-</u>	<u>10,538,883</u>
Total business-type activities capital assets, net	<u>\$ 11,009,816</u>	<u>\$ (397,516)</u>	<u>\$ -</u>	<u>\$ 10,612,300</u>

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

Sewer District	\$ 363,557
Nonmajor Enterprise Funds	<u>33,959</u>
Total depreciation expense	<u>\$ 397,516</u>

## 5. CAPITAL ASSETS (CONTINUED):

A summary of changes in the Marketing Corporation component unit capital assets at June 30, 2014 is as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Capital assets, being depreciated:				
Furniture and equipment	\$ 96,018	\$ 30,410	\$ (33,281)	\$ 93,147
Furniture and equipment under capital lease	<u>36,398</u>	<u>-</u>	<u>-</u>	<u>36,398</u>
Total capital assets, being depreciated	<u>132,416</u>	<u>30,410</u>	<u>(33,281)</u>	<u>129,545</u>
Less accumulated depreciation for:				
Furniture and equipment	(80,145)	(6,536)	33,281	(53,400)
Furniture and equipment under capital lease	<u>(21,852)</u>	<u>(7,284)</u>	<u>-</u>	<u>(29,136)</u>
Total accumulated depreciation	<u>(101,997)</u>	<u>(13,820)</u>	<u>33,281</u>	<u>(82,536)</u>
 Total Component Unit	 <u>\$ 30,419</u>	 <u>\$ 16,590</u>	 <u>\$ -</u>	 <u>\$ 47,009</u>

## 6. RETIREMENT PLAN:

**Plan Description:**

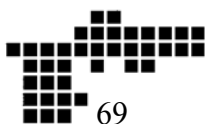
The City of West Hollywood contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS 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 CalPERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

**Funding Policy:**

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the rate was 18.6% of annual covered payroll. The contribution requirements of plan members and the City are established by and may be amended by CalPERS.

Upon the implementation of the California Employees' Pension Reform Act (PEPRA) on January 1, 2013, the CalPERS Miscellaneous Tier 3 (2.0% at 62) Plan was created and is open to all new employees (who have never participated in CalPERS). Effective July 1, 2016, active plan members of the Plan will be required to contribute 6.7% of their annual covered salary, which is paid by the employees and is equal to the required employer contribution rates.

See independent auditors' report.



6. RETIREMENT PLAN (CONTINUED):

**Required Contribution:**

For fiscal year 2013-2014, the City's contribution of \$5,549,668 for CalPERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation, using the entry age normal actuarial cost method.

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

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	24 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%

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

**Three-Year Trend Information for the Miscellaneous Plan:**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/12	\$ 3,365,864	100%	\$ -
6/30/13	3,658,748	100%	-
6/30/14	5,549,668	100%	-

6. RETIREMENT PLAN (CONTINUED):

**Schedule of Funding Progress for the Miscellaneous Plan for CalPERS:**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll [(B-A)/C]
6/30/11	\$ 66,501,828	\$ 92,016,524	\$ 25,514,696	72.3 %	\$ 19,003,062	134.3 %
6/30/12	73,761,696	99,487,991	25,726,295	74.1 %	19,043,287	135.1 %
6/30/13	75,693,234	109,476,943	33,783,709	69.1 %	19,915,247	169.6 %

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) RETIREMENT PLAN:

**Plan Description:**

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

**Funding Policy:**

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2013-2014, the City contributed \$74,000 to the plan in the form of current premiums. Plan members receiving benefits contribute the difference between the City contribution of \$200 per month and the plan members' chosen CalPERS medical plan. The funding policy is determined by the City Council.

**Annual OPEB Cost and Net OPEB Obligation:**

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

See independent auditors' report.



7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) RETIREMENT PLAN (CONTINUED):

**Annual OPEB Cost and Net OPEB Obligation (Continued):**

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:

Annual required contribution	\$ 433,051
Interest on net OPEB obligation (a)	73,154
Adjustment to annual required contribution	<u>(86,568)</u>
Annual OPEB cost (expense)	419,637
Actual contributions made	<u>(74,000)</u>
Increase in net OPEB obligation	345,637
Net OPEB Obligation - beginning of year	<u>1,721,267</u>
 Net OPEB Obligation - end of year	 <u>\$ 2,066,904</u>

(a) Rate is estimated at 4.25%.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014 and the two preceding years, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution (Net of) Adjustments	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 349,000	\$ 56,000	16.05 %	\$ 1,392,541
6/30/13	394,629	65,903	16.70 %	1,721,267
6/30/14	419,637	74,000	17.63 %	2,066,904

**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.



## 7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) RETIREMENT PLAN (CONTINUED):

**Annual OPEB Cost and Net OPEB Obligation (Continued):**

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll [(B-A)/C]
6/30/09	\$ -	\$ 3,106,000	\$ 3,106,000	0.0 %	\$ 17,155,000	18.1 %
6/30/11	-	2,983,000	2,983,000	0.0 %	17,339,000	17.2 %
6/30/13	-	3,862,000	3,862,000	0.0 %	19,182,000	20.1 %

**Actuarial Methods and Assumptions:**

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

In the June 30, 2013, the most recent actuarial valuation, the Entry Age Normal actuarial cost method was used. The actuarial assumptions included a 4.25% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, a general inflation rate of 3.0%, an annual healthcare cost trend rate of 4.5% per year and a payroll increase rate of 3.25%. The City offers a flat \$200 monthly benefit with no post-retirement benefit increases.

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, 2014, was 23 years. As of the June 30, 2013 valuation, there were 238 participants in the plan with 208 active participants and 30 retirees receiving benefits.

8. LONG-TERM LIABILITIES:

The following is a summary of long-term liabilities transactions for the governmental activities for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year	Due in More Than One Year
<b>Lease Revenue Bonds:</b>						
2009 Series A	\$ 15,995,000	\$ -	\$ (1,730,000)	\$ 14,265,000	\$ 1,815,000	\$ 12,450,000
Less: Unamortized						
original issue discount	(83,319)	-	3,194	(80,125)	-	(80,125)
2009 Series B	34,780,000	-	-	34,780,000	-	34,780,000
Add: Unamortized						
original issue premium	448,867	-	(55,494)	393,373	-	393,373
2013	-	19,155,000	(175,000)	18,980,000	325,000	18,655,000
Add: Unamortized						
original issue premium	-	218,975	(10,949)	208,026	-	208,026
<b>CJPIA Retrospective</b>						
<b>Deposits Payable:</b>						
General Liability	2,759,963	-	(2,759,963)	-	-	-
Workers' Compensation	338,781	-	(338,781)	-	-	-
Accrued employee benefits	3,029,150	3,454,987	(3,200,549)	3,283,588	1,107,673	2,175,915
OPEB obligation (Note 7)	<u>1,721,267</u>	<u>419,637</u>	<u>(74,000)</u>	<u>2,066,904</u>	<u>-</u>	<u>2,066,904</u>
Totals	<u>\$ 58,989,709</u>	<u>\$ 23,248,599</u>	<u>\$ (8,341,542)</u>	<u>\$ 73,896,766</u>	<u>\$ 3,247,673</u>	<u>\$ 70,649,093</u>

**2009 Lease Revenue Bonds, Series A:**

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

Interest will be payable semi-annually. Interest rates range from 2.0% to 5.0%, with maturity dates starting February 2010 and ending February 2021. Principal payments range from \$1,390,000 to \$2,310,000. At June 30, 2014, the total principal outstanding was \$14,265,000.

The following is a schedule, by years, of future debt service payments for the 2009 Lease Revenue Bonds, Series A as of June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,815,000	\$ 656,250	\$ 2,471,250
2016	1,900,000	583,650	2,483,650
2017	1,985,000	507,650	2,492,650
2018	2,070,000	428,250	2,498,250
2019	2,185,000	324,750	2,509,750
2020-2023	<u>4,310,000</u>	<u>315,500</u>	<u>4,625,500</u>
	<u>\$ 14,265,000</u>	<u>\$ 2,816,050</u>	<u>\$ 17,081,050</u>

See independent auditors' report.

## 8. LONG-TERM LIABILITIES (CONTINUED):

**2009 Lease Revenue Bonds, Series B:**

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

The Series B Bonds are term bonds of \$8,570,000 with interest rate of 7.125% maturing on February 1, 2024, term bonds of \$8,020,000 with an interest rate of 8.000% maturing on February 1, 2029, and term bonds of \$18,190,000 with an interest rate of 8.250% maturing on February 1, 2039. Interest is payable semi-annually beginning February 2010. At June 30, 2014, the total principal outstanding was \$34,780,000. The City receives an annual rebate of \$963,510 for interest expense incurred on these bonds from the Internal Revenue Service on an annual basis. This credit is also applied to accrued interest and the amount is subject to change on an annual basis.

The reserve requirement for the Bonds at June 30, 2014 was \$4,397,479. The balance of the reserve fund was \$5,126,030.

The following is a schedule, by years, of future debt service payments for the 2009 Lease Revenue Bonds, Series B as of June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 1,789,377	\$ 1,789,377
2016	-	1,789,377	1,789,377
2017	-	1,789,377	1,789,377
2018	-	1,789,377	1,789,377
2019	-	1,789,377	1,789,377
2020-2024	8,570,000	8,522,662	17,092,662
2025-2029	8,020,000	5,962,693	13,982,693
2030-2034	7,915,000	4,072,551	11,987,551
2035-2039	<u>10,275,000</u>	<u>1,710,637</u>	<u>11,985,637</u>
	<u>\$ 34,780,000</u>	<u>\$ 29,215,428</u>	<u>\$ 63,995,428</u>

**2013 Lease Revenue Bonds:**

On September 28, 2013, the West Hollywood Public Financing Authority issued \$19,155,000 2013 Lease Revenue Bonds to finance the acquisition and construction of certain public capital improvements and pay the costs of issuing the 2013 Bonds. The bonds consist of \$8,795,000 serial bonds with annual maturity dates from April 1, 2014 through April 1, 2033, with interest rates ranging from 3.000% to 5.000%; term bonds of \$4,225,000 with an interest rate of 5.170% maturing April 1, 2038 and term bonds of \$5,405,000 with an interest rate of 5.270% maturing April 1, 2043. Interest is payable semi-annually beginning April 2014. At June 30, 2014, the total principal outstanding was \$18,980,000.

See independent auditors' report.



8. LONG-TERM LIABILITIES (CONTINUED):

**2013 Lease Revenue Bonds (Continued):**

The following is a schedule, by years, of future debt service payments for the 2013 Lease Revenue Bonds as of June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 325,000	\$ 928,506	\$ 1,253,506
2016	335,000	915,506	1,250,506
2017	350,000	902,106	1,252,106
2018	365,000	888,107	1,253,107
2019	380,000	873,506	1,253,506
2020-2024	2,150,000	4,114,131	6,264,131
2025-2029	2,730,000	3,534,281	6,264,281
2030-2034	3,480,000	2,785,731	6,265,731
2035-2039	4,435,000	1,828,032	6,263,032
2040-2043	4,430,000	581,688	5,011,688
	<u>\$ 18,980,000</u>	<u>\$ 17,351,594</u>	<u>\$ 36,331,594</u>

**CJPIA General Liability and Workers' Compensation Retrospective Deposit Payable:**

Retrospective deposits and refunds are cost allocation adjustments to prior coverage periods. Some claims take many years to resolve and over time, their estimated value changes. The retrospective adjustments are calculated annually and take into consideration all the changes in claim values that occurred during the most recent year. The formula is designed to adequately cover the cost of claims brought against members and to ensure the overall financial strength and security of the Authority. The formula was developed to be as equitable as possible by taking into consideration both risk exposure and claims experience of individual members. Retrospective deposits owed to CJPIA in the amount of \$3,098,744 were paid by the City in the fiscal year 2013-2014.

8. LONG-TERM LIABILITIES (CONTINUED):

**CJPIA General Liability and Workers' Compensation Retrospective Deposit Payable (Continued):**

Retrospective Balances will Change Annually

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

At June 30, 2014, the City had a refund of \$482,634, which is included in due from other governments in the accompanying statements.

More information on the CJPIA retrospective balances can be found on the CJPIA website at CJPIA.org. Note 11 of these financial statements provide a detailed description of the City's participation in the CJPIA.

**Accrued Employee Benefits:**

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. The accrued employee benefits are normally liquidated by the General Fund. The outstanding balance at June 30, 2014, was \$3,283,588.

**Lease Payable - Component Unit:**

In August 2010, the West Hollywood Marketing Corporation entered into a capital lease to replace a photocopier, and its related upgrades, with a new photocopier. The original lease amount was \$36,398. Interest paid on the lease during the fiscal year 2013-2014 was \$895.

Original balance	\$ 36,398
Principal paid in fiscal year:	
2010-2011	(5,041)
2011-2012	(6,392)
2012-2013	(6,786)
2013-2014	<u>(7,205)</u>
Balance at June 30, 2014	<u>\$ 10,974</u>

8. LONG-TERM LIABILITIES (CONTINUED):

**Lease Payable - Component Unit (Continued):**

The future lease payments are as follows:

2014-2015	\$	8,099
2015-2016		<u>3,375</u>
		11,474
Less interest		<u>(500)</u>
Total	\$	<u>10,974</u>

9. UNEARNED REVENUE:

In fiscal year 2013-2014, the City received rent stabilization fees relating to fiscal year 2014-2015. These are recorded as unearned revenue in the General Fund in the amount of \$1,500,000, along with various other unearned revenues of \$2,707,250, the total unearned revenue recorded by the City for the year ended was \$4,207,250. These unearned amounts will be reported as revenue as they are earned. The remaining unearned revenue in the General Fund and other funds includes grant monies received but not yet earned, recreation revenues and other revenues collected in advance.

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The composition of interfund balances as of June 30, 2014, was as follows:

**Due To/From Other Funds:**

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Debt Funded Capital Projects Fund	\$ 1,516,951
	Other Governmental Funds	2,752,691
Other Governmental Funds:		
Parking Improvement		
Special Revenue Fund	Capital Projects Debt Service Fund	6,805,566
Nonmajor Enterprise Funds:		
Solid Waste	Sewer Charge	167,690
	Sewer District	33,559
Landscape District	Street Maintenance	<u>5,602</u>
		<u>\$ 11,282,059</u>

The due to General Fund of \$4,269,642 was a result of temporary deficit cash balances in the Debt Funded Capital Projects and Other Governmental Funds

The due to Parking Improvement Special Revenue Fund of \$6,805,566 was a result of reimbursement of capital expenses, to be made in fiscal year 2014-2015, from the Capital Projects Debt Service Fund.

See independent auditors' report.

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED):

**Transfers In/Out:**

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Major Funds:		
General Fund	Capital Projects Debt Service Fund	\$ 350,000
	Other Governmental Funds:	
	General Reserves Capital Projects Fund	23,322
Capital Projects Debt Service Fund	General Fund	3,539,153
	Other Governmental Funds:	
	Parking Improvement Special Revenue Fund	1,026,329
Debt Funded Capital Projects Fund	General Fund	4,867,396
Other Governmental Funds:		
Parking Improvement Special Revenue Fund	Capital Projects Debt Service Fund	6,805,566
Sunset Mitigation Special Revenue Fund	General Fund	575,441
Nonmajor Enterprise Funds:		
Street Maintenance	General Fund	164,557
Information System Master Plan Internal Service Fund	General Fund	<u>115,476</u>
		<u>\$ 17,467,207</u>

The General Fund and the Parking Improvement Special Revenue Fund transferred \$3,539,153 and \$1,026,329, respectively, to the Capital Projects Debt Service Fund for debt service payments. The General Fund also transferred \$4,867,396 to the Debt Funded Capital Project Fund, \$575,441 to the Sunset Mitigation Special Revenue Fund and \$164,557 to the Street Maintenance Enterprise Fund to subsidize both operations. The Capital Projects Debt Service Fund transferred \$6,805,566 to the Parking Improvement Special Revenue Fund for reimbursement of capital expenses and \$350,000 to the General Fund for reimbursement of capital expenses related to the City Hall Reconfiguration Project. Lastly, the General Fund transferred \$115,476 to the Information System Master Plan Internal Service Fund for software licenses technology enhancements.

11. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA):

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

The City of West Hollywood is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The Authority began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors which operates through a nine-member Executive Committee.

See independent auditors' report.

## 11. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (CONTINUED):

**Self-Insurance Programs of the Authority:**

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

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

Liability

In the liability program, claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims for \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. The \$2.5 million annually aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3 million annual aggregate deductible is fully retained by the Authority. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million to \$50 million are paid under excess insurance policies.

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

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate limit.



## 11. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (CONTINUED):

**Self-Insurance Programs of the Authority (Continued):**Workers' Compensation Coverage

The City of West Hollywood also participates in the workers' compensation pool administered by the Authority. In the workers' compensation program claims are pooled separately between public safety (police and fire) and non public-safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Worker's Compensation Law.

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

**Purchased Insurance:**Pollution Legal Liability Insurance

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

Property Insurance

The City of West Hollywood participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City of West Hollywood's property is currently insured according to a schedule of covered property submitted by the City of West Hollywood to the Authority. The City of West Hollywood's property currently has all-risk property insurance protection in the amount of \$101,502,283. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance, which has \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

11. CALIFORNIA JOINT POWERS INSURANCE AUTHORITY (CJPIA) (CONTINUED):

**Purchased Insurance (Continued):**

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's property currently has earthquake protection in the amount of \$93,901,961. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance

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

**Adequacy of Protection:**

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were no significant reductions in pooled or insured liability coverage in the fiscal year 2013-14.

12. LITIGATION AND CONTINGENT LIABILITIES:

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

13. COMMITMENTS:

**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 \$14,718,445 was paid for these services in fiscal year 2013-2014.

13. COMMITMENTS (CONTINUED):

**Construction Commitments:**

The following material construction commitments existed at June 30, 2014:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Expenditures to Date as of June 30, 2014</u>	<u>Remaining Commitments</u>
Unitronics, Inc.	\$ 2,640,000	\$ 1,080,000	\$ 1,560,000
LACMTA	862,500	-	862,500
Hardy & Harper, Inc.	630,900	52,395	578,505
TB Penick & Sons	11,823,680	4,393,157	7,430,523

**Encumbrances:**

At June 30, 2014, there were encumbrances of \$151,531 in the general fund and \$12,307,657 in the other governmental funds.

14. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES:

On June 29, 2011, Assembly Bills 1x 26 (the “Dissolution Act”) and 1x 27 were enacted as part of the fiscal year 2011-12 state budget package.

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

Under the Dissolution Act, each California redevelopment agency (each a “Dissolved RDA”) was dissolved as of February 1, 2012, and the sponsoring community that formed the Dissolved RDA, together with other designated entities, have initiated the process under the Dissolution Act to unwind the affairs of the Dissolved RDA. A Successor Agency was created for each Dissolved RDA which is the sponsoring community of the Dissolved RDA unless it elected not to serve as the Successor Agency. On February 6, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-4266.

On June 27, 2012, as part of the fiscal year 2012-13 state budget package, the Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local level in implementing the Dissolution Act.

14. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

The Dissolution Act also created oversight boards which monitor the activities of the successor agencies. The roles of the successor agencies and oversight boards is to administer the wind down of each Dissolved RDA which includes making payments due on enforceable obligations, disposing of the assets (other than housing assets) and remitting the unencumbered balances of the Dissolved RDAs to the County Auditor-Controller for distribution to the affected taxing entities.

The Dissolution Act allowed the sponsoring community that formed the Dissolved RDA to elect to assume the housing functions and take over the certain housing assets of the Dissolved RDA. If the sponsoring community does not elect to become the Successor Housing Agency and assume the Dissolved RDA's housing functions, such housing functions and all related housing assets will be transferred to the local housing authority in the jurisdiction. AB 1484 modified and provided some clarifications on the treatment of housing assets under the Dissolution Act. The City elected on February 6, 2012 to serve as the Housing Successor Agency.

After the date of dissolution, the housing assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in the Housing Trust Special Revenue Fund in the financial statements of the City. All other assets, obligations, and activities of the Dissolved RDA have been transferred and are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The Dissolution Act and AB 1484 also establish roles for the County Auditor-Controller, the California Department of Finance (the "DOF") and the California State Controller's office in the dissolution process and the satisfaction of enforceable obligations of the Dissolved RDAs. The County Auditor-Controller is charged with establishing a Redevelopment Property Tax Trust Fund (the "RPTTF") for each Successor Agency and depositing into the RPTTF for each six-month period the amount of property taxes that would have been redevelopment property tax increment had the Dissolved RDA not been dissolved. The deposit in the RPTTF fund is to be used to pay to the Successor Agency the amounts due on the Successor Agency's enforceable obligations for the upcoming six-month period.

The Successor Agency is required to prepare a recognized obligation payment schedule (the "ROPS") approved by the oversight board setting forth the amounts due for each enforceable obligation during each six month period. The ROPS is submitted to the DOF for approval. The County Auditor-Controller will make payments to the Successor Agency from the RPTTF fund based on the ROPS amount approved by the DOF. The ROPS is prepared in advance for the enforceable obligations due over the next six months.

The process of making RPTTF deposits to be used to pay enforceable obligations of the Dissolved RDA will continue until all enforceable obligations have been paid in full and all non-housing assets of the Dissolved RDA have been liquidated.

14. RECENT CHANGES IN LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED):

As part of the dissolution process AB1484 required the Successor Agency to have due diligence reviews of both the low and moderate income housing funds and all other funds to be completed by October 15, 2012 and January 15, 2013 to compute the funds (cash) which were not needed by the Successor Agency to be retained to pay for existing enforceable obligations. These funds were to be remitted to the CAC after the DOF completed its review of the due diligence reviews. The Successor Agency made payments totaling \$1,585,511 to the CAC as a result of the due diligence review.

The DOF issued a Finding of Completion on April 26, 2013 in which DOF concurred that the Successor Agency has made full payments of any payments required as a result of the due diligence reviews.

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

The State Controller of the State of California is currently conducting their standard asset transfer review (as required by the dissolution legislation) of the Dissolved RDA.

Management believes, in consultation with legal counsel, that the obligations of the Dissolved RDA due to the City are valid enforceable obligations payable by the Successor Agency under the requirements of the Dissolution Act and AB 1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

15. SUCCESSOR AGENCY DISCLOSURES:

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the City of West Hollywood Redevelopment Agency on February 1, 2012, as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosures related to cash and investments, capital assets and long-term liabilities are as follows:

**Cash and Investments:**

Cash and investments reported in the statement of fiduciary net position consisted of the following:

Cash and investments pooled with the City	\$ 6,070,004
Cash and investments with fiscal agents	<u>32,852,211</u>
Total cash and investments	<u>\$ 38,922,215</u>

See independent auditors' report.

15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**Capital Assets:**

	Balance at <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	Balance at <u>June 30, 2014</u>
Capital assets, not being depreciated:					
Land	\$ 1,338,057	\$ -	\$ -	\$ -	\$ 1,338,057
Capital assets, being depreciated:					
Land improvements	575,077	-	-	-	575,077
Less accumulated depreciation for:					
Land improvements	(78,572)	(11,856)	-	-	(90,428)
Total capital assets, being depreciated, net	<u>496,505</u>	<u>(11,856)</u>	<u>-</u>	<u>-</u>	<u>484,649</u>
 Total capital assets, net	<u>\$ 1,834,562</u>	<u>\$ (11,856)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,822,706</u>

**Long-Term Liabilities:**

	Balance <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2014</u>	Due Within <u>One Year</u>	Due in More Than <u>One Year</u>
Tax Allocation Bonds:						
2003	\$ 9,525,000	\$ -	\$ (9,525,000)	\$ -	\$ -	\$ -
2011 Series A	28,830,000	-	(265,000)	28,565,000	275,000	28,290,000
2011 Series B	8,835,000	-	(45,000)	8,790,000	50,000	8,740,000
Less: Unamortized original issue discount	(712,800)	-	67,066	(645,734)	-	(645,734)
2013 Tax Allocation Refunding						
Bonds, Series A	-	9,370,000	-	9,370,000	425,000	8,945,000
Add: Unamortized original issue premium	<u>-</u>	<u>298,437</u>	<u>-</u>	<u>298,437</u>	<u>-</u>	<u>298,437</u>
Totals	<u>\$ 46,477,200</u>	<u>\$ 9,668,437</u>	<u>\$ (9,767,934)</u>	<u>\$ 46,377,703</u>	<u>\$ 750,000</u>	<u>\$ 45,627,703</u>

Prior to the dissolution, the City pledged a portion of the tax increment revenue that it received as security for tax allocation bonds it has issued. These bonds were to provide financing for various capital projects. Total principal and interest remaining on the debt is \$113,337,475 with annual debt service requirements as indicated below. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$3,803,538 and the debt service obligation on the bonds was \$3,803,538.

## 15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**Long-Term Liabilities (Continued):**

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2014, follows:

**2003 Tax Allocation Bonds:**

In September 2003, the West Hollywood Community Development Commission (Redevelopment Agency) issued \$11,500,000 Eastside Redevelopment Project 2003 Tax Allocation Bonds for the purpose of financing redevelopment activities. The bonds consist of \$5,650,000 serial bonds with annual maturity dates from September 1, 2004 through September 1, 2023, with interest rates ranging from 3.000% to 5.700%, and term bonds of \$2,520,000 with an interest rate of 5.625% maturing September 1, 2028, and term bonds of \$3,330,000 with an interest rate of 5.750% maturing September 1, 2033. Interest is payable semi-annually beginning March 1, 2004. The Bonds were refunded by the Successor Agency to the West Hollywood Community Development's Project Tax Allocation Refunding Bonds, Series 2013A.

**2011 Tax Allocation Bonds, Series A:**

In March 2011, the West Hollywood Community Development Commission issued \$30,560,000 Eastside Redevelopment Project 2011 Tax Allocation Bonds, Series A for the purpose of financing redevelopment activities. The bonds consist of \$4,625,000 serial bonds with annual maturity dates from September 1, 2011 through September 1, 2021, with interest rates ranging from 2.000% to 6.250%; term bonds of \$2,415,000 with an interest rate of 7.000% maturing September 1, 2026; term bonds of \$3,400,000 with an interest rate of 7.250% maturing September 1, 2031; and term bonds of \$20,120,000 with an interest rate of 7.500% maturing September 1, 2042. Interest is payable semi-annually beginning September 1, 2011. At June 30, 2014, the total principal outstanding was \$28,565,000.

The following is a schedule, by years, of future debt service payments for the 2011 Tax Allocation Bonds, Series A as of June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 275,000	\$ 2,062,388	\$ 2,337,388
2016	285,000	2,049,762	2,334,762
2017	305,000	2,035,013	2,340,013
2018	320,000	2,018,988	2,338,988
2019	330,000	2,001,512	2,331,512
2020-2024	1,985,000	9,668,419	11,653,419
2025-2029	2,765,000	8,857,625	11,622,625
2030-2034	3,915,000	7,662,000	11,577,000
2035-2039	8,740,000	5,347,875	14,087,875
2040-2043	9,645,000	1,512,187	11,157,187
	<u>\$ 28,565,000</u>	<u>\$ 43,215,769</u>	<u>\$ 71,780,769</u>

See independent auditors' report.



15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**Long-Term Liabilities (Continued):**

**2011 Tax Allocation Bonds, Series B:**

In March 2011, the West Hollywood Community Development Commission issued \$9,420,000 Eastside Redevelopment Project 2011 Tax Allocation Bonds, Series B for the purpose of financing redevelopment activities. The bonds consist of \$1,125,000 serial bonds with annual maturity dates from September 1, 2011 through September 1, 2021, with interest rates ranging from 3.000% to 8.500%; term bonds of \$525,000 with an interest rate of 9.250% maturing September 1, 2026; term bonds of \$815,000 with an interest rate of 9.500% maturing September 1, 2031; and term bonds of \$6,955,000 with an interest rate of 9.500% maturing September 1, 2042. Interest is payable semi-annually beginning September 1, 2011. At June 30, 2014, the total principal outstanding was \$8,790,000.

The following is a schedule, by years, of future debt service payments for the 2011 Tax Allocation Bonds, Series B as of June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 50,000	\$ 822,113	\$ 872,113
2016	50,000	819,175	869,175
2017	55,000	815,756	870,756
2018	60,000	811,725	871,725
2019	60,000	807,225	867,225
2020-2024	400,000	3,946,256	4,346,256
2025-2029	630,000	3,714,106	4,344,106
2030-2034	970,000	3,341,625	4,311,625
2035-2039	2,965,000	2,439,838	5,404,838
2040-2043	<u>3,550,000</u>	<u>712,500</u>	<u>4,262,500</u>
	<u>\$ 8,790,000</u>	<u>\$ 18,230,319</u>	<u>\$ 27,020,319</u>



## 15. SUCCESSOR AGENCY DISCLOSURES (CONTINUED):

**Long-Term Liabilities (Continued):****2013 Tax Allocation Refunding Bonds, Series A:**

In December 2013, the Successor Agency to the West Hollywood Community Development Commission issued \$9,370,000 East Side Redevelopment Tax Allocation Refunding Bonds, Series A for the purpose for refunding the outstanding balance of the Eastside Redevelopment Project 2003 Tax Allocation Bonds Series A. The entire issue was purchased by County of Los Angeles Redevelopment Refunding Authority. The bonds consist of \$6,675,000 serial bonds with annual maturity dates from September 1, 2014 through September 1, 2029, with interest rates ranging from 3.000% to 5.000% and term bonds of \$2,595,000 with an interest rate of 5.000% maturing September 1, 2033. Interest is payable semi-annually beginning September 1, 2014. At June 30, 2014, the total principal outstanding was \$9,370,000.

The reserve requirement for the Bonds at June 30, 2014 was \$4,072,400. The balance of the reserve fund was \$4,002,800.

The reacquisition price exceeded the net carrying amount of the old debt by \$67,066. The Successor Agency refunded the 2003 Bonds to reduce its total debt service payments over 20 years by \$1,074,397 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$775,448.

The following is a schedule, by years, of future debt service payments for the 2013 Tax Allocation Refunding Bonds, Series A as of June 30, 2014:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 425,000	\$ 437,900	\$ 862,900
2016	300,000	425,525	725,525
2017	310,000	411,775	721,775
2018	325,000	395,900	720,900
2019	345,000	379,150	724,150
2020-2024	1,995,000	1,612,750	3,607,750
2025-2029	2,500,000	1,093,106	3,593,106
2030-2034	<u>3,170,000</u>	<u>410,281</u>	<u>3,580,281</u>
	<u>\$ 9,370,000</u>	<u>\$ 5,166,387</u>	<u>\$ 14,536,387</u>

16. RESTATEMENT OF NET POSITION AND FUND BALANCES:

**Net Position:**

Net position of the governmental activities as of July 1, 2013 was restated as follows:

Net position as previously reported, June 30, 2013	\$ 245,532,089
Adjust for revenue not recorded in the prior year	<u>12,651</u>
Net position as restated July 1, 2013	<u>\$ 245,544,740</u>

**Fund Balances:**

Fund balances of the other governmental funds were restated as follows:

Fund balances as previously reported, June 30, 2013	\$ 21,053,852
Adjust fund balances to reflect accounts receivable that are not considered available under the modified accrual basis of accounting	(1,445,438)
Adjust for revenue not recorded in the prior year	<u>12,651</u>
Fund balances as restated July 1, 2013	<u>\$ 19,621,065</u>

17. SUBSEQUENT EVENTS:

Effective July 1, 2014, the City left the California Joint Powers Insurance Authority and joined the Public Agency Risk Sharing Authority of California (PARSAC) to provide for risk management of insurance.

PARSAC is a statewide risk sharing JPA consisting of 37 cities located throughout the state. PARSAC offers a variety of self-funded and group insurance programs, which include general liability, employment practices, workers' compensation, property, special events, and fidelity bonds. All members participate in pro-active safety and loss control programs, with the common goal of reducing risk, minimizing losses, and controlling costs.

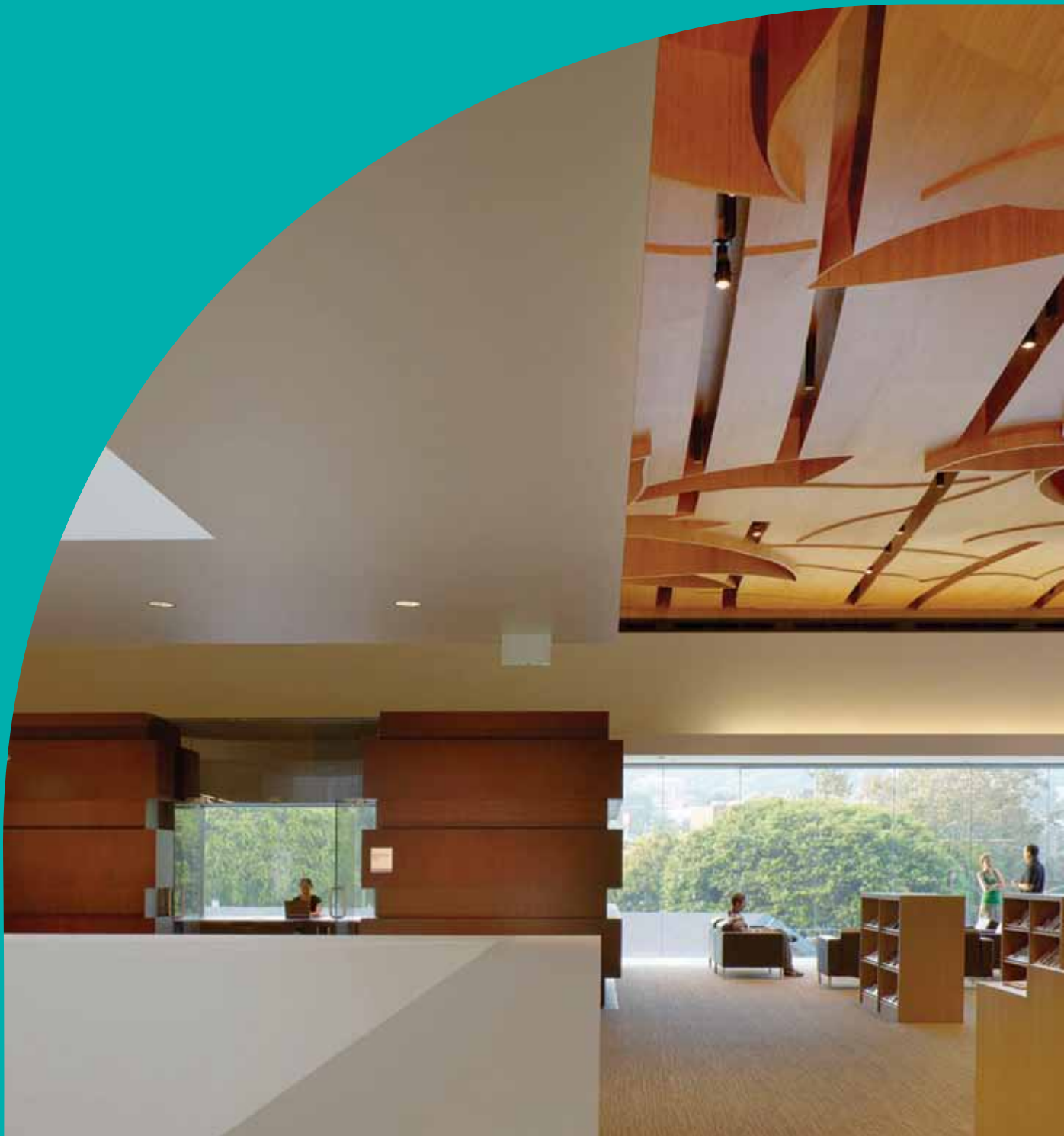
Events occurring after June 30, 2014 have been evaluated for possible adjustments to the financial statements or disclosure as of December 29, 2014, which is the date these financial statements were available to be issued.

# Supplementary Information



@WeHoLibrary we loved it. Such a beautiful design!

*via twitter*



COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

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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:

**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.

**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.

**MEASURE "R" FUND:**

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

**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.

**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.

**TRAFFIC FUND:**

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

**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.

**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.

**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.

**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.

**PARKING IMPROVEMENT FUND:**

This fund contains the revenue from a predetermined amount of parking meter collections, allocated parking fines, 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.

**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.



**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. Loans issued by the dissolved former redevelopment agency have been transferred to this fund.

**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.

**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.

**WEST HOLLYWOOD LIBRARY FOUNDATION FUND:**

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

## CAPITAL PROJECTS FUNDS

### SANTA MONICA BOULEVARD FUND:

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

### GENERAL RESERVES CAPITAL PROJECTS:

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

### DEBT FUNDED CAPITAL PROJECTS -MAJOR FUND:

This fund is used to account for the receipt and disbursement of monies used for the construction of the major capital projects, such as mixed use parking facilities, City Hall acquisition, Homeless Shelter, Fire Station No.7, and the West Hollywood Library, which generally require more than one budgetary cycle to complete. Projects are funded by the General Fund, bond proceeds and donations.

## DEBT SERVICE FUND

## CAPITAL PROJECTS DEBT SERVICE FUND - MAJOR 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) and Lease Revenue Bonds (LRBs) for the acquisition and construction of mixed use parking structures, fire station, homeless shelter, city hall, park renovations, and new parking meters.

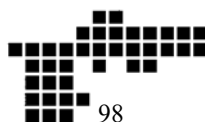
Principal and interest on COPs and LRBs issued are paid from resources accumulated through rents, parking fines, parking meter collections, and allocation of costs to divisions in lieu of the square feet occupied at City Hall by the foresaid divisions.

CITY OF WEST HOLLYWOOD  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS

June 30, 2014

	Special Revenue Funds			
	Special Grants	Proposition A	Proposition C	Measure R
<b>ASSETS:</b>				
Cash and investments	\$ -	\$ 2,851,548	\$ 7,285	\$ 290,753
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	-	1,817	5	185
Prepaid costs	-	-	-	-
Due from other governments	1,496,285	335,992	-	-
Due from other funds	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,496,285</b>	<b>\$ 3,189,357</b>	<b>\$ 7,290</b>	<b>\$ 290,938</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 52,715	\$ 403,027	\$ 5,000	\$ 58,949
Unearned revenues	151,776	-	-	-
Deposits payable	33,552	-	330	-
Due to other governments	-	-	-	-
Due to other funds	1,014,463	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,252,506</b>	<b>403,027</b>	<b>5,330</b>	<b>58,949</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues	335,503	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>335,503</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted:				
Public services	-	2,786,330	1,960	231,989
Capital projects	-	-	-	-
Unassigned	(91,724)	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(91,724)</b>	<b>2,786,330</b>	<b>1,960</b>	<b>231,989</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 1,496,285</b>	<b>\$ 3,189,357</b>	<b>\$ 7,290</b>	<b>\$ 290,938</b>

See independent auditors' report.



Special Revenue Funds (Continued)

Gas Tax	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act	City Lighting	Public Access Corporation
\$ 1,544,618	\$ 174,098	\$ 469,729	\$ 626,426	\$ 1,005,466	\$ 1,409,049	\$ 35,274
-	-	-	-	-	-	-
-	-	-	-	-	-	-
984	111	300	402	641	897	23
-	-	-	-	-	-	-
115,626	-	-	-	-	16,599	-
-	-	-	-	-	-	-
<u>\$ 1,661,228</u>	<u>\$ 174,209</u>	<u>\$ 470,029</u>	<u>\$ 626,828</u>	<u>\$ 1,006,107</u>	<u>\$ 1,426,545</u>	<u>\$ 35,297</u>
\$ 92,601	\$ 8,009	\$ 20,925	\$ 24,177	\$ -	\$ 95,684	\$ 19,460
-	-	-	89,251	-	-	-
3,642	-	-	-	-	604	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>96,243</u>	<u>8,009</u>	<u>20,925</u>	<u>113,428</u>	<u>-</u>	<u>96,288</u>	<u>19,460</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,564,985	166,200	449,104	513,400	1,006,107	1,330,257	15,837
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,564,985</u>	<u>166,200</u>	<u>449,104</u>	<u>513,400</u>	<u>1,006,107</u>	<u>1,330,257</u>	<u>15,837</u>
<u>\$ 1,661,228</u>	<u>\$ 174,209</u>	<u>\$ 470,029</u>	<u>\$ 626,828</u>	<u>\$ 1,006,107</u>	<u>\$ 1,426,545</u>	<u>\$ 35,297</u>

(Continued)

CITY OF WEST HOLLYWOOD  
 COMBINING BALANCE SHEET  
 OTHER GOVERNMENTAL FUNDS  
 (CONTINUED)

June 30, 2014

	Special Revenue Funds (Continued)			
	Parking Improvement	Permit Parking	CDBG	Housing Trust
<b>ASSETS:</b>				
Cash and investments	\$ 2,613,164	\$ 285,374	\$ -	\$ 1,731,408
Receivables:				
Accounts	295,423	-	-	-
Notes and loans	-	-	613,439	-
Accrued interest	1,414	123	-	1,106
Prepaid costs	-	-	-	-
Due from other governments	-	-	219,497	-
Due from other funds	6,805,566	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 9,715,567</b>	<b>\$ 285,497</b>	<b>\$ 832,936</b>	<b>\$ 1,732,514</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 2,556,108	\$ 1,827	\$ 18,920	\$ 529,333
Unearned revenues	204,157	-	-	-
Deposits payable	205,226	-	10,029	-
Due to other governments	-	-	613,439	-
Due to other funds	-	-	190,548	-
<b>TOTAL LIABILITIES</b>	<b>2,965,491</b>	<b>1,827</b>	<b>832,936</b>	<b>529,333</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenues	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES (DEFICITS):</b>				
Nonspendable:				
Prepaid costs	-	-	-	-
Restricted:				
Public services	6,750,076	-	-	1,203,181
Capital projects	-	283,670	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>6,750,076</b>	<b>283,670</b>	<b>-</b>	<b>1,203,181</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 9,715,567</b>	<b>\$ 285,497</b>	<b>\$ 832,936</b>	<b>\$ 1,732,514</b>

See independent auditors' report.

Special Revenue Funds (Continued)			Capital Projects Funds		Total Other Governmental Funds
Sunset Mitigation	Avenues of Art and Design	West Hollywood Library Foundation	Santa Monica Boulevard	General Reserves Capital Projects	
\$ -	\$ 25,878	\$ 492,635	\$ 6,240,829	\$ -	\$ 19,803,534
1,417,297	-	1,445,438	-	-	3,158,158
-	-	-	-	-	613,439
-	-	-	3,982	-	11,990
-	6,796	-	-	-	6,796
-	-	-	-	-	2,183,999
-	-	-	-	-	6,805,566
<u>\$ 1,417,297</u>	<u>\$ 32,674</u>	<u>\$ 1,938,073</u>	<u>\$ 6,244,811</u>	<u>\$ -</u>	<u>\$ 32,583,482</u>
\$ 75,949	\$ 9,759	\$ -	\$ -	\$ -	\$ 3,972,443
-	-	-	-	-	445,184
-	-	-	-	-	253,383
-	-	-	-	-	613,439
1,547,680	-	-	-	-	2,752,691
<u>1,623,629</u>	<u>9,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,037,140</u>
-	-	1,445,438	-	-	1,780,941
-	-	1,445,438	-	-	1,780,941
-	6,796	-	-	-	6,796
-	16,119	492,635	-	-	16,528,180
-	-	-	6,244,811	-	6,528,481
(206,332)	-	-	-	-	(298,056)
<u>(206,332)</u>	<u>22,915</u>	<u>492,635</u>	<u>6,244,811</u>	<u>-</u>	<u>22,765,401</u>
<u>\$ 1,417,297</u>	<u>\$ 32,674</u>	<u>\$ 1,938,073</u>	<u>\$ 6,244,811</u>	<u>\$ -</u>	<u>\$ 32,583,482</u>

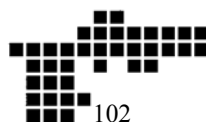
CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS

For the year ended June 30, 2014

	Special Revenue Funds			
	Special Grants	Proposition A	Proposition C	Measure R
REVENUES:				
Taxes	\$ -	\$ 591,518	\$ 493,044	\$ 366,167
Intergovernmental	1,642,777	1,109,040	-	-
Charges for services	-	-	-	-
Use of money and property	29	11,444	2,083	993
Fines and forfeitures	-	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	31,589	-	-
<b>TOTAL REVENUES</b>	<b>1,642,806</b>	<b>1,743,591</b>	<b>495,127</b>	<b>367,160</b>
EXPENDITURES:				
Current:				
General government	1,085	-	-	-
Public safety	107,713	-	-	-
Public services	85,429	2,045,036	302,424	387,622
Capital outlay	1,493,358	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,687,585</b>	<b>2,045,036</b>	<b>302,424</b>	<b>387,622</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(44,779)</b>	<b>(301,445)</b>	<b>192,703</b>	<b>(20,462)</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(44,779)</b>	<b>(301,445)</b>	<b>192,703</b>	<b>(20,462)</b>
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	(46,945)	3,087,775	(190,743)	252,451
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<b>\$ (91,724)</b>	<b>\$ 2,786,330</b>	<b>\$ 1,960</b>	<b>\$ 231,989</b>

See independent auditors' report.





Special Revenue Funds (Continued)

Gas Tax	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act	City Lighting	Public Access Corporation
\$ -	\$ 42,823	\$ -	\$ -	\$ -	\$ 929,650	\$ 146,073
1,185,334	-	-	2,200	-	6,424	-
-	-	-	-	-	-	-
4,689	852	2,100	2,286	3,594	4,081	308
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	108,230	306,268	276,865	-	-
-	-	-	-	-	50,298	480
<u>1,190,023</u>	<u>43,675</u>	<u>110,330</u>	<u>310,754</u>	<u>280,459</u>	<u>990,453</u>	<u>146,861</u>
-	-	-	173,750	-	-	179,073
-	-	-	-	-	-	-
735,161	111,093	159,226	-	-	725,674	-
61,638	20,714	-	-	1,300	2,925	-
<u>796,799</u>	<u>131,807</u>	<u>159,226</u>	<u>173,750</u>	<u>1,300</u>	<u>728,599</u>	<u>179,073</u>
<u>393,224</u>	<u>(88,132)</u>	<u>(48,896)</u>	<u>137,004</u>	<u>279,159</u>	<u>261,854</u>	<u>(32,212)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>393,224</u>	<u>(88,132)</u>	<u>(48,896)</u>	<u>137,004</u>	<u>279,159</u>	<u>261,854</u>	<u>(32,212)</u>
<u>1,171,761</u>	<u>254,332</u>	<u>498,000</u>	<u>376,396</u>	<u>726,948</u>	<u>1,068,403</u>	<u>48,049</u>
<u>\$ 1,564,985</u>	<u>\$ 166,200</u>	<u>\$ 449,104</u>	<u>\$ 513,400</u>	<u>\$ 1,006,107</u>	<u>\$ 1,330,257</u>	<u>\$ 15,837</u>

(Continued)

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
OTHER GOVERNMENTAL FUNDS  
(CONTINUED)

For the year ended June 30, 2014

	Special Revenue Funds (Continued)			
	Parking Improvement	Permit Parking	CDBG	Housing Trust
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	234,799	-
Charges for services	277,609	-	-	-
Use of money and property	3,010,936	977,954	-	11,197
Fines and forfeitures	1,058,872	-	-	-
Contributions	-	-	-	-
Developer participation	714,000	-	-	2,320,107
Miscellaneous	-	-	-	-
<b>TOTAL REVENUES</b>	<b>5,061,417</b>	<b>977,954</b>	<b>234,799</b>	<b>2,331,304</b>
EXPENDITURES:				
Current:				
General government	25,167	-	-	-
Public safety	-	-	-	-
Public services	1,211,254	715,521	34,220	3,951,450
Capital outlay	5,797,245	-	200,579	-
<b>TOTAL EXPENDITURES</b>	<b>7,033,666</b>	<b>715,521</b>	<b>234,799</b>	<b>3,951,450</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,972,249)</b>	<b>262,433</b>	<b>-</b>	<b>(1,620,146)</b>
OTHER FINANCING SOURCES (USES):				
Transfers in	6,805,566	-	-	-
Transfers out	(1,026,329)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,779,237</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>3,806,988</b>	<b>262,433</b>	<b>-</b>	<b>(1,620,146)</b>
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR, AS RESTATED	2,943,088	21,237	-	2,823,327
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<b>\$ 6,750,076</b>	<b>\$ 283,670</b>	<b>\$ -</b>	<b>\$ 1,203,181</b>

See independent auditors' report.

Special Revenue Funds (Continued)			Capital Projects Funds		Total Other Governmental Funds
Sunset Mitigation	Avenues of Art and Design	West Hollywood Library Foundation	Santa Monica Boulevard	General Reserves Capital Projects	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,569,275
-	310,711	-	-	-	4,491,285
680,342	-	-	-	-	957,951
-	2	398	29,733	-	4,062,679
-	-	-	-	-	1,058,872
-	-	16,689	-	-	16,689
-	-	-	-	-	3,725,470
-	-	-	-	-	82,367
<u>680,342</u>	<u>310,713</u>	<u>17,087</u>	<u>29,733</u>	<u>-</u>	<u>16,964,588</u>
591,500	300,489	-	-	-	1,271,064
575,441	-	-	-	-	683,154
-	-	155,521	-	-	10,619,631
-	-	-	-	-	7,577,759
<u>1,166,941</u>	<u>300,489</u>	<u>155,521</u>	<u>-</u>	<u>-</u>	<u>20,151,608</u>
<u>(486,599)</u>	<u>10,224</u>	<u>(138,434)</u>	<u>29,733</u>	<u>-</u>	<u>(3,187,020)</u>
575,441	-	-	-	-	7,381,007
-	-	-	-	(23,322)	(1,049,651)
<u>575,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,322)</u>	<u>6,331,356</u>
88,842	10,224	(138,434)	29,733	(23,322)	3,144,336
<u>(295,174)</u>	<u>12,691</u>	<u>631,069</u>	<u>6,215,078</u>	<u>23,322</u>	<u>19,621,065</u>
<u>\$ (206,332)</u>	<u>\$ 22,915</u>	<u>\$ 492,635</u>	<u>\$ 6,244,811</u>	<u>\$ -</u>	<u>\$ 22,765,401</u>

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (46,945)	\$ (46,945)	\$ (46,945)	\$ -
Resources (Inflows):				
Intergovernmental	1,144,681	1,483,157	1,642,777	159,620
Use of money and property	-	-	29	29
Developer participation	-	35,747	-	(35,747)
Miscellaneous	-	10,282	-	(10,282)
Amounts Available for Appropriations	<u>1,097,736</u>	<u>1,482,241</u>	<u>1,595,861</u>	<u>113,620</u>
Charges to Appropriations (Outflows):				
Current:				
General government	-	1,085	1,085	-
Public safety	100,000	126,695	107,713	18,982
Public services	1,040,273	1,304,750	85,429	1,219,321
Capital outlay	-	2,420,701	1,493,358	927,343
Total Charges to Appropriations	<u>1,140,273</u>	<u>3,853,231</u>	<u>1,687,585</u>	<u>2,165,646</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (42,537)</u>	<u>\$ (2,370,990)</u>	<u>\$ (91,724)</u>	<u>\$ 2,279,266</u>

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,087,775	\$ 3,087,775	\$ 3,087,775	\$ -
Resources (Inflows):				
Taxes	520,000	520,000	591,518	71,518
Intergovernmental	214,000	1,014,000	1,109,040	95,040
Use of money and property	15,000	15,000	11,444	(3,556)
Miscellaneous	40,000	40,000	31,589	(8,411)
Amounts Available for Appropriations	<u>3,876,775</u>	<u>4,676,775</u>	<u>4,831,366</u>	<u>154,591</u>
Charges to Appropriations (Outflows):				
Current:				
Public services	<u>2,180,437</u>	<u>2,180,437</u>	<u>2,045,036</u>	<u>135,401</u>
Total Charges to Appropriations	<u>2,180,437</u>	<u>2,180,437</u>	<u>2,045,036</u>	<u>135,401</u>
Budgetary Fund Balance, June 30	<u>\$ 1,696,338</u>	<u>\$ 2,496,338</u>	<u>\$ 2,786,330</u>	<u>\$ 289,992</u>

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (190,743)	\$ (190,743)	\$ (190,743)	\$ -
Resources (Inflows):				
Taxes	460,000	460,000	493,044	33,044
Use of money and property	2,000	2,000	2,083	83
Amounts Available for Appropriations	271,257	271,257	304,384	33,127
Charges to Appropriations (Outflows):				
Current:				
Public services	310,671	313,465	302,424	11,041
Total Charges to Appropriations	310,671	313,465	302,424	11,041
Budgetary Fund Balance, June 30	\$ (39,414)	\$ (42,208)	\$ 1,960	\$ 44,168

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 252,451	\$ 252,451	\$ 252,451	\$ -
Resources (Inflows):				
Taxes	340,500	340,500	366,167	25,667
Use of money and property	1,500	1,500	993	(507)
Amounts Available for Appropriations	594,451	594,451	619,611	25,160
Charges to Appropriations (Outflows):				
Current:				
Public services	455,816	490,795	387,622	103,173
Total Charges to Appropriations	455,816	490,795	387,622	103,173
Budgetary Fund Balance, June 30	\$ 138,635	\$ 103,656	\$ 231,989	\$ 128,333

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,171,761	\$ 1,171,761	\$ 1,171,761	\$ -
Resources (Inflows):				
Intergovernmental	961,000	961,000	1,185,334	224,334
Use of money and property	6,000	6,000	4,689	(1,311)
Amounts Available for Appropriations	2,138,761	2,138,761	2,361,784	223,023
Charges to Appropriations (Outflows):				
Current:				
Public services	776,084	913,597	735,161	178,436
Capital outlay	435,130	541,215	61,638	479,577
Total Charges to Appropriations	1,211,214	1,454,812	796,799	658,013
Budgetary Fund Balance, June 30	\$ 927,547	\$ 683,949	\$ 1,564,985	\$ 881,036

See independent auditors' report.



CITY OF WEST HOLLYWOOD

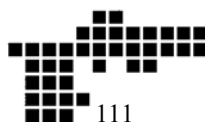
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 254,332	\$ 254,332	\$ 254,332	\$ -
Resources (Inflows):				
Taxes	44,000	44,000	42,823	(1,177)
Use of money and property	2,500	2,500	852	(1,648)
Amounts Available for Appropriations	300,832	300,832	298,007	(2,825)
Charges to Appropriations (Outflows):				
Current:				
Public services	50,251	136,612	111,093	25,519
Capital outlay	35,000	69,501	20,714	48,787
Total Charges to Appropriations	85,251	206,113	131,807	74,306
Budgetary Fund Balance, June 30	\$ 215,581	\$ 94,719	\$ 166,200	\$ 71,481

See independent auditors' report.



CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TRAFFIC SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 498,000	\$ 498,000	\$ 498,000	\$ -
Resources (Inflows):				
Use of money and property	3,500	3,500	2,100	(1,400)
Developer participation	10,000	32,979	108,230	75,251
Amounts Available for Appropriations	511,500	534,479	608,330	73,851
Charges to Appropriations (Outflows):				
Current:				
Public services	177,260	200,239	159,226	41,013
Capital outlay	70,000	288,360	-	288,360
Total Charges to Appropriations	247,260	488,599	159,226	329,373
Budgetary Fund Balance, June 30	\$ 264,240	\$ 45,880	\$ 449,104	\$ 403,224

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC BEAUTIFICATION AND ART SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 376,396	\$ 376,396	\$ 376,396	\$ -
Resources (Inflows):				
Intergovernmental	-	-	2,200	2,200
Use of money and property	2,000	2,000	2,286	286
Developer participation	-	-	306,268	306,268
Amounts Available for Appropriations	<u>378,396</u>	<u>378,396</u>	<u>687,150</u>	<u>308,754</u>
Charges to Appropriations (Outflows):				
Current:				
General government	<u>185,500</u>	<u>225,041</u>	<u>173,750</u>	<u>51,291</u>
Total Charges to Appropriations	<u>185,500</u>	<u>225,041</u>	<u>173,750</u>	<u>51,291</u>
Budgetary Fund Balance, June 30	<u>\$ 192,896</u>	<u>\$ 153,355</u>	<u>\$ 513,400</u>	<u>\$ 360,045</u>

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

QUIMBY ACT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 726,948	\$ 726,948	\$ 726,948	\$ -
Resources (Inflows):				
Use of money and property	4,000	4,000	3,594	(406)
Developer participation	-	-	276,865	276,865
Amounts Available for Appropriations	<u>730,948</u>	<u>730,948</u>	<u>1,007,407</u>	<u>276,459</u>
Charges to Appropriations (Outflows):				
Capital outlay	<u>25,000</u>	<u>82,159</u>	<u>1,300</u>	<u>80,859</u>
Total Charges to Appropriations	<u>25,000</u>	<u>82,159</u>	<u>1,300</u>	<u>80,859</u>
Budgetary Fund Balance, June 30	<u>\$ 705,948</u>	<u>\$ 648,789</u>	<u>\$ 1,006,107</u>	<u>\$ 357,318</u>

See independent auditors' report.



CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CITY LIGHTING SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,068,403	\$ 1,068,403	\$ 1,068,403	\$ -
Resources (Inflows):				
Taxes	801,000	801,000	929,650	128,650
Intergovernmental	6,000	6,000	6,424	424
Use of money and property	2,500	2,500	4,081	1,581
Miscellaneous	-	-	50,298	50,298
Amounts Available for Appropriations	<u>1,877,903</u>	<u>1,877,903</u>	<u>2,058,856</u>	<u>180,953</u>
Charges to Appropriations (Outflows):				
Current:				
Public services	685,001	848,641	725,674	122,967
Capital outlay	-	9,547	2,925	6,622
Total Charges to Appropriations	<u>685,001</u>	<u>858,188</u>	<u>728,599</u>	<u>129,589</u>
Budgetary Fund Balance, June 30	<u>\$ 1,192,902</u>	<u>\$ 1,019,715</u>	<u>\$ 1,330,257</u>	<u>\$ 310,542</u>

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PUBLIC ACCESS SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 48,049	\$ 48,049	\$ 48,049	\$ -
Resources (Inflows):				
Taxes	140,000	140,000	146,073	6,073
Use of money and property	1,000	1,000	308	(692)
Miscellaneous	700	700	480	(220)
Amounts Available for Appropriations	189,749	189,749	194,910	5,161
Charges to Appropriations (Outflows):				
Current:				
General government	154,976	154,976	179,073	(24,097)
Total Charges to Appropriations	154,976	154,976	179,073	(24,097)
Budgetary Fund Balance, June 30	\$ 34,773	\$ 34,773	\$ 15,837	\$ (18,936)

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKING IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,943,088	\$ 2,943,088	\$ 2,943,088	\$ -
Resources (Inflows):				
Charges for services	50,000	50,000	277,609	227,609
Use of money and property	2,320,000	2,320,000	3,010,936	690,936
Fines and forfeitures	917,880	917,880	1,058,872	140,992
Developer participation	11,000	11,000	714,000	703,000
Transfers in	-	6,805,566	6,805,566	-
Amounts Available for Appropriations	<u>6,241,968</u>	<u>13,047,534</u>	<u>14,810,071</u>	<u>1,762,537</u>
Charges to Appropriations (Outflows):				
Current:				
General government	26,029	26,029	25,167	862
Public services	1,301,971	1,333,641	1,211,254	122,387
Capital outlay	350,600	18,682,831	5,797,245	12,885,586
Transfers out	1,026,329	1,026,329	1,026,329	-
Total Charges to Appropriations	<u>2,704,929</u>	<u>21,068,830</u>	<u>8,059,995</u>	<u>13,008,835</u>
Budgetary Fund Balance, June 30	<u>\$ 3,537,039</u>	<u>\$ (8,021,296)</u>	<u>\$ 6,750,076</u>	<u>\$ 14,771,372</u>

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PERMIT PARKING SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 21,237	\$ 21,237	\$ 21,237	\$ -
Resources (Inflows):				
Charges for services	-	-	-	-
Use of money and property	827,500	827,500	977,954	150,454
Amounts Available for Appropriations	848,737	848,737	999,191	150,454
Charges to Appropriations (Outflows):				
Current:				
Public services	788,982	788,982	715,521	73,461
Total Charges to Appropriations	788,982	788,982	715,521	73,461
Budgetary Fund Balance, June 30	\$ 59,755	\$ 59,755	\$ 283,670	\$ 223,915

See independent auditors' report.



CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	234,799	234,799	234,799	-
Amounts Available for Appropriations	234,799	234,799	234,799	-
Charges to Appropriations (Outflows):				
Current:				
Public services	34,220	34,220	34,220	-
Capital outlay	200,579	200,579	200,579	-
Total Charges to Appropriations	234,799	234,799	234,799	-
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOUSING TRUST SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,823,327	\$ 2,823,327	\$ 2,823,327	\$ -
Resources (Inflows):				
Use of money and property	15,000	15,000	11,197	(3,803)
Developer participation	92,975	92,975	2,320,107	2,227,132
Amounts Available for Appropriations	2,931,302	2,931,302	5,154,631	2,223,329
Charges to Appropriations (Outflows):				
Current:				
Public services	362,715	3,922,715	3,951,450	(28,735)
Total Charges to Appropriations	362,715	3,922,715	3,951,450	(28,735)
Budgetary Fund Balance, June 30	\$ 2,568,587	\$ (991,413)	\$ 1,203,181	\$ 2,194,594

See independent auditors' report.

CITY OF WEST HOLLYWOOD

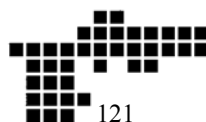
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SUNSET MITIGATION SPECIAL REVENUE FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (295,174)	\$ (295,174)	\$ (295,174)	\$ -
Resources (Inflows):				
Charges for services	600,000	600,000	680,342	80,342
Transfers in	575,441	575,441	575,441	-
Amounts Available for Appropriations	880,267	880,267	960,609	80,342
Charges to Appropriations (Outflows):				
Current:				
General government	591,500	591,500	591,500	-
Public safety	575,441	575,441	575,441	-
Total Charges to Appropriations	1,166,941	1,166,941	1,166,941	-
Budgetary Fund Balance (Deficit), June 30	\$ (286,674)	\$ (286,674)	\$ (206,332)	\$ 80,342

See independent auditors' report.



CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SANTA MONICA BOULEVARD CAPITAL PROJECTS FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 6,215,078	\$ 6,215,078	\$ 6,215,078	\$ -
Resources (Inflows):				
Use of money and property	50,000	50,000	29,733	(20,267)
Amounts Available for Appropriations	6,265,078	6,265,078	6,244,811	(20,267)
Charges to Appropriations (Outflows):				
Capital outlay	250,000	294,754	-	294,754
Total Charges to Appropriations	250,000	294,754	-	294,754
Budgetary Fund Balance, June 30	\$ 6,015,078	\$ 5,970,324	\$ 6,244,811	\$ 274,487

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT FUNDED CAPITAL PROJECTS FUND - MAJOR FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (6,845,068)	\$ (6,845,068)	\$ (6,845,068)	\$ -
Resources (Inflows):				
Charges for services	-	-	700,000	700,000
Miscellaneous	-	-	6,988	6,988
Transfers in	-	4,867,396	4,867,396	-
Amounts Available for Appropriations	(6,845,068)	(1,977,672)	(1,270,684)	706,988
Charges to Appropriations (Outflows):				
Capital outlay	-	102,301,595	507,277	101,794,318
Total Charges to Appropriations	-	102,301,595	507,277	101,794,318
Budgetary Fund Balance (Deficit), June 30	\$ (6,845,068)	\$ (104,279,267)	\$ (1,777,961)	\$ 102,501,306

See independent auditors' report.

CITY OF WEST HOLLYWOOD

SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CAPITAL PROJECTS DEBT SERVICE FUND - MAJOR FUND

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 12,612,783	\$ 12,612,783	\$ 12,612,783	\$ -
Resources (Inflows):				
Use of money and property	876,025	876,025	-	(876,025)
Fines and forfeitures	-	-	912,845	912,845
Bond proceeds	-	-	19,155,000	19,155,000
Bond premiums	-	-	218,975	218,975
Transfers in	3,874,322	4,565,482	4,565,482	-
Amounts Available for Appropriations	<u>17,363,130</u>	<u>18,054,290</u>	<u>37,465,085</u>	<u>19,410,795</u>
Charges to Appropriations (Outflows):				
Debt service:				
Debt issuance cost	-	-	358,483	(358,483)
Principal retirement	1,730,000	1,905,000	1,905,000	-
Interest and fiscal charges	3,020,347	3,536,507	3,110,788	425,719
Transfers out	-	7,155,566	7,155,566	-
Total Charges to Appropriations	<u>4,750,347</u>	<u>12,597,073</u>	<u>12,529,837</u>	<u>67,236</u>
Budgetary Fund Balance, June 30	<u>\$ 12,612,783</u>	<u>\$ 5,457,217</u>	<u>\$ 24,935,248</u>	<u>\$ 19,478,031</u>

See independent auditors' report.

NONMAJOR ENTERPRISE FUNDS  
(PROPRIETARY FUNDS)

SEWER DISTRICT FUND - ENTERPRISE:

The Sewer District Fund was transferred from the County of Los Angeles when the City took over the Sewer District. At this time, the only source of revenue is the interest earnings on the investments. Use of this fund is designated for the improvement of the underground sewer lines.

SEWER CHARGE FUND - ENTERPRISE:

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

SOLID WASTE FUND - ENTERPRISE:

The City levies assessments for collection of solid waste from residential and/or commercial premises. The revenues are used to support the Engineering Division of the Department of Public Works.

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.

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.

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS

June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer District	Sewer Charge	Solid Waste
<b>ASSETS:</b>			
<b>CURRENT ASSETS:</b>			
Cash and investments	\$ -	\$ -	\$ 294,909
Receivables:			
Accounts	-	1,176	-
Accrued interest	-	-	320
Due from other governments	-	15,153	25,425
Due from other funds	-	-	201,249
<b>TOTAL CURRENT ASSETS</b>	<b>-</b>	<b>16,329</b>	<b>521,903</b>
<b>NONCURRENT ASSETS:</b>			
Capital assets, nondepreciable	37,400	36,017	-
Capital assets, net of accumulated depreciation	8,205,273	2,333,610	-
<b>TOTAL NONCURRENT ASSETS</b>	<b>8,242,673</b>	<b>2,369,627</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>8,242,673</b>	<b>2,385,956</b>	<b>521,903</b>
<b>LIABILITIES:</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	-	58,262	-
Due to other funds	33,559	167,690	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>33,559</b>	<b>225,952</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>33,559</b>	<b>225,952</b>	<b>-</b>
<b>NET POSITION:</b>			
Net investment in capital assets	8,242,673	2,369,627	-
Unrestricted	(33,559)	(209,623)	521,903
<b>TOTAL NET POSITION</b>	<b>\$ 8,209,114</b>	<b>\$ 2,160,004</b>	<b>\$ 521,903</b>

See independent auditors' report.



Business-Type Activities Enterprise Funds (Continued)		
Landscape District	Street Maintenance	Totals
\$ 159,536	\$ -	\$ 454,445
-	-	1,176
105	-	425
1,572	4,978	47,128
5,602	-	206,851
<u>166,815</u>	<u>4,978</u>	<u>710,025</u>
-	-	73,417
-	-	10,538,883
-	-	10,612,300
<u>166,815</u>	<u>4,978</u>	<u>11,322,325</u>
20,686	17,068	96,016
-	5,602	206,851
<u>20,686</u>	<u>22,670</u>	<u>302,867</u>
<u>20,686</u>	<u>22,670</u>	<u>302,867</u>
-	-	10,612,300
<u>146,129</u>	<u>(17,692)</u>	<u>407,158</u>
<u>\$ 146,129</u>	<u>\$ (17,692)</u>	<u>\$ 11,019,458</u>

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS

For the year ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer District	Sewer Charge	Solid Waste
OPERATING REVENUES:			
Sales and service charges	\$ -	\$ 1,124,529	\$ 1,410,702
Penalties on assessments	-	5,097	7,295
Other fees and charges	-	25,301	-
TOTAL OPERATING REVENUES	-	1,154,927	1,417,997
OPERATING EXPENSES:			
Administration and general	-	31,000	43,209
Treatment	-	585,272	1,480,738
Cost of sales and services	-	-	-
Depreciation expense	363,557	33,959	-
TOTAL OPERATING EXPENSES	363,557	650,231	1,523,947
OPERATING INCOME (LOSS)	(363,557)	504,696	(105,950)
NONOPERATING REVENUES:			
Interest revenue	-	-	2,245
TOTAL NONOPERATING REVENUES	-	-	2,245
INCOME (LOSS) BEFORE TRANSFERS	(363,557)	504,696	(103,705)
TRANSFERS IN	-	-	-
CHANGE IN NET POSITION	(363,557)	504,696	(103,705)
NET POSITION - BEGINNING OF YEAR	8,572,671	1,655,308	625,608
NET POSITION - END OF YEAR	\$ 8,209,114	\$ 2,160,004	\$ 521,903

See independent auditors' report.

Business-Type Activities Enterprise Funds (Continued)		
Landscape District	Street Maintenance	Totals
\$ 183,906	\$ 287,152	\$ 3,006,289
3,211	1,429	17,032
-	-	25,301
<u>187,117</u>	<u>288,581</u>	<u>3,048,622</u>
1,000	191,657	266,866
-	226,261	2,292,271
189,288	26,494	215,782
-	-	397,516
<u>190,288</u>	<u>444,412</u>	<u>3,172,435</u>
<u>(3,171)</u>	<u>(155,831)</u>	<u>(123,813)</u>
<u>666</u>	<u>-</u>	<u>2,911</u>
<u>666</u>	<u>-</u>	<u>2,911</u>
(2,505)	(155,831)	(120,902)
<u>-</u>	<u>164,557</u>	<u>164,557</u>
(2,505)	8,726	43,655
<u>148,634</u>	<u>(26,418)</u>	<u>10,975,803</u>
<u>\$ 146,129</u>	<u>\$ (17,692)</u>	<u>\$ 11,019,458</u>

CITY OF WEST HOLLYWOOD  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS

For the year ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer District	Sewer Charge	Solid Waste
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers and users	\$ -	\$ 1,177,652	\$ 1,414,735
Cash paid to suppliers for goods and services	-	(528,616)	(1,283,650)
Cash paid to employees for services	-	(128,111)	(245,600)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	520,925	(114,515)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Cash transfers in	-	-	-
Repayment received from other funds	-	-	406,920
Repayment made to other funds	-	(520,925)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	(520,925)	406,920
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	-	-	2,504
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-	2,504
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	294,909
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	-	-
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ -	\$ 294,909

See independent auditors' report.

Business-Type Activities Enterprise Funds (Continued)		
Landscape District	Street Maintenance	Totals
\$ 201,733	\$ 288,996	\$ 3,083,116
(189,907)	(188,130)	(2,190,303)
-	(249,333)	(623,044)
<u>11,826</u>	<u>(148,467)</u>	<u>269,769</u>
-	164,557	164,557
130,097	-	537,017
-	(16,090)	(537,015)
<u>130,097</u>	<u>148,467</u>	<u>164,559</u>
<u>693</u>	<u>-</u>	<u>3,197</u>
<u>693</u>	<u>-</u>	<u>3,197</u>
142,616	-	437,525
<u>16,920</u>	<u>-</u>	<u>16,920</u>
<u>\$ 159,536</u>	<u>\$ -</u>	<u>\$ 454,445</u>

(Continued)

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
(CONTINUED)

For the year ended June 30, 2014

	Business-Type Activities - Enterprise Funds		
	Sewer District	Sewer Charge	Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (363,557)	\$ 504,696	\$ (105,950)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	363,557	33,959	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	-	21,531	-
Due from other governments	-	1,194	(3,262)
Increase (decrease) in:			
Accounts payable	-	(14,230)	(5,303)
Deposits payable	-	(26,225)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ 520,925	\$ (114,515)

See independent auditors' report.

Business-Type Activities Enterprise Funds (Continued)		
<u>Landscape District</u>	<u>Street Maintenance</u>	<u>Totals</u>
\$ (3,171)	\$ (155,831)	(123,813)
-	-	397,516
12,120	-	33,651
2,496	415	843
381	7,236	(11,916)
<u>-</u>	<u>(287)</u>	<u>(26,512)</u>
<u>\$ 11,826</u>	<u>\$ (148,467)</u>	<u>\$ 269,769</u>

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## FIDUCIARY FUNDS

## AGENCY FUNDS

## BUSINESS IMPROVEMENT - AGENCY:

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

## COMMUNITY DISTRICT - AGENCY:

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

## HOTEL MARKETING BENEFIT ZONE - AGENCY:

This fund accounts for the receipt of 3% of the Transient Occupancy Tax (hotel bed Tax) collected by the City on behalf of West Hollywood Marketing Corporation. This receipt of 3% assessment is granted to the WHMC to use to advertise the City as a travel destination and convention site.

## ALL PRIVATE-PURPOSE TRUST FUNDS

## HOUSING CAPITAL IMPROVEMENTS:

This fund accounts for project cost including the structuring of previous bond issues. Resources consist of property tax monies received from the Los Angeles County, based on the approved ROPS, which are used for payment of long-term debt and any remaining obligations.

## NON-HOUSING CAPITAL IMPROVEMENTS:

This fund accounts for bond proceeds issued for Plummer Park improvements. The bond proceeds are being held until a final determination is made by the Department of Finance. Resources consist of property tax monies received from the Los Angeles County, based on the approved ROPS, which are used for payment of long-term debt and any remaining obligations.

## SUCCESSOR AGENCY ADMINISTRATION:

This fund accounts for administrative obligations specified on the ROPS of the dissolved redevelopment agency; monies are transferred in from the Obligation Payment Fund.

**OBLIGATION PAYMENT FUND:**

This fund was created by the legislation (34170.5(a)) to take in allocations from The Redevelopment Property Tax Trust Fund administered by Los Angeles County Auditor - Controller County. These monies will be used to pay obligations specified on the ROPS of the dissolved redevelopment agency. The Redevelopment Agency was dissolved as of January 31, 2012 through the Supreme Court decision on Assembly Bill 1x 26. Monies received are transferred during the year to the respective successor agency fund.

**SUCCESSOR AGENCY DEBT SERVICE 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 property tax monies received from the Los Angeles County, based on the approved ROPS, which are used for payment of long-term debt and any remaining obligations.

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

June 30, 2014

	Business Improvement	Community District	Hotel Marketing Benefit Zone	Totals
ASSETS				
Cash and investments	\$ -	\$ -	\$ 71,998	\$ 71,998
Receivables:				
Accounts	259,093	-	-	259,093
Taxes	-	-	578,986	578,986
Accrued interest	-	-	128	128
Due from other funds	-	-	134,643	134,643
<b>TOTAL ASSETS</b>	<b>\$ 259,093</b>	<b>\$ -</b>	<b>\$ 785,755</b>	<b>\$ 1,044,848</b>
LIABILITIES				
Accounts payable	\$ 124,450	\$ -	\$ 785,755	\$ 910,205
Due to other funds	134,643	-	-	134,643
<b>TOTAL LIABILITIES</b>	<b>\$ 259,093</b>	<b>\$ -</b>	<b>\$ 785,755</b>	<b>\$ 1,044,848</b>

See independent auditors' report.

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS

For the year ended June 30, 2014

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<b>BUSINESS IMPROVEMENT</b>				
ASSETS:				
Receivables:				
Accounts	\$ 213,673	\$ 128,211	\$ (82,791)	\$ 259,093
TOTAL ASSETS	<u>\$ 213,673</u>	<u>\$ 128,211</u>	<u>\$ (82,791)</u>	<u>\$ 259,093</u>
LIABILITIES:				
Accounts payable	\$ 108,062	\$ 121,388	\$ (105,000)	\$ 124,450
Due to other funds	105,611	134,643	(105,611)	134,643
TOTAL LIABILITIES	<u>\$ 213,673</u>	<u>\$ 256,031</u>	<u>\$ (210,611)</u>	<u>\$ 259,093</u>
<b>COMMUNITY DISTRICT</b>				
ASSETS:				
Receivables:				
Accrued interest	\$ 48	\$ -	\$ (48)	\$ -
Due from other funds	54,821	-	(54,821)	-
TOTAL ASSETS	<u>\$ 54,869</u>	<u>\$ -</u>	<u>\$ (54,869)</u>	<u>\$ -</u>
LIABILITIES:				
Accounts payable	\$ 52,600	\$ -	\$ (52,600)	\$ -
Due to bondholders	2,269	-	(2,269)	-
TOTAL LIABILITIES	<u>\$ 54,869</u>	<u>\$ -</u>	<u>\$ (54,869)</u>	<u>\$ -</u>
<b>HOTEL MARKETING BENEFIT ZONE</b>				
ASSETS:				
Cash and investments	\$ 123,880	\$ 3,627,012	\$ (3,678,894)	\$ 71,998
Receivables:				
Taxes	292,702	578,986	(292,702)	578,986
Accrued interest	-	128	-	128
Due from other funds	-	134,643	-	134,643
TOTAL ASSETS	<u>\$ 416,582</u>	<u>\$ 4,340,769</u>	<u>\$ (3,971,596)</u>	<u>\$ 785,755</u>
LIABILITIES:				
Accounts payable	\$ 397,798	\$ 3,434,665	\$ (3,046,708)	\$ 785,755
Due to other funds	18,784	-	(18,784)	-
TOTAL LIABILITIES	<u>\$ 416,582</u>	<u>\$ 3,434,665</u>	<u>\$ (3,065,492)</u>	<u>\$ 785,755</u>

See independent auditors' report.

(Continued)

## CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
(CONTINUED)

For the year ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>ASSETS:</b>				
Cash and investments	\$ 123,880	\$ 3,627,012	\$ (3,678,894)	\$ 71,998
Receivables:				
Accounts	213,673	128,211	(82,791)	259,093
Taxes	292,702	578,986	(292,702)	578,986
Accrued interest	48	128	(48)	128
Due from other funds	54,821	134,643	(54,821)	134,643
<b>TOTAL ASSETS</b>	<u>\$ 685,124</u>	<u>\$ 4,468,980</u>	<u>\$ (4,109,256)</u>	<u>\$ 1,044,848</u>
<b>LIABILITIES:</b>				
Accounts payable	\$ 558,460	\$ 3,556,053	\$ (3,204,308)	\$ 910,205
Due to other funds	124,395	134,643	(124,395)	134,643
Due to bondholders	2,269	-	(2,269)	-
<b>TOTAL LIABILITIES</b>	<u>\$ 685,124</u>	<u>\$ 3,690,696</u>	<u>\$ (3,330,972)</u>	<u>\$ 1,044,848</u>

See independent auditors' report.

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF FIDUCIARY NET POSITION  
ALL PRIVATE-PURPOSE TRUST FUNDS

June 30, 2014

	Housing Capital Improvements	Non-Housing Capital Improvements	Successor Agency Administration
<b>ASSETS:</b>			
Cash and investments	\$ 5,632,722	\$ -	\$ 2,376
Restricted assets:			
Cash and investments with fiscal agents	757,630	26,431,585	-
Capital assets:			
Capital assets, not being depreciated	-	-	1,338,057
Capital assets, net of accumulated depreciation	-	169,381	315,268
<b>TOTAL ASSETS</b>	<b>6,390,352</b>	<b>26,600,966</b>	<b>1,655,701</b>
<b>LIABILITIES:</b>			
Accounts payable	-	-	2,416
Accrued interest	-	-	-
Long-term liabilities:			
Due in one year	275,000	50,000	-
Due in more than one year	28,199,708	8,449,558	-
<b>TOTAL LIABILITIES</b>	<b>28,474,708</b>	<b>8,499,558</b>	<b>2,416</b>
<b>NET POSITION:</b>			
Held in trust for other purposes	(22,084,356)	18,101,408	1,653,285
<b>TOTAL NET POSITION</b>	<b>\$ (22,084,356)</b>	<b>\$ 18,101,408</b>	<b>\$ 1,653,285</b>

See independent auditors' report.

Obligation Payment Fund	Successor Agency Debt Services Fund	Totals
\$ 434,906	\$ -	\$ 6,070,004
2,417,826	3,245,170	32,852,211
-	-	1,338,057
-	-	484,649
<u>2,852,732</u>	<u>3,245,170</u>	<u>40,744,921</u>
-	-	2,416
-	1,143,103	1,143,103
-	425,000	750,000
-	8,978,437	45,627,703
<u>-</u>	<u>10,546,540</u>	<u>47,523,222</u>
<u>2,852,732</u>	<u>(7,301,370)</u>	<u>(6,778,301)</u>
<u>\$ 2,852,732</u>	<u>\$ (7,301,370)</u>	<u>\$ (6,778,301)</u>

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
ALL PRIVATE-PURPOSE TRUST FUNDS

For the year ended June 30, 2014

	Housing Capital Improvements	Non-Housing Capital Improvements	Successor Agency Administration
ADDITIONS:			
Taxes	\$ -	\$ -	\$ -
Transfers from other funds	1,031,146	9,726,687	250,000
Interest and change in fair value of investments	7,738	12,607	-
<b>TOTAL ADDITIONS</b>	<b>1,038,884</b>	<b>9,739,294</b>	<b>250,000</b>
DEDUCTIONS:			
Administrative expenses	95	-	250,039
Contractual services	-	-	-
Interest expense	907,028	268,753	-
Depreciation expense	-	3,498	8,358
Transfers to other funds	318,692	-	-
<b>TOTAL DEDUCTIONS</b>	<b>1,225,815</b>	<b>272,251</b>	<b>258,397</b>
<b>CHANGE IN NET POSITION</b>	<b>(186,931)</b>	<b>9,467,043</b>	<b>(8,397)</b>
NET POSITION - BEGINNING OF YEAR	(21,897,425)	8,634,365	1,661,682
NET POSITION - END OF YEAR	<u>\$ (22,084,356)</u>	<u>\$ 18,101,408</u>	<u>\$ 1,653,285</u>

See independent auditors' report.



Obligation Payment Fund	Successor Agency Debt Services Fund	Totals
\$ 4,484,586	\$ -	\$ 4,484,586
-	3,034,383	14,042,216
6,085	328	26,758
<u>4,490,671</u>	<u>3,034,711</u>	<u>18,553,560</u>
-	202,078	452,212
-	7,417	7,417
-	2,341,510	3,517,291
-	-	11,856
<u>4,075,955</u>	<u>9,647,569</u>	<u>14,042,216</u>
<u>4,075,955</u>	<u>12,198,574</u>	<u>18,030,992</u>
414,716	(9,163,863)	522,568
<u>2,438,016</u>	<u>1,862,493</u>	<u>(7,300,869)</u>
<u>\$ 2,852,732</u>	<u>\$ (7,301,370)</u>	<u>\$ (6,778,301)</u>

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# Statistical Section



When you're driving down SM Blvd., you can tell the second you cross into West Hollywood...everything suddenly becomes super colorful.

*via twitter*



## DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2014

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

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

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

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

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

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

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

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

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

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

Table 8 - Principal Property Taxpayers - *Current Year and Nine Years Ago*

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

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

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

Table 11 - Direct and Overlapping Debt - *June 30, 2014*

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

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

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

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

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

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

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

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

Table 18 - Capital Assets by Function- *Last Ten Fiscal Years*

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

Table 19 - East Side Project Area - Property Summary

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

Table 21 - East Side Project Area - Historical Taxable and Tax Increment Revenues

Table 22 - East Side Project Area - Settled Assessment Appeals

Table 23 - East Side Project Area - Pending Assessment Appeals Impact Projection

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

## CITY OF WEST HOLLYWOOD

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

Page 1 of 2

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities					
Net investment in capital assets	\$ 81,802,689	\$ 83,025,801	\$ 82,839,263	\$ 85,785,512	\$ 103,042,403
Restricted	22,213,608	30,203,837	42,540,457	51,021,978	49,054,483
Unrestricted	34,378,132	44,313,953	61,562,154	71,516,525	58,335,334
Total governmental activities net position	<u>\$ 138,394,429</u>	<u>\$ 157,543,591</u>	<u>\$ 186,941,874</u>	<u>\$ 208,324,015</u>	<u>\$ 210,432,220</u>
Business-type activities					
Net investment in capital assets	\$ 10,812,425	\$ 10,593,768	\$ 10,270,624	\$ 9,947,480	\$ 10,151,952
Unrestricted	1,962,405	1,127,018	1,270,903	1,440,942	1,123,836
Total business-type activities net position	<u>\$ 12,774,830</u>	<u>\$ 11,720,786</u>	<u>\$ 11,541,527</u>	<u>\$ 11,388,422</u>	<u>\$ 11,275,788</u>
Primary government					
Net investment in capital assets	\$ 92,615,114	\$ 93,619,569	\$ 93,109,887	\$ 95,732,992	\$ 113,194,355
Restricted	22,213,608	30,203,837	42,540,457	51,021,978	49,054,483
Unrestricted	36,340,537	45,440,971	62,833,057	72,957,467	59,459,170
Total primary government net position	<u>\$ 151,169,259</u>	<u>\$ 169,264,377</u>	<u>\$ 198,483,401</u>	<u>\$ 219,712,437</u>	<u>\$ 221,708,008</u>

Source: City of West Hollywood.



(Continued)

Page 2 of 2

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Governmental activities</b>					
Net investment in capital assets	\$ 94,984,874	\$ 123,634,342	\$ 141,101,458	\$ 144,933,718	\$ 142,442,200
Restricted	57,860,664	74,265,052	32,450,082	35,454,463	52,747,012
Unrestricted	61,509,140	25,483,889	61,864,889	65,143,908	66,956,579
<b>Total governmental activities net position</b>	<b>\$ 214,354,678</b>	<b>\$ 223,383,283</b>	<b>\$ 235,416,429</b>	<b>\$ 245,532,089</b>	<b>\$ 262,145,791</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 9,942,991	\$ 10,551,949	\$ 10,649,541	\$ 11,009,816	\$ 10,612,300
Unrestricted	964,639	190,846	185,090	(24,553)	396,508
<b>Total business-type activities net position</b>	<b>\$ 10,907,630</b>	<b>\$ 10,742,795</b>	<b>\$ 10,834,631</b>	<b>\$ 10,985,263</b>	<b>\$ 11,008,808</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 104,927,865	\$ 134,186,291	\$ 151,750,999	\$ 155,943,534	\$ 153,054,500
Restricted	57,860,664	74,265,052	32,450,082	35,454,463	52,747,012
Unrestricted	62,473,779	25,674,735	62,049,979	65,119,355	67,353,087
<b>Total primary government net position</b>	<b>225,262,308</b>	<b>234,126,078</b>	<b>246,251,060</b>	<b>256,517,352</b>	<b>273,154,599</b>

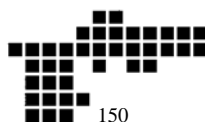
## CITY OF WEST HOLLYWOOD

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

Page 1 of 4

Expenses	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities:					
General government	\$ 14,701,420	\$ 16,479,257	\$ 15,648,141	\$ 21,093,563	\$ 23,286,253
Public safety	11,072,802	11,212,181	13,597,148	13,164,284	14,031,263
Public services	33,426,113	30,573,381	34,361,851	35,875,120	47,202,159
Interest on long-term debt	-	2,073,243	2,052,121	2,039,747	1,994,805
Total governmental activities expenses	59,200,335	60,338,062	65,659,261	72,172,714	86,514,480
Business-type activities:					
Sewer	610,894	1,310,820	685,782	1,006,626	824,817
Solid waste	1,096,935	1,137,797	1,258,380	1,136,337	1,202,666
Landscape and lighting	147,299	198,252	160,241	156,616	182,353
Street maintenance	305,569	334,287	346,350	366,655	392,463
Total business-type activities expenses	2,160,697	2,981,156	2,450,753	2,666,234	2,602,299
Total primary government expenses	\$ 61,361,032	\$ 63,319,218	\$ 68,110,014	\$ 74,838,948	\$ 89,116,779
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 868,099	\$ 492,019	\$ 532,160	\$ 446,180	\$ 406,506
Public safety	800,865	999,856	684,303	692,071	1,260,919
Public services	18,260,961	18,535,109	20,879,091	23,401,515	15,417,753
Operating grants and contributions	6,484,701	3,244,620	5,003,291	4,828,524	5,317,302
Capital grants and contributions	332,050	743,180	232,089	1,027,706	4,439,194
Total governmental activities program revenues	26,746,676	24,014,784	27,330,934	30,395,996	26,841,674
Business-type activities:					
Charges for services:					
Sewer	201,155	196,513	563,497	686,056	607,434
Solid waste	1,140,457	1,159,211	1,190,664	1,231,080	1,289,496
Landscape and lighting	136,105	163,312	162,704	172,501	176,224
Street maintenance	286,867	285,348	283,569	284,924	284,872
Total business-type activities program revenues	1,764,584	1,804,384	2,200,434	2,374,561	2,358,026
Total primary government program revenues	\$ 28,511,260	\$ 25,819,168	\$ 29,531,368	\$ 32,770,557	\$ 29,199,700
Net (expense)/revenue					
Governmental activities	\$ (32,453,659)	\$ (36,323,278)	\$ (38,328,327)	\$ (41,776,718)	\$ (59,672,806)
Business-type activities	(396,113)	(1,176,772)	(250,319)	(291,673)	(244,273)
Total Primary government net expense	\$ (32,849,772)	\$ (37,500,050)	\$ (38,578,646)	\$ (42,068,391)	\$ (59,917,079)

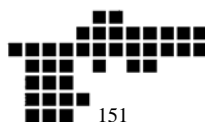
Source: City of West Hollywood



(Continued)

Page 2 of 4

Expenses	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities:					
General government	\$ 22,283,500	\$ 19,875,065	\$ 23,165,824	\$ 25,539,217	\$ 20,615,002
Public safety	14,693,505	14,697,422	14,049,362	14,916,605	14,980,054
Public services	37,851,081	42,408,254	39,406,297	36,552,396	47,313,347
Interest on long-term debt	3,753,074	4,016,175	3,235,260	2,600,257	3,609,405
Total governmental activities expenses	<u>78,581,160</u>	<u>80,996,916</u>	<u>79,856,743</u>	<u>79,608,475</u>	<u>86,517,808</u>
Business-type activities:					
Sewer	930,895	949,508	975,899	955,951	1,014,614
Solid waste	1,266,869	1,282,212	1,303,572	1,365,401	1,531,511
Landscape and lighting	175,253	183,915	176,687	168,908	190,288
Street maintenance	396,000	435,088	437,763	449,303	456,132
Total business-type activities expenses	<u>2,769,017</u>	<u>2,850,723</u>	<u>2,893,921</u>	<u>2,939,563</u>	<u>3,192,545</u>
Total primary government expenses	<u>\$ 81,350,177</u>	<u>\$ 83,847,639</u>	<u>\$ 82,750,664</u>	<u>\$ 82,548,038</u>	<u>\$ 89,710,353</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 502,745	\$ 586,368	\$ 563,320	\$ 682,095	\$ 1,247,385
Public safety	1,149,849	1,076,360	980,518	1,163,801	935,387
Public services	14,551,173	18,748,179	19,947,996	18,242,612	24,740,324
Operating grants and contributions	4,688,118	4,257,901	4,397,509	4,458,171	2,800,726
Capital grants and contributions	2,198,352	4,278,207	1,676,294	383,071	1,914,153
Total governmental activities program revenues	<u>23,090,237</u>	<u>28,947,015</u>	<u>27,565,637</u>	<u>24,929,750</u>	<u>31,637,975</u>
Business-type activities:					
Charges for services:					
Sewer	609,880	757,422	1,046,131	1,060,866	1,154,927
Solid waste	1,301,527	1,346,954	1,350,986	1,390,918	1,417,997
Landscape and lighting	173,623	174,009	179,821	176,142	187,117
Street maintenance	288,216	287,801	286,854	291,127	288,581
Total business-type activities program revenues	<u>2,373,246</u>	<u>2,566,186</u>	<u>2,863,792</u>	<u>2,919,053</u>	<u>3,048,622</u>
Total primary government program revenues	<u>\$ 25,463,483</u>	<u>\$ 31,513,201</u>	<u>\$ 30,429,429</u>	<u>\$ 27,848,803</u>	<u>\$ 34,686,597</u>
Net (expense)/revenue					
Governmental activities	\$ (55,490,923)	\$ (52,049,901)	\$ (52,291,106)	\$ (54,678,725)	\$ (54,879,833)
Business-type activities	(395,771)	(284,537)	(30,129)	(20,510)	(143,923)
Total Primary government net expense	<u>\$ (55,886,694)</u>	<u>\$ (52,334,438)</u>	<u>\$ (52,321,235)</u>	<u>\$ (54,699,235)</u>	<u>\$ (55,023,756)</u>



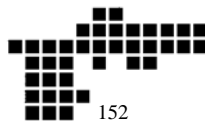
## CITY OF WEST HOLLYWOOD

**TABLE 2**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**

Page 3 of 4

General Revenue and Other Changes in Net Assets	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental activities:					
Taxes					
Property tax	\$ 11,290,226	\$ 15,282,673	\$ 15,431,742	\$ 16,094,302	\$ 17,963,819
Transient occupancy tax	11,262,704	12,791,327	13,598,347	13,133,591	12,124,316
Sales tax	11,295,461	11,815,467	12,531,819	13,935,810	12,743,088
Franchise tax	1,568,412	2,045,702	2,050,258	2,093,383	2,039,944
Business license tax	2,012,904	2,198,549	2,344,725	2,454,969	2,727,228
Motor vehicle in-lieu	2,588,005	2,522,013	2,734,771	3,013,166	3,307,057
Use of money and property	5,296,288	6,798,247	9,220,141	12,186,976	9,906,326
Other	447,477	646,918	6,489,110	333,347	524,470
Sale of capital assets	-	(70,533)	2,217,673	-	-
Extraordinary gain(loss) on dissolution of RDA	-	-	-	-	-
Transfers	-	-	(26,706)	(86,684)	(100,000)
Total governmental activities	45,761,477	54,030,363	66,591,880	63,158,860	61,236,248
Business-type activities:					
Property taxes	-	-	-	-	-
Use of money and property	37,035	38,563	44,354	51,884	31,639
Intergovernmental	35,534	-	-	-	-
Transfers	-	-	26,706	86,684	100,000
Other	-	84,165	-	-	-
Total business-type activities	72,569	122,728	71,060	138,568	131,639
Total primary government	\$ 45,834,046	\$ 54,153,091	\$ 66,662,940	\$ 63,297,428	\$ 61,367,887
<b>Change in Net Position</b>					
Governmental Activities	\$ 13,307,818	\$ 17,707,085	\$ 28,263,553	\$ 21,382,142	\$ 1,563,442
Business-type activities	(323,544)	(1,054,044)	(179,259)	(153,105)	(112,634)
Total primary government	\$ 12,984,274	\$ 16,653,041	\$ 28,084,294	\$ 21,229,037	\$ 1,450,808

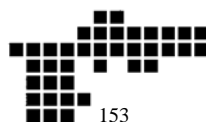
Source: City of West Hollywood



(Continued)

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General Revenue and Other Changes in Net Assets	Fiscal Year				
	2010	2011	2012	2013	2014
Governmental activities:					
Taxes					
Property tax	\$ 18,349,422	\$ 18,002,980	\$ 15,515,421	\$ 13,332,465	\$ 14,516,251
Transient occupancy tax	12,590,134	14,089,667	15,414,055	18,062,326	18,983,466
Sales tax	12,308,132	12,775,378	14,004,171	14,669,198	15,635,224
Franchise tax	2,257,600	2,359,255	2,408,295	2,467,311	2,469,575
Business license tax	2,603,306	2,515,615	2,637,647	2,573,491	3,005,510
Motor vehicle in-lieu	3,451,448	3,349,580	3,382,436	3,488,271	3,771,692
Use of money and property	7,322,293	7,298,634	7,999,846	9,574,917	11,681,771
Other	623,043	803,397	2,454,053	897,756	1,581,952
Sale of capital assets	-	-	-	-	-
Extraordinary gain(loss) on dissolution of RDA	-	-	185,683	576,058	-
Transfers	(100,000)	(116,000)	(118,700)	(171,106)	(164,557)
Total governmental activities	<u>59,405,378</u>	<u>61,078,506</u>	<u>63,882,907</u>	<u>65,470,687</u>	<u>71,480,884</u>
Business-type activities:					
Property taxes	-	-	-	-	-
Use of money and property	9,600	3,702	3,265	36	2,911
Intergovernmental	-	-	-	-	-
Transfers	100,000	116,000	118,700	171,106	164,557
Other	-	-	-	-	-
Total business-type activities	<u>109,600</u>	<u>119,702</u>	<u>121,965</u>	<u>171,142</u>	<u>167,468</u>
Total primary government	<u>\$ 59,514,978</u>	<u>\$ 61,198,208</u>	<u>\$ 64,004,872</u>	<u>\$ 65,641,829</u>	<u>\$ 71,648,352</u>
<b>Change in Net Position</b>					
Governmental Activities	\$ 3,914,455	\$ 9,028,605	\$ 11,591,801	\$ 10,791,962	\$ 16,601,051
Business-type activities	(286,171)	(164,835)	91,836	150,632	23,545
Total primary government	<u>\$ 3,628,284</u>	<u>\$ 8,863,770</u>	<u>\$ 11,683,637</u>	<u>\$ 10,942,594</u>	<u>\$ 16,624,596</u>



CITY OF WEST HOLLYWOOD

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 7,366,598	\$ 8,667,835	\$ 9,586,060	\$ 11,088,861	\$ 12,483,127
Unreserved	34,649,072	43,109,866	59,779,958	71,182,870	64,027,333
General Fund					
Nonspendable	-	-	-	-	-
Debt Service	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 42,015,670</u>	<u>\$ 51,777,701</u>	<u>\$ 69,366,018</u>	<u>\$ 82,271,731</u>	<u>\$ 76,510,460</u>
All other governmental funds					
Reserved	\$ 1,853,944	\$ 1,739,931	\$ 1,828,522	\$ 6,367,024	\$ 43,819,590
Unreserved, reported in:					
Special revenue funds	8,124,694	12,827,476	17,077,571	21,073,781	2,682,085
Capital projects funds	(4,446,100)	(3,999,838)	(1,053,737)	(7,352,494)	(39,316,074)
Debt service funds	9,104,625	12,596,942	16,259,331	20,005,025	24,115,084
Permanent funds	(14,039)	(13,161)	(13,378)	(9,825)	(7,675)
Nonspendable	-	-	-	-	-
Restricted					
Public services	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Low and moderate activities	-	-	-	-	-
Committed to:					
Emergency Contingency	-	-	-	-	-
Continuing appropriations	-	-	-	-	-
Assigned to:					
Self Insurance	-	-	-	-	-
Capital projects	-	-	-	-	-
Future expenditures	-	-	-	-	-
Working reserve	-	-	-	-	-
Unfunded pension cost	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 14,623,124</u>	<u>\$ 23,151,350</u>	<u>\$ 34,098,309</u>	<u>\$ 40,083,511</u>	<u>\$ 31,293,010</u>

Note: The change in fund balance presentation starting fiscal year 2011 is due to implementation of GASB 54 .

Source: City of West Hollywood.

(Continued)

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	Fiscal Year				
	2010	2011	2012	2013	2014
General Fund					
Reserved	\$ 8,737,738	\$ -	\$ -	\$ -	\$ -
Unreserved	59,826,908	-	-	-	-
General Fund					
Nonspendable	-	783,625	186,823	65,340	39,510
Debt Service	-	-	-	1,255,006	1,255,006
Committed	-	18,787,130	7,735,781	9,367,610	11,177,318
Assigned	-	40,500,000	58,557,142	63,018,495	76,904,392
Unassigned	-	15,077,764	9,295,313	10,329,622	5,060,905
Total General Fund	\$ 68,564,646	\$ 75,148,519	\$ 75,775,059	\$ 84,036,073	\$ 94,437,131
All other governmental funds					
Reserved	\$ 25,444,012	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	3,215,665	-	-	-	-
Capital projects funds	(18,527,488)	-	-	-	-
Debt service funds	38,372,032	-	-	-	-
Permanent funds	(6,986)	-	-	-	-
Nonspendable	-	770	8,856	7,569	6,796
Restricted					
Public services	-	10,835,831	14,764,382	15,327,037	16,528,180
Capital projects	-	38,671,862	6,462,100	13,694,034	7,330,666
Debt service	-	15,863,936	12,293,855	5,178,386	24,133,063
Low and moderate activities	-	11,100,827	-	-	-
Committed to:					
Emergency Contingency	-	-	-	-	-
Continuing appropriations	-	-	-	-	-
Assigned to:					
Self Insurance	-	-	-	-	-
Capital projects	-	-	-	-	-
Future expenditures	-	-	-	-	-
Working reserve	-	-	-	-	-
Unfunded pension cost	-	-	-	-	-
Unassigned	-	(6,331,086)	(6,312,241)	(7,385,459)	(2,076,017)
Total all other governmental funds	\$ 48,497,235	\$ 70,142,140	\$ 27,216,952	\$ 26,821,567	\$ 45,922,688

CITY OF WEST HOLLYWOOD

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

	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Revenues</b>					
Taxes	\$ 37,952,941	\$ 45,207,616	\$ 46,101,241	\$ 48,030,682	\$ 47,964,152
Licenses and permits	3,768,824	3,685,402	4,713,679	6,463,934	3,749,814
Intergovernmental	9,019,572	5,630,843	7,291,616	9,326,675	10,216,862
Charges for services	3,000,706	3,465,762	3,305,877	3,204,181	3,192,149
Use of money and property	6,191,455	7,878,304	9,464,842	11,800,400	9,518,263
Fines and forfeitures	8,615,254	9,035,814	9,527,735	9,426,028	9,404,794
Contributions	-	-	-	-	3,122,985
Developer participation	2,959,411	2,171,542	3,703,886	3,963,162	345,161
Miscellaneous	320,347	790,001	6,514,931	1,627,926	657,738
<b>Total revenues</b>	<b>71,828,510</b>	<b>77,865,284</b>	<b>90,623,807</b>	<b>93,842,988</b>	<b>88,171,918</b>
<b>Expenditures</b>					
Current:					
General government	13,874,481	16,166,120	15,194,716	17,656,982	22,464,073
Public Safety	10,698,220	11,139,872	11,319,265	12,671,110	13,951,163
Public Services	27,292,421	27,346,605	30,204,839	33,086,061	44,571,826
Capital outlay	4,722,669	6,322,213	6,663,064	8,463,971	19,191,828
Debt service:					
Principal retirement	5,420,000	845,000	890,000	935,000	980,000
Interest and fiscal charges	2,169,468	2,076,761	2,066,311	2,052,264	2,013,074
Debt issuance costs	-	-	-	-	-
<b>Total expenditures</b>	<b>64,177,259</b>	<b>63,896,571</b>	<b>66,338,195</b>	<b>74,865,388</b>	<b>103,171,964</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>7,651,251</b>	<b>13,968,714</b>	<b>24,285,612</b>	<b>18,977,600</b>	<b>(15,000,046)</b>
<b>Other financing sources (uses)</b>					
Transfers in	8,062,551	2,684,606	2,697,002	3,354,513	5,450,450
Transfers out	(8,062,551)	(2,684,606)	(2,723,708)	(3,441,197)	(5,550,450)
Long-term debt issued	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-
Bonds issued	-	-	-	-	-
Bond premium	-	-	-	-	-
Bond discount	-	-	-	-	-
Sale of capital assets	-	2,879,467	3,697,706	-	91
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>2,879,467</b>	<b>3,671,000</b>	<b>(86,684)</b>	<b>(99,909)</b>
<b>Net change in fund balances</b>	<b>\$ 7,651,251</b>	<b>\$ 16,848,181</b>	<b>\$ 27,956,612</b>	<b>\$ 18,890,916</b>	<b>\$ (15,099,955)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>12.2%</b>	<b>5.0%</b>	<b>4.6%</b>	<b>4.2%</b>	<b>3.5%</b>
<b>Capital Outlay</b>	<b>2,046,977</b>	<b>5,420,275</b>	<b>2,424,732</b>	<b>4,462,135</b>	<b>18,777,662</b>

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

Source: City of West Hollywood.



(Continued)

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	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Revenues</b>					
Taxes	\$ 46,197,345	\$ 49,856,094	\$ 49,608,370	\$ 52,722,760	\$ 57,785,812
Licenses and permits	3,380,036	4,718,357	5,520,319	4,990,941	7,968,949
Intergovernmental	8,273,817	9,340,661	8,459,564	7,339,250	5,323,009
Charges for services	3,289,924	3,389,975	3,551,985	3,382,268	3,609,803
Use of money and property	6,866,344	9,794,397	7,934,591	9,574,917	12,154,214
Fines and forfeitures	8,969,664	10,033,205	10,443,347	10,576,985	11,936,215
Contributions	1,373,409	2,947,907	1,500,348	122,321	16,689
Developer participation	388,298	834,235	1,530,782	872,764	3,730,002
Miscellaneous	709,999	2,154,698	2,603,628	997,287	1,699,059
<b>Total revenues</b>	<b>79,448,836</b>	<b>93,069,529</b>	<b>91,152,934</b>	<b>90,579,493</b>	<b>104,223,752</b>
<b>Expenditures</b>					
Current:					
General government	21,699,975	19,233,560	19,874,229	20,387,134	22,623,280
Public Safety	14,613,812	14,619,971	14,068,721	14,916,605	14,902,172
Public Services	36,093,478	39,455,917	35,669,727	36,438,556	42,477,061
Capital outlay	29,206,055	24,746,798	12,477,205	6,066,194	10,072,944
Debt service:					
Principal retirement	22,030,000	1,760,000	3,795,000	1,645,000	1,905,000
Interest and fiscal charges	3,166,842	3,481,149	4,352,546	2,600,257	3,110,788
Debt issuance costs	790,384	712,845	-	-	358,483
<b>Total expenditures</b>	<b>127,600,546</b>	<b>104,010,240</b>	<b>90,237,428</b>	<b>82,053,746</b>	<b>95,449,728</b>
Excess (deficiency) of revenues over (under) expenditures	(48,151,710)	(10,940,711)	915,506	8,525,747	8,774,024
<b>Other financing sources (uses)</b>					
Transfers in	28,871,861	63,005,020	44,975,210	4,687,613	17,187,207
Transfers out	(28,971,861)	(63,121,020)	(45,093,910)	(5,358,719)	(17,467,240)
Long-term debt issued	-	39,980,000	-	-	19,155,000
Refunding bonds issued	22,160,000	-	-	-	-
Bonds issued	34,780,000	-	-	-	-
Bond premium	665,937	-	-	-	218,975
Bond discount	(95,813)	(694,511)	-	-	-
Sale of capital assets	-	-	-	10,988	3,067,000
Extraordinary gain/(loss) on dissolution of RDA	-	-	(43,536,799)	-	-
<b>Total other financing sources (uses)</b>	<b>57,410,124</b>	<b>39,169,489</b>	<b>(43,655,499)</b>	<b>(660,118)</b>	<b>22,160,942</b>
<b>Net change in fund balances</b>	<b>\$ 9,258,414</b>	<b>28,228,778</b>	<b>\$ (42,739,993)</b>	<b>\$ 7,865,629</b>	<b>\$ 30,934,966</b>
Debt service as a percentage of noncapital expenditures	25.8%	6.6%	10.4%	5.6%	5.9%
Capital Outlay	29,786,812	24,455,298	12,006,900	6,117,191	9,932,816

CITY OF WEST HOLLYWOOD

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

<b>Fiscal Year</b>	<b>(1) Transient Occupancy Tax</b>	<b>(2) Sales Taxes</b>	<b>(3) Property Taxes</b>	<b>Franchise Taxes</b>	<b>Business License Tax</b>	<b>Total General Fund Taxes</b>
<b>2005</b>	11,262,704	10,295,808	7,585,418	1,931,179	1,942,270	33,017,379
<b>2006</b>	12,791,327	11,856,503	8,000,302	2,045,703	2,111,391	36,805,225
<b>2007</b>	13,598,347	12,186,463	9,786,521	2,050,259	2,259,576	39,881,166
<b>2008</b>	13,133,591	12,951,731	10,436,713	1,965,000	2,375,905	40,862,940
<b>2009</b>	12,124,316	12,112,025	10,941,349	1,940,166	2,611,390	39,729,245
<b>2010</b>	12,590,134	10,730,268	9,971,747	2,123,395	2,383,438	37,798,981
<b>2011</b>	14,089,667	11,642,605	11,191,866	2,212,579	2,425,126	41,561,844
<b>2012</b>	15,414,055	12,279,783	12,071,755	2,278,536	2,637,647	44,681,776
<b>2013</b>	18,062,326	13,236,253	13,971,978	2,310,145	2,573,491	50,154,193
<b>2014</b>	18,982,361	13,799,302	17,247,544	2,323,502	2,863,828	55,216,537

Notes:

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

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

(3) Does not include redevelopment agency or Lighting District.  
In fiscal year 2009-10, the State of California borrowed 8% of all property taxes.  
\$1,385,432 was repaid in 2012-13.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

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

Fiscal Year	City			Taxable Assessed Value	Redevelopment Agency (2)		Taxable Assessed Value	(1) Total Direct Tax Rate
	Real	Personal	Utility		Real	Personal		
2005	4,542,034,409	161,139,825	278,447	4,703,452,681	641,884,711	30,302,657	672,187,368	0.17868
2006	5,068,388,464	173,298,910	-	5,241,687,374	758,954,278	34,246,200	793,200,478	0.17868
2007	5,794,475,935	197,498,151	-	5,991,974,086	865,128,068	34,143,901	899,271,969	0.17868
2008	6,373,345,094	228,602,564	-	6,601,947,658	951,801,448	56,859,555	1,008,661,003	0.17868
2009	7,009,111,165	236,763,650	-	7,245,874,815	1,058,948,970	78,842,651	1,137,791,621	0.17868
2010	7,306,658,686	255,528,456	-	7,798,950,792	1,102,501,562	76,501,939	1,179,003,501	0.17868
2011	7,092,242,356	246,804,306	-	7,339,046,662	1,092,479,944	58,529,021	1,151,008,965	0.17868
2012	7,165,583,831	245,451,656	-	7,411,035,487	1,095,456,515	56,318,710	1,151,775,225	0.17868
2013	7,428,850,165	214,074,391	-	7,642,924,556	-	-	-	-
2014	8,030,943,513	232,968,580	-	8,263,912,093	-	-	-	-

Fiscal Year	City							
	Residential	Commercial	Industrial	Institutional	Vacant	Unsecured	Exempt	Miscellaneous
2005	3,053,863,265	1,281,718,262	88,797,999	7,475,094	81,241,731	161,139,825	(36,282,619)	29,216,505
2006	3,420,573,882	1,369,479,409	98,497,629	9,517,737	134,335,203	173,298,910	(40,799,784)	35,984,604
2007	3,856,882,029	1,605,821,598	103,778,486	16,871,776	155,218,654	197,498,151	(40,799,784)	55,903,392
2008	4,198,886,194	1,848,538,526	106,965,663	8,468,205	165,815,465	228,602,564	(40,799,784)	44,671,041
2009	4,548,816,044	2,087,688,951	129,499,453	8,475,051	179,912,157	236,763,650	(39,815,305)	54,719,509
2010	4,700,824,638	2,215,996,458	124,520,350	8,634,600	201,009,939	255,582,456	(39,815,305)	55,672,701
2011	4,508,821,240	2,207,046,276	119,797,791	8,545,494	187,245,938	246,804,306	(43,820,302)	60,785,617
2012	4,569,615,124	2,307,068,042	118,063,479	15,654,530	107,810,012	245,451,656	(43,062,601)	47,372,644
2013	4,641,087,206	2,416,505,481	126,189,320	11,932,704	181,754,788	214,074,391	(43,936,286)	51,380,108
2014	4,880,737,922	2,873,271,627	126,102,125	20,614,997	79,186,013	232,968,580	(43,062,601)	51,030,829

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

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

(2) The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

Source: HdI, Coren & Cone

## CITY OF WEST HOLLYWOOD

**TABLE 7**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
**(RATE PER \$100 OF TAXABLE VALUE)**

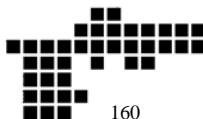
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Agency	Fiscal Year				
	2005	2006	2007	2008	2009
<b>Basic Levy (1)</b>	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00092	0.00080	0.00066	0.00000	0.00000
LA Ccd Ds 2005 2012 Series F	0.00000	0.00000	0.00000	0.00000	0.00000
LA Community College District	0.01810	0.01429	0.02146	0.00879	0.02212
LA County Flood Control	0.00025	0.00005	0.00005	0.00000	0.00000
LA USD Measure K 2010 Series KY	0.00000	0.00000	0.00000	0.00000	0.00000
Los Angeles Unified School District	0.08884	0.08435	0.10681	0.12334	0.12478
Metropolitan Water District	0.00580	0.00520	0.00470	0.00450	0.00430
<b>Total Direct &amp; Overlapping Tax Rates (2)</b>	<b>1.11391</b>	<b>1.10468</b>	<b>1.13369</b>	<b>1.13664</b>	<b>1.15120</b>
<b>City's Share of 1% Levy Per Prop 13 (3)</b>	0.17868	0.17868	0.17868	0.17868	0.17868
<b>General Obligation Debt Rate</b>					
<b>Redevelopment Rate (4)</b>	1.00711	1.00615	1.00549	1.00454	1.00436
<b>Total Direct Rate (5)</b>	<b>0.21033</b>	<b>0.22493</b>	<b>0.23270</b>	<b>0.24024</b>	<b>0.24840</b>

## Notes:

- (1) In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This is 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- (2) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
- (3) City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. ERAF general fund tax shifts may not be included in tax ratio figures.  
The City's total direct rate includes a "lighting rate" in addition to the "City rate". The City receives a small portion of the 1% ad-valorem tax that is assessed on property by the County of Los Angeles.
- (4) Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.
- (5) Because basic and debt rates vary by tax rate area individual rates cannot be summed. The Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

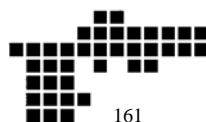
Source: HdL Coren &amp; Cone



(Continued)

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	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Basic Levy (1)</b>	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
LA Ccd Ds 2005 2012 Series F	0.00000	0.00000	0.00000	0.00000	0.00000
LA Community College District	0.02311	0.04031	0.03530	0.03756	0.04454
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
LA USD Measure K 2010 Series KY	0.00000	0.00000	0.00000	0.00001	0.00000
Los Angeles Unified School District	0.15181	0.18695	0.16819	0.17560	0.14644
Metropolitan Water District	0.00430	0.00370	0.00370	0.00350	0.00350
<b>Total Direct &amp; Overlapping Tax Rates</b>	<b>1.17922</b>	<b>1.23096</b>	<b>1.20718</b>	<b>1.22786</b>	<b>1.194448</b>
<b>City's Share of 1% Levy Per Prop 13 (:</b>	0.17868	0.17868	0.17868	0.17868	0.17868
<b>General Obligation Debt Rate</b>					
<b>Redevelopment Rate (4)</b>	1.00430	1.00370	1.00370	-	-
<b>Total Direct Rate (5)</b>	0.24955	0.24888	0.24835	0.24440	0.175970



## CITY OF WEST HOLLYWOOD

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

<u>Taxpayer</u>	2014		2005	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
Mani Brothers 9200 Sunset De LLC	\$ 231,213,166	2.80%	\$ 55,557,230	1.18%
Pacific Red LLC	187,661,315	2.27%		0.00%
Pacific Design Center LLC	169,840,516	2.06%	163,364,932	3.47%
Wolverines Owner LLC	166,640,800	2.02%		0.00%
BPRC Millennium LLC	126,879,887	1.54%		0.00%
CLPF West Hollywood LP	85,326,635	1.03%		0.00%
Studio Lending Group LLC	71,277,955	0.86%		0.00%
NWLWH LLC	63,471,479	0.77%		0.00%
LHO LE PARC LP	54,799,683	0.66%		0.00%
West Hollywood Retail Owner Inc.	50,796,000	0.61%		0.00%
Sunset Millennium Holdings LLC		0.00%	68,382,625	1.45%
Mondrian Holdings LLC		0.00%	70,027,682	1.49%
W Bel Age LLC		0.00%	44,361,383	0.94%
BA Studios LLC		0.00%	42,878,789	0.91%
RWH Holdings Inc		0.00%	27,304,765	0.58%
Monte Overstreet		0.00%	23,397,862	0.50%
Luckman Management Co. LLP		0.00%	22,315,528	0.47%
Sunset Towers Partnership		0.00%	20,910,646	0.44%
<b>TOTALS</b>	<b>\$ 1,207,907,436</b>	<b>14.62%</b>	<b>\$ 538,501,442</b>	<b>11.45%</b>

Note: Assessed valuation includes land, building and improvements.

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

CITY OF WEST HOLLYWOOD

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

Fiscal Year	Total Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		(1) Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2005	10,449,634	10,163,361	97.3%	-	10,163,361	97.3%
2006	12,398,968	11,924,543	96.2%	-	11,924,543	96.2%
2007	14,597,691	14,014,192	96.0%	-	14,014,192	96.0%
2008	16,098,006	15,743,855	97.8%	-	15,743,855	97.8%
2009	17,997,324	17,933,878	99.6%	-	17,933,878	99.6%
2010	18,868,848	18,094,850	95.9%	-	18,094,850	95.9%
2011	18,271,704	17,803,309	97.4%	-	17,803,309	97.4%
2012	(2) 15,008,242	14,527,572	96.8%	-	14,527,572	96.8%
2013	(3) 11,346,248	11,197,861	98.7%	-	11,197,861	98.7%
2014	(3) 12,886,560	12,733,248	98.8%	-	12,733,248	98.7%

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

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

(2) As part of the budget process for 2011-12, the State of California dissolved all Redevelopment Agencies. Since the City received half of the 2012 year's proceeds, only half of the tax levy for the RDA has been included.

(3) 2013-14 General Fund Taxes only

Source: Los Angeles County Auditor-Controller.

CITY OF WEST HOLLYWOOD

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

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income (4)	Debt Per Capita
	Tax Allocation Bonds (1)	Certificates of Participation (2)	Lease Revenue Bonds (3)	General Obligation	Certificates of Participation			
2005	11,265,000	23,255,000	-	-	-	34,520,000	2.1%	914.07
2006	11,070,000	22,605,000	-	-	-	33,675,000	1.9%	900.40
2007	10,870,000	21,915,000	-	-	-	32,785,000	1.8%	879.24
2008	10,665,000	21,185,000	-	-	-	31,850,000	1.7%	854.19
2009	10,450,000	20,420,000	-	-	-	30,870,000	1.7%	824.52
2010	10,230,000	-	56,940,000	-	-	67,170,000	3.7%	1,776.75
2011	49,985,000	-	55,550,000	-	-	105,535,000	5.9%	3,043.02
2012	-	-	54,432,848	-	-	54,432,848	3.0%	1,561.78
2013	-	-	51,140,548	-	-	51,140,548	2.7%	1,458.16
2014	-	-	68,546,774	-	-	68,546,774	N/A	N/A

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

- (1) Issued \$11,500,000 Tax Allocation Bonds in fiscal year 2003-04.  
 Issued \$30,560,000 Eastside Redevelopment Tax Allocation Bonds Series A in fiscal year 2010-11  
 Issued \$9,420,000 Eastside Redevelopment Tax Allocation Bonds Series B in fiscal year 2010-11  
 Effective February 2, 2012, Tax Allocation Bonds transferred to Successor Agency were excluded from Governmental Activities.
- (2) Issued \$9,940,000 General Fund Certificate of Participation in fiscal year 1994-95.  
 Issued \$19,745,000 General Fund Certificate of in fiscal year 1995-96.  
 Redeemed 1995 General Fund Certificate of Participation in full for \$9,655,000 in fiscal year 1997-98.  
 Redeemed 1996 General Fund Certificate of Participation in full for \$17,555,000 in fiscal year 1997-98.  
 Redeemed 1998 Refunding Certificates of Participation in full for \$20,420,000 in fiscal year 2009-10.
- (3) Issued \$22,160,000 Lease Revenue Bonds Series 'A' in 2009-10  
 Issued \$34,780,000 Lease Revenue Bonds Series 'B' in 2009-10.  
 Issued \$19,155,000 Lease Revenue Bonds Series 'A&B' in 2013-14.  
 Amounts include principal balance of \$68,025,000, and unamortized premiums/discounts of \$526,749.
- (4) Personal Income information not available for 2014 at this time.

Source: City of West Hollywood



CITY OF WEST HOLLYWOOD

**TABLE 11  
DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2014  
(UNAUDITED)**

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to City of West Hollywood	Amount Applicable to City of West Hollywood June 30, 2014
Overlapping General Fund Debt:			
Metropolitan Water District	64,271,492	0.804%	516,558
Los Angeles County Community College District	3,740,335,010	1.322%	49,437,314
Los Angeles Unified School District	10,545,135,000	1.641%	173,016,587
Subtotal, overlapping debt			<u>222,970,459</u>
City direct governmental debt			
2009 Lease Revenue Bonds Series A	14,184,875	100.000%	14,184,875
2009 Lease Revenue Bonds Series B	35,173,373	100.000%	35,173,373
2013 Lease Revenue Bonds Series	19,188,026	100.000%	19,188,026
Subtotal, city direct governmental debt			<u>68,546,274</u>
Overlapping Tax Increment Debt			
2013 Tax Allocation Revenue Refunding Bonds	9,370,000	100.000%	9,370,000
2011 Tax Allocation Bonds Series A	28,565,000	100.000%	28,565,000
2011 Tax Allocation Bonds Series A	8,790,000	100.000%	8,790,000
Subtotal, overlapping tax increment debt			<u>46,725,000</u>
Total direct and overlapping governmental debt			<u>\$ 338,241,733</u>

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

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

CITY OF WEST HOLLYWOOD

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt limit	\$ 724,258,134	\$ 786,253,106	\$ 898,796,113	\$ 990,292,149	\$ 1,086,881,222
Total net debt applicable to limit	38,605,000	38,605,000	38,605,000	38,605,000	38,605,000
Legal debt margin	\$ 685,653,134	\$ 747,648,106	\$ 860,191,113	\$ 951,687,149	\$ 1,048,276,222
Total net debt applicable to the limit as percentage of debt limit	5.33%	4.91%	4.30%	3.90%	3.55%

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.
- (2) The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter. Therefore, effective fiscal year 2013, the calculation of debt applicable to limit does not include the Successor Agency's debt.

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

(Continued)

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	Fiscal Year				
	2010	2011	2012	2013	2014
Debt limit	\$ 1,134,328,071	\$ 1,100,856,999	\$ 1,111,655,323	\$ 1,146,438,683	\$ 1,239,586,814
Total net debt applicable to limit	68,440,000	108,420,000	108,420,000	50,775,000	68,546,274
Legal debt margin	\$ 1,065,888,071	\$ 992,436,999	\$ 1,003,235,323	\$ 1,095,663,683	\$ 1,171,040,540
Total net debt applicable to the limit as percentage of debt limit	6.03%	9.85%	9.75%	4.43%	5.53%

**Legal Debt Margin Calculation for Fiscal Year 2013**

Assessed value	\$ 8,263,912,093
Debt limit (1)	1,239,586,814
Debt applicable to limit (2):	
Lease Revenue Bonds	68,546,274
Net amount of debt applicable to debt limit	68,546,274
Legal debt margin	\$ 1,171,040,540

CITY OF WEST HOLLYWOOD

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

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2005	2,187,395	353,917	1,833,478	195,000	591,070	786,070	2.33
2006	4,394,355	641,987	3,752,368	200,000	585,220	785,220	4.78
2007	4,065,668	467,600	3,598,068	205,080	579,220	784,300	4.59
2008	5,460,803	591,958	4,868,845	215,000	572,045	787,045	6.19
2009	6,443,020	679,740	5,763,280	220,000	565,595	785,595	7.34
2010	6,144,778	584,778	5,560,000	220,000	561,745	781,745	7.11
2011	6,118,409	653,896	5,464,514	225,000	553,395	778,395	7.02
2012	5,792,253	250,000	5,542,253	2,200,000	1,771,598	3,971,598	1.40
2013	5,640,024	250,000	5,390,024	595,000	3,486,860	4,081,860	1.32
2014	6,334,528	250,000	6,084,528	570,000	3,243,026	3,813,026	1.60

Note: (1) East Side Redevelopment Agency issued Tax Allocation Bonds of \$11,500,000 in fiscal year 2003-04 and \$39,980,000 in fiscal year 2010-11.

(2) The State of California dissolved all redevelopment agencies as part of the 2011-12 State budget. Successor Agencies are responsible for paying the enforceable obligations of the redevelopment agency at the time of dissolution until all enforceable obligations have been paid in full. As necessary, revenues of the former Commission are allocated for bond payments and other continuing contractual obligations entered into prior to 2011-12, any excess revenues are then allocated to each taxing entity, based on their share of the 1% general property tax levy.

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 (In Thousands) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2005	37,765	1,669,187	44,199	4.5%
2006	37,400	1,765,061	47,194	4.0%
2007	37,288	1,833,991	49,184	4.2%
2008	37,287	1,851,096	49,645	6.3%
2009	37,440	1,804,703	48,203	9.8%
2010	37,805	1,825,641	48,291	10.7%
2011	34,681	1,778,372	51,278	10.4%
2012	34,853	1,839,716	52,785	7.8%
2013	35,072	1,880,876	53,629	6.4%
2014	36,124	1,937,302	53,629	N/A

Notes: Annual income and unemployment figures for 2013 was not available at time of publication of this CAFR.

Sources: (1) Data is from Hdl, Coren & Cone. Data is based on California Department of Finance.

(2) (3) Data is from Hdl, Coren & Cone. 2000-2009 Income, Age and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries. 2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey. 2013 population and personal income was estimate last year and updated this year based on data from Hdl. 2014 population and personal income is an estimate.

(4) Unemployment data : California Employment Development Department

CITY OF WEST HOLLYWOOD

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

	2014		2004	
	# Employees	% of Total City Employment	# Employees	% of Total City Employment
Los Angeles County Metropolitan Transportation Authority	702	2.2%	**	
Target Corp.	414	1.3%	411	1.6%
CityGrid Media/Inter Active Corp	288	0.9%	**	
House of Blues	219	0.7%	150	0.6%
City of West Hollywood	216	0.7%	195	0.8%
Mondrian	200	0.6%	500	1.9%
Sunset Marquis	200	0.6%	-	0.0%
1 OAK LA	200	0.6%	-	0.0%
Pavilions	180	0.6%	-	0.0%
Whole Foods Market	153	0.5%	**	
Ralphs (2 locations)	141	0.4%	**	
Andaz West Hollywood	140	0.4%	165	0.6%
Saddle Ranch Restaurant	130	0.4%	100	0.4%
nCompass	128	0.4%		
Dailey & Associates	125	0.4%	260	1.0%
The London West Hollywood	125	0.4%	200	0.8%
KKHG Management LLC (Sunset Tower Hotel)	101	0.3%	133	0.5%
Best Buy	100	0.3%	**	
Hollywood Standard LLC (The Standard Hotel)	86	0.3%	180	0.7%
Outrigger Lodging Services LLP (Le Parc Suite Hotel)	72	0.2%	105	0.4%
HMBL LLC (Best Western Sunset Plaza)	45	0.1%	-	0.0%
SC Club LP (Key Club)* (Sold)			60	0.2%
Suissa Miller Advertising LLC			-	0.0%
Ticketmaster*			1,300	5.0%
New Line Cinema Corp (Sold)			100	0.4%
<b>Total Jobs By Principal Employers</b>	<b>3,965</b>	<b>12.2%</b>	<b>3,859</b>	<b>14.9%</b>
Total Jobs (estimated) in City of West Hollywood	32,385	100%	25,117	100%

\*Ticketmaster merged with LiveNation in 2010, subsequently reducing labor and moving headquarters to Los Angeles.

\*\*Prior years' information not available.

Sources: City of West Hollywood, InfoUSA, ESRI

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									
	05	06	07	08	09	10	11	12	13	14
<b>General Government</b>										
Legislative & Executive	22.5	22.5	22.5	24.6	24.6	24.6	23.6	25.6	25.6	39.8
Administration	27.8	27.8	28.8	28.8	28.8	28.8	28.8	26.8	26.8	17.7
Finance & Information Technology	22.0	22.0	22.0	21.9	21.9	21.9	21.9	21.9	23.9	22.9
Public Information	8.7	8.7	8.7	8.8	8.8	8.8	8.8	8.8	7.8	5.6
<b>Community Services</b>										
Human Services & Rent Stabilization	47.2	47.2	47.2	50.6	50.6	53.4	53.4	52.4	52.4	54.4
Housing & Rent Stabilization	18.0	17.0	17.0	18.0	17.0	17.0	17.0	17.0	0.0	0.0
Community Development	33.0	33.0	33.0	28.0	28.0	29.0	29.0	29.0	29.0	30.0
Department of Public Works	23.0	23.0	24.0	26.0	26.0	26.0	26.0	26.0	44.0	46.0
<b>Total</b>	<b>202.1</b>	<b>201.1</b>	<b>203.1</b>	<b>206.6</b>	<b>205.6</b>	<b>209.4</b>	<b>208.5</b>	<b>207.4</b>	<b>209.4</b>	<b>216.4</b>

Source: City of West Hollywood

CITY OF WEST HOLLYWOOD

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

Function	Fiscal Year									
	05	06	07	08	09	10	11	12	13	14
Police (1)										
Incidents	7,591	7,650	7,763	7,425	6,700	7,171	7,036	7,460	6,370	6,730
Arrests	2,715	2,800	3,976	3,477	2,955	3,320	3,007	3,069	3,407	3,150
Sewers										
Miles of system	39	39	39	39	39	39	39	39	39	39
Percent inspected	10	10	10	10	10	10	10	10	10	10
Parks and Recreation										
Number of parks	5	5	5	5	6	6	6	7	7	8
Community Development										
Commercial building permits	307	254	304	253	254	235	337	221	221	796
Residential building permits	460	483	442	531	377	551	522	396	396	1,548
Parking										
Citations issued	181,337	187,854	183,311	194,003	190,000	190,979	200,164	195,345	182,930	211,404

Notes:

(1) Police statistics are base on calendar year; Information for 2014 is an estimate.

Source: City of West Hollywood.



CITY OF WEST HOLLYWOOD

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

Function/ program	Fiscal Year									
	05	06	07	08	09	10	11	12	13	14
<b>Public Safety</b>										
This a contracted service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Parking:</b>										
Parking Structures	1	1	1	1	1	1	2	2	2	2
Parking Lots	4	4	4	4	4	4	4	4	4	4
<b>Cultural &amp; Recreation:</b>										
Parks	5	5	5	5	6	6	6	7	7	8
<b>General Services:</b>										
Sidewalks (length/feet)	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Traffic signals	56	56	56	56	56	56	56	56	56	60
<b>Wastewater:</b>										
Sanitary sewers (miles)	39	39	39	39	39	39	39	39	39	39
Manholes	395	395	395	395	395	395	395	395	395	885
<b>City-Line:</b>										
Number of Buses	5	5	5	5	10	10	10	10	10	10

Source: City of West Hollywood

CITY OF WEST HOLLYWOOD

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

**FISCAL YEAR 2013-2014**

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Category	Net Taxable Value	Percentage
Residential	728,769,992	58.4%
Commercial	347,298,008	27.8%
Industrial	94,907,517	7.6%
Recreational	2,598,941	0.2%
Institutional	9,255,181	0.7%
Vacant land	6,315,980	0.5%
Exempt (not incl in total)	-	0.0%
Possessory Interest	2,159,358	0.2%
Unsecured	56,373,130	4.5%
Unknown	-	0.0%
Taxable Value [1]	1,247,678,107	100.0%

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[1] Includes base year assessed value.

Source: Los Angeles County Assessor 2013-14 Combined Tax Rolls.

CITY OF WEST HOLLYWOOD

**TABLE 20  
EAST SIDE PROJECT AREA  
TOP TEN TAXPAYERS  
FISCAL YEAR 2013-14**

Taxpayer	No. Parcels	Secured Assessed Valuation	Unsecured Assessed Valuation	Total Assessed Valuation	Percent of Total Assessed Value	Percent of Incremental Value
CLPF West Hollywood LP	1	\$ 85,326,635	\$ -	\$ 85,326,635	6.84%	10.18%
Studio Lending Group LLC	1	71,277,955	-	71,277,955	5.71%	8.50%
Time Warner Cable Pacific West LLC	4	-	35,697,650	35,697,650	2.86%	4.26%
Casden Movietown LLC	1	30,562,735	-	30,562,735	2.45%	3.65%
Essex Monarch La Brea Apartments LP	1	27,900,000	-	27,900,000	2.24%	3.33%
RSH Ralphs Properties I LLC	1	26,000,000	-	26,000,000	2.08%	3.10%
Essex Monarch Santa Monica Apartments LP	2	25,280,000	-	25,280,000	2.03%	3.02%
The Promenade	1	13,188,708	-	13,188,708	1.06%	1.57%
Donald T Sterling Trust	3	9,126,400	-	9,126,400	0.73%	1.09%
Domain West Hollywood, LLC	4	8,727,595	-	8,727,595	0.70%	1.04%
<b>Total for Top Ten:</b>		<u>\$ 297,390,028</u>	<u>\$ 35,697,650</u>	<u>\$ 333,087,678</u>	<u>26.70%</u>	<u>39.73%</u>
Total Taxable Assessed Value	1,394			\$ 1,247,678,107	100.00%	
Less: Base Year Assessed Value				\$ 409,266,718		
Total Incremental Value				<u>\$ 838,411,389</u>		
Total Assessed Value				1,282,832,065		
Total Taxable Assessed Value				<u>1,247,678,107</u>		
Total Exempt				<u>35,153,958</u>		

Source: Los Angeles County Assessor 2013-14 Secured and Unsecured Tax Rolls.

## CITY OF WEST HOLLYWOOD

**TABLE 21**  
**EAST SIDE PROJECT AREA**  
**HISTORICAL TAXABLE VALUES AND TAX INCREMENT REVENUES**  
**FISCAL YEAR 2010-11-2013-14 (ACTUALS) AND 2014-15 ESTIMATED**

	<u>Actual</u> <u>2010-11</u>	<u>Actual</u> <u>2011-12</u>	<u>Actual</u> <u>2012-13</u>	<u>Actual</u> <u>2013-14</u>	<u>Estimated</u> <u>2014-15</u>
Secured Value	1,092,479,944	1,095,456,516	1,120,403,474	1,191,304,977	1,264,415,675
Unsecured Value	58,529,021	56,318,710	21,993,138	56,373,130	71,013,218
Total	1,151,008,965	1,151,775,226	1,142,396,612	1,247,678,107	1,335,428,893
Less Base Year Value (1)	(412,020,410)	(412,020,410)	(412,020,410)	(409,226,718)	(409,266,718)
Incremental Increase	738,988,555	739,754,816	730,376,202	838,451,389	926,162,175
Gross Tax Increment Revenue (2)	7,422,091	7,452,558	7,331,299	8,387,748	9,468,940
County Administrative Fees	(126,645)	(113,059)	(143,252)	(167,362)	(171,180)
ERAF Shift (4)	(378,239)	-	-	-	-
ABX1 26 Enforceable Obligations (5)	-	(1,291,150)	(4,309,636)	(4,231,331)	(5,916,376)
Statutory Pass-Throughs (6)	(1,736,835)	(1,547,246)	(1,548,023)	(1,885,859)	(2,283,878)
Net Tax Revenues/ Residual Balance (3)	<u>5,180,371</u>	<u>4,501,103</u>	<u>1,330,388</u>	<u>2,103,196</u>	<u>1,097,506</u>
% Chg from Prior Year					
Gross Tax Increment Revenues	-4.15%	0.41%	-1.63%	14.41%	12.89%
% Chg from Prior Year					
Net Tax Revenues	31.18%	-13.11%	-70.44%	58.09%	-47.82%

(1) Base Year secured valuation was \$403,196,115 and Base Year unsecured valuation was \$8,824,295. Secured base year value was adjusted in 2013-2014 from \$403,196,115 to \$400,442,423.

(2) Actuals based on HDL tax reports. Estimates for fiscal year 2014-15 based on Los Angeles County estimated Redevelopment Property Tax Trust Fund Allocations for 7/1/14-12/31/14 and 1/1/15-6/30/15

(3) This amount includes the 20% low and moderate income housing set-aside as it is included in the Tax Revenues pledged toward the payment of debt service on the Bonds through only 2010-11. After the dissolution of redevelopment agencies in 2011-12, the 20% low and moderate income housing set-aside was no longer required and all tax revenues were combined. Prior to the dissolution of redevelopment agencies, the Commission received the "net tax revenues" to spend on redevelopment projects. After the dissolution of redevelopment agencies in 2011-12 the "residual balance" (previously the net tax revenue) is allocated to all taxing entities included in the 1% general tax levy for the Project Area, based on their percentage of the 1% levy.

(4) The ERAF shift ended in fiscal year 2005-06 and a new ERAF was imposed in 2009-10 and 2010-11

(5) The California State Budget for 2011-12 eliminated all Redevelopment Agencies. As necessary, revenues of the former Commission are allocated for bond payments and other continuing contractual obligations entered into prior to 2011-12. The Successor Agency was required to reserve these funds in advance of the 2015-16 fiscal-year pursuant to a requirement implemented during the 2013 refunding of its 2003 bonds. These advanced payment will reduce the amount the Successor Agency will need to request in FY 15-16. Moving forward the the requested funds for enforceable obligations will be closer to the actual amounts for FY 12-13 and FY13-14).

(6) Prior to the dissolution of redevelopment agencies the Commission was responsible for paying statutory pass-through payments, after the dissolution the County Auditor-Controller is responsible for their payment.

Source: West Hollywood Successor Agency and County of Los Angeles Auditor-Controller's Office.

## CITY OF WEST HOLLYWOOD

**TABLE 22**  
**EAST SIDE PROJECT AREA**  
**SETTLE ASSESSMENT APPEALS**  
**FISCAL YEAR 1997-98 THROUGH FISCAL YEAR 2013-14**

Lien Year	Total Appeals	Resolved Appeals	Successful Appeals	Successful Appeals (%)	Original Value	Loss of Value	Percentage Loss
1997-98	54	54	24	44.44%	8,452,007	1,669,507	19.75%
1998-99	28	28	14	50.00%	11,763,585	3,793,585	32.25%
1999-00	40	40	7	17.50%	5,676,383	1,353,383	23.84%
2000-01	19	19	11	57.89%	11,943,124	2,783,886	23.30%
2001-02	24	24	17	70.83%	77,080,611	28,279,869	36.69%
2002-03	26	26	11	42.31%	7,938,105	1,467,545	18.49%
2003-04	6	6	2	33.33%	6,786,760	1,686,760	24.85%
2004-05	10	9	4	44.44%	5,028,536	1,277,548	25.41%
2005-06	6	5	4	80.00%	8,934,662	2,294,220	25.68%
2006-07	7	5	2	40.00%	53,692,117	1,582,613	2.95%
2007-08	9	7	2	28.57%	55,550,491	1,330,462	2.39%
2008-09	30	29	17	58.62%	63,787,331	8,384,735	13.14%
2009-10	65	55	35	63.64%	143,005,302	18,474,858	12.92%
2010-11	58	50	8	16.00%	96,797,555	22,199,195	22.93%
2011-12	44	30	23	76.67%	64,722,260	10,245,570	15.83%
2012-13	54	8	6	75.00%	8,665,615	1,525,825	17.61%
2013-14	50	5	3	60.00%	4,880,240	455,000	9.32%
Total:	530	400	190	47.50%	\$ 634,704,684	\$ 108,804,561	17.14%

Source: Los Angeles County Assessor Combined Tax Rolls  
& Most Recent Appeals Roll, provided by Hdl Coren & Cone.

CITY OF WEST HOLLYWOOD

**TABLE 23**  
**EAST SIDE PROJECT AREA**  
**PENDING ASSESSMENT APPEALS IMPACT PROJECTION**  
**FISCAL YEAR 2007-08 THROUGH 2013-14**

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Lien Year	Pending Appeals	Prior Successful Percentage	Average Appeal Value	Prior Loss Percentage	Estimated Loss in Assessed Value	Estimated Revenue Loss
2007-08	2	28.57%	7,258,330	2.39%	99,316	998
2008-09	1	58.62%	2,601,917	13.14%	200,493	2,014
2009-10	10	63.64%	4,339,613	12.92%	3,567,673	35,830
2010-11	8	52.00%	5,035,031	22.93%	4,803,617	48,216
2011-12	14	76.67%	6,287,378	15.83%	10,682,838	107,224
2012-13	46	75.00%	3,410,298	17.61%	20,716,519	207,165
2013-14	45	62.21%	4,155,097	16.14%	10,459,601	104,596
Total:	<u>126</u>		<u>\$ 33,087,664</u>		<u>\$ 50,530,057</u>	<u>\$ 506,043</u>

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Source: Los Angeles County Assessor Combined Tax Rolls  
 & Most Recent Appeals Roll, provided by Hdl Coren & Cone.

## CITY OF WEST HOLLYWOOD

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

Fiscal Year Ending June 30,	2003 Bonds Principal and Interest (1)	2011 Bonds Principal and Interest	2013 Bonds Principal and Interest (1)	Total Debt Service	Net Tax Increment Revenues (2) (3)	Coverage
2004	\$ 250,878	\$ -	\$ -	\$ 250,878	\$ 1,547,391	617%
2005	829,595	-	-	829,595	2,147,395	259%
2006	783,145	-	-	783,145	4,311,022	550%
2007	782,220	-	-	782,220	3,985,668	510%
2008	780,633	-	-	780,633	4,781,122	612%
2009	783,820	-	-	783,820	5,856,461	747%
2010	781,745	-	-	781,745	3,948,945	505%
2011	778,395	-	-	778,395	5,180,371	666%
2012	778,608	4,847,946	-	5,626,554	5,792,253	103%
2013	777,808	3,255,963	-	4,033,771	5,640,024	140%
2014	523,648	3,206,694	82,685	3,813,027	6,334,528	166%
2015	-	3,209,500	862,900	4,072,400	7,013,882	172%
2016	-	3,203,938	725,525	3,929,463	7,154,160	182%
2017	-	3,210,769	721,775	3,932,544	7,297,243	186%
2018	-	3,210,713	720,900	3,931,613	7,443,188	189%
2019	-	3,198,738	724,150	3,922,888	7,592,051	194%
2020	-	3,199,238	721,525	3,920,763	7,743,892	198%
2021	-	3,201,944	723,025	3,924,969	7,898,770	201%
2022	-	3,202,006	723,525	3,925,531	8,056,746	205%
2023	-	3,197,631	723,025	3,920,656	8,217,881	210%
2024	-	3,198,856	716,650	3,915,506	8,382,238	214%
2025	-	3,197,056	721,575	3,918,631	8,549,883	218%
2026	-	3,197,056	717,281	3,914,337	8,720,881	223%
2027	-	3,193,681	721,250	3,914,931	8,895,298	227%
2028	-	3,190,850	717,313	3,908,163	9,073,204	232%
2029	-	3,188,088	715,688	3,903,776	9,254,668	237%
2030	-	3,181,056	718,406	3,899,462	9,439,762	242%
2031	-	3,179,394	719,625	3,899,019	9,628,557	247%
2032	-	3,182,263	718,625	3,900,888	9,821,128	252%
2033	-	3,173,438	711,250	3,884,688	10,017,551	258%
2034	-	3,172,475	-	3,172,475	10,217,902	322%
2035	-	3,922,663	-	3,922,663	10,422,260	266%
2036	-	3,915,938	-	3,915,938	10,630,705	271%
2037	-	3,891,500	-	3,891,500	10,843,319	279%
2038	-	3,883,313	-	3,883,313	11,060,185	285%
2039	-	3,879,300	-	3,879,300	11,281,389	291%
2040	-	3,868,238	-	3,868,238	11,507,017	297%
2041	-	3,863,713	-	3,863,713	11,737,157	304%
2042	-	3,849,263	-	3,849,263	11,971,900	311%
2043	-	3,838,475	-	3,838,475	10,017,551	261%
Totals:	\$ 7,850,495	\$ 110,111,696	\$ 13,906,698	\$ 131,868,889	\$ 319,415,544	242%

- (1) The Successor Agency refunded the former redevelopment agency's 2003 tax allocation bonds in order to take advantage of lower interest rates. The 2013 bonds shown in the table are the refunded 2003 bonds.
- (2) Net tax increment revenues were reduced in 2009-2010 due to a State ERAF takeaway.
- (3) The California State Budget for 2011-12 eliminated all Redevelopment Agencies, revenues are allocated for bond payments and other continuing contractual obligations entered into prior to 2011-12. Revenues allocated to the Successor Agency to the Community Development Commission to pay bond debt service and other enforceable obligations, as well as residual tax increment amounts, are included in the "net tax increment revenues" line item.

Source: Successor Agency to the West Hollywood Community Development Commission



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## **West Hollywood Core Values**

Respect and Support for People

Responsiveness to the Public

Idealism, Creativity and Innovation

Quality of Residential Life

Promote Economic Development

Public Safety

Responsibility for the Environment

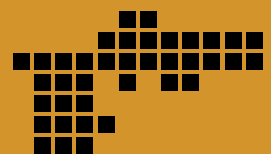
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