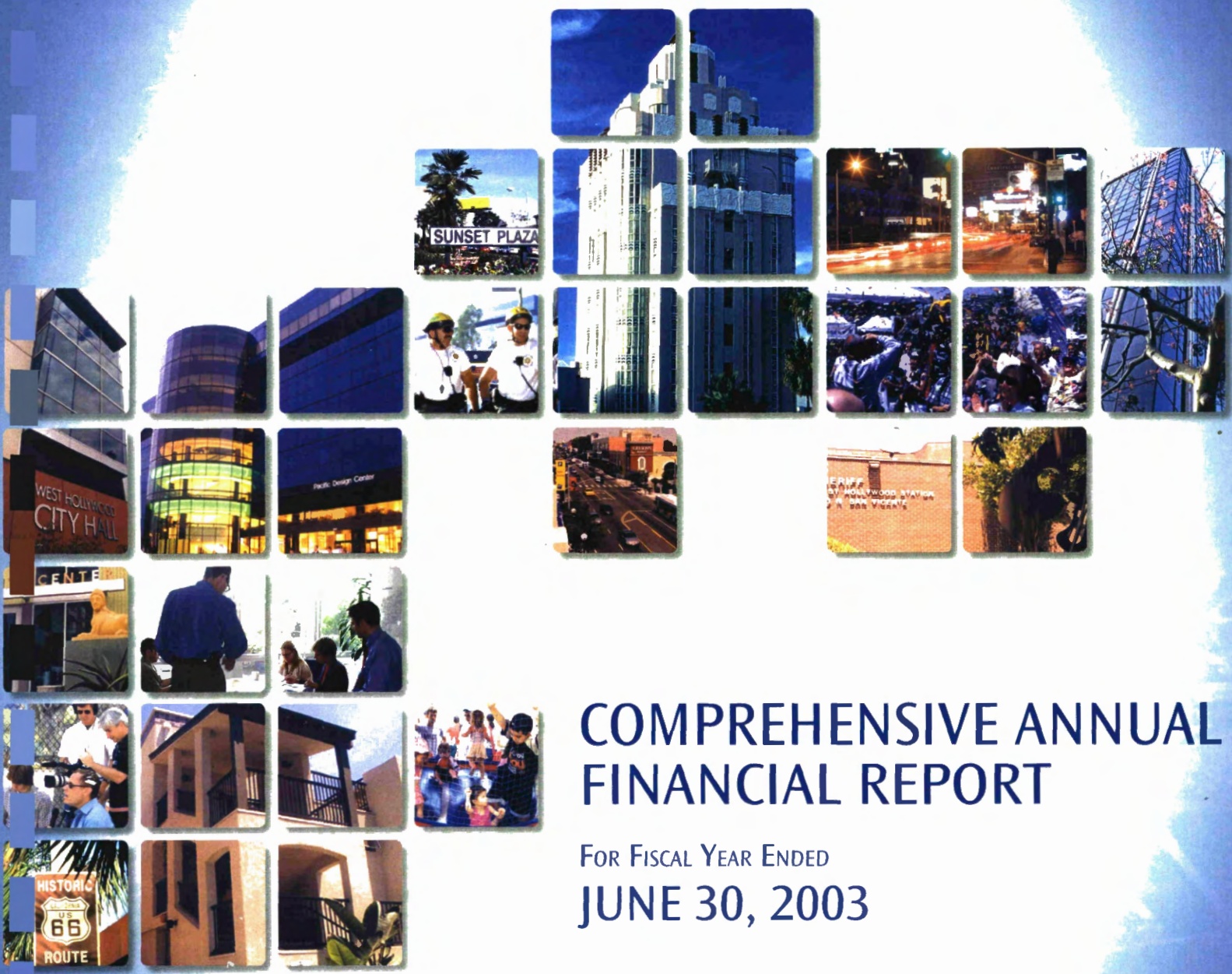


CITY OF WEST HOLLYWOOD



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
JUNE 30, 2003

Information Management
Analyst

CAFR



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2003

PREPARED BY THE CITY'S DEPARTMENT OF FINANCE

8300 Santa Monica Blvd., West Hollywood, California 90069

<http://www.weho.org>

(323) 848—6400

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Introduction



City of West Hollywood
California 1984



CITY OF WEST HOLLYWOOD

CITY HALL
3300 SANTA MONICA BLVD.
WEST HOLLYWOOD, CA
90069-4314
TEL: (323) 848-6451
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**DEPARTMENT
OF FINANCE
& TECHNOLOGY
SERVICES**

December 10, 2003

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

It is with great pleasure that we present to you the City of West Hollywood's Comprehensive Annual Financial Report. This is the third year that the City has used the new financial reporting model developed by the Governmental Accounting Standards Board (GASB Statement 34). The new reporting model completely changed the format of the City's financial statements. It was intended to improve reporting by adding significant additional information not previously available in local government financial statements. Implementation was fully completed in June 30, 2002 with the addition of supplemental information on capital assets (infrastructure). The City's early implementation, before the 2003 deadline, has enabled the City Council and residents to become more aware of the benefits and information contained in the new financial reporting model. The City of West Hollywood is proud to be on the leading edge of local governmental financial reporting.

In addition to the fund-by-fund financial information currently presented in the City's financial statements, we are now including government-wide financial statements. These include a Statement of Net Assets that provides the total net equity of the City, including infrastructure, and the Statement of Activities that shows the cost of providing government services. These statements have been prepared using the accrual basis of accounting versus the modified accrual method used in the fund financial statements. A reconciliation report is provided as a key to understanding the changes between the two reporting methods. The new reporting model also includes an emphasis on the City's major funds as shown in the Governmental Fund Statements. These statements, combined with other information are analyzed in a new narrative section called Management's Discussion and Analysis (MDA). The MDA provides financial highlights and interprets the reports by analyzing trends and by explaining changes, fluctuations and variances in the financial data. In addition, the MDA is intended to disclose significant events or decisions that affect the financial condition of the City.



The Comprehensive Annual Financial Report is presented in three sections:

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

GENERAL INFORMATION ABOUT 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 37,292 within a 1.9 square mile border. The City utilizes a Council/City Manager form of government. The City Manager is responsible for running the day to day operations of the City. Each of the five City Council members is elected at large to serve staggered four-year terms.

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

West Hollywood is affectionately known as "The Creative City" – and for good reason. More than 40 percent of the businesses located in West Hollywood comprise such creative fields as entertainment, interior design, fashion, art, and communications. The City has a dynamic retail, nightlife, and tourist trade that entices savvy travelers from around the world. West Hollywood has 14 luxury hotels with some 2,000 rooms offering world-class accommodations. Dining is available at more than 100 restaurants, some of the most famous in the world. Tourists can also shop at more than 100 clothing stores, peruse thirty-six art galleries, and participate in or just observe an eclectic and ever-evolving nightlife centered around the world-famous Sunset Strip and Santa Monica Boulevard. As the home of the Pacific Design Center and the surrounding "Avenues of Art and Design," West Hollywood is acknowledged as the center of the interior design on the West Coast.

ECONOMIC CONDITION

Although the focus of this Comprehensive Annual Financial Report is the economic condition of the City at June 30, 2003, the California State Budget Crisis and the current recession are of such great scope that it is incumbent on us to provide some consideration of their economic impact in this report. This and other economic factors are discussed further in the Management Discussion and Analysis starting on page 17.

The City's economy consists of three major industries:

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

For the year ended June 30, 2003, the City of West Hollywood continued to be a vibrant, livable, and successful community for both its residents and businesses. In general, the City's economy reflected the national and state economies however, these particular industries significantly shape the character of the City and the role the City plays in the greater Los Angeles region. The City's sales tax base is highly diversified, especially given its small geographic area. The City's transient occupancy tax saw a small recovery since the tragic events of September 11, 2001. Fortunately, property tax revenues have grown from increased assessed valuations of commercial and residential properties. This revenue will continue to increase over the next few years, providing some cushion against slow growth in sales and transient occupancy tax caused by the current recession.

The City's revenue base remains well diversified, and development is occurring on all the major thoroughfares. The City is dedicated to maintaining a balance between the quality of residential life and the desire for continued development. The City's goals, clearly laid out in the Strategic Plan, include providing opportunities for residents and businesses to constructively and fairly address conflicts, encouraging participation in public life, and ensuring that the City provide its citizens with the highest level of service.

During periods of strong economic growth the City has accumulated significant reserves. By capturing and designating some of this growth, we are able to attract development and improve commercial and residential neighborhoods, thus improving the local economy. However, the City also continues to face many fiscal challenges, especially in the area of capital improvements. To address this, the City has designated portions of the revenue growth for capital projects. These capital improvement demands require the City Council and Management to remain committed to restraining expenditures until these responsibilities are met.

Below are the major capital investments, which are either planned, in progress, or completed.

- Plummer Park Community Center Project
- Santa Monica Boulevard Reconstruction (SMBL) Project
- The LaBrea Gateway Project
- New Library
- Spaulding East-side Parking Lot
- New Maintenance Facility
- Sunset Municipal Parking Garage
- Sunset Tower Records Surface Parking Lot
- West Hollywood Park Master Plan
- El Tovar Parking Lot
- West-side Municipal Garage

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

Since the City has experienced a slow recovery in tourist based revenues because of the (1) events of September 11th, 2001 and (2) the economic recession, the City needs to exercise prudent fiscal controls to limit increases in expenditures, specifically ongoing operating costs. As mentioned above, the City has plans for future capital expansion, including new parking facilities and a new proposed Library. Both will have significant ongoing maintenance and operating costs, as the City has seen from other successful projects like: the Santa Monica Boulevard Rehabilitation Project and the Plummer Park Community Center. Finalizing funding for these capital projects and the annual maintenance remains a leading priority. Some of the one time funding costs will be offset by planned drawdowns from various reserves, which have increased significantly over the past decade. Healthy business development and careful management of resources will allow the City to continue to provide the highest level of services and programs.

MAJOR ACCOMPLISHMENTS FOR THE YEAR

The City passed two tax measures on the March 2003 ballot. With the approval of the voters, the City will increase the Transient Occupancy Tax by 1% and modify the Business License Tax. This is estimated to add \$1.2 million to the City's General Fund tax base starting in 2004.

The LaBrea Gateway Project, a major shopping development, is being built at the eastern entrance to the City. The properties have been sold by the City's redevelopment agency and completion of the project is scheduled for April 2004.

Completed the City's new Maintenance Facility that centralizes the City's field services function, which includes landscape services, street maintenance, and facility maintenance.

The City purchased the Spaulding Surface Parking Lot on the east-side and entered into negotiations for various other parking opportunities.

Vision 2020, the West Hollywood Strategic Planning Program, begun in 2001 and was completed and adopted by the City Council in July 2003.

Maintained a high level of services and programs in spite of budget freezes based on the downturn in the economy and the State's budget difficulties.

MAJOR INITIATIVES FOR THE FUTURE

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

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

OTHER FINANCIAL INFORMATION

INTERNAL CONTROLS

City management is responsible for establishing and maintaining an internal control structure to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled for the preparation of financial statements, in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. 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.

BUDGETARY CONTROLS

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

DEBT ADMINISTRATION

The City of West Hollywood utilizes long-term financing to facilitate the acquisition and construction of capital assets. This allows for the matching of resource utilization to the useful life of the asset being purchased. Descriptions of past City financings follow:

Series C – On September 28, 1995, the City issued \$1,300,000 of 1995 Series C Certificates of Participation to help finance the construction of the municipal parking structure and the homeless shelter. During the fiscal year the City retired the COP's early in order to facilitate the sale of the homeless shelter for the LaBrea Gateway Project.

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

CASH MANAGEMENT

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

RISK MANAGEMENT

Effective May 1, 1994, the City joined the Southern California Joint Powers Insurance Authority (SCJPIA). The Authority, which began covering claims in 1978, is composed of 84 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverage. Annual premiums are determined using a retrospective method, with the City liable for the first \$20,000 of costs for its own claims, and a proportionate share of claim costs in excess of \$20,000 up to \$5 million for its own and other member claims. The CJPIA purchases excess insurance for claims over \$5 million, up to \$50 million.

INDEPENDENT AUDIT

The City requires an annual audit by independent certified public accountants. The accounting firm of Lance, Soll and Lunghard conducted this year's audit. The auditor's report on the basic financial statements, which include the government-wide and fund financial statements, that are located in the financial section of this report.

SINGLE AUDIT

The federally mandated "Single Audit" is also performed by Lance, Soll and Lunghard, and is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The Single Audit report is separately issued and can be obtained at City Hall.

RESPONSIBILITY

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

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, 2002. This is the eleventh 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 believe 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.

CSMFO Award Program - Comprehensive Annual Financial Report

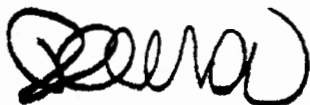
For the past eleven fiscal years, the City of West Hollywood has received the Certificate of Award for Outstanding Financial Reporting from the California Society of Municipal Finance Officers (CSMFO). The Certificate of Award is valid for a period of one year. We believe our report for the fiscal year ending June 30, 2003, will conform to the requirements of the Certificate of Award program and we are submitting it to CSMFO to determine its eligibility for the Certificate.

ACKNOWLEDGMENTS

Preparation of this report was accomplished through the combined efforts of the City Staff. The following staff deserves special recognition for their contribution to this project: John Adams, Accounting Manager, and Norma Soto-Touriño, 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 report would not be possible.

Respectfully submitted,



Paul Arevalo
City Manager



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

SUMMARY OF POLICIES

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

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2001-2002

Presented to the

City of West Hollywood

*This certificate is issued in recognition of meeting professional standards and criteria in reporting
which reflect a high level of quality in the annual financial statements
and in the underlying accounting system from which the reports were prepared.*

February 24, 2003

Bret M. Plimlee

Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



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, 2002

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



President

Executive Director

DIRECTORY OF CITY OFFICIALS
JUNE 30, 2003

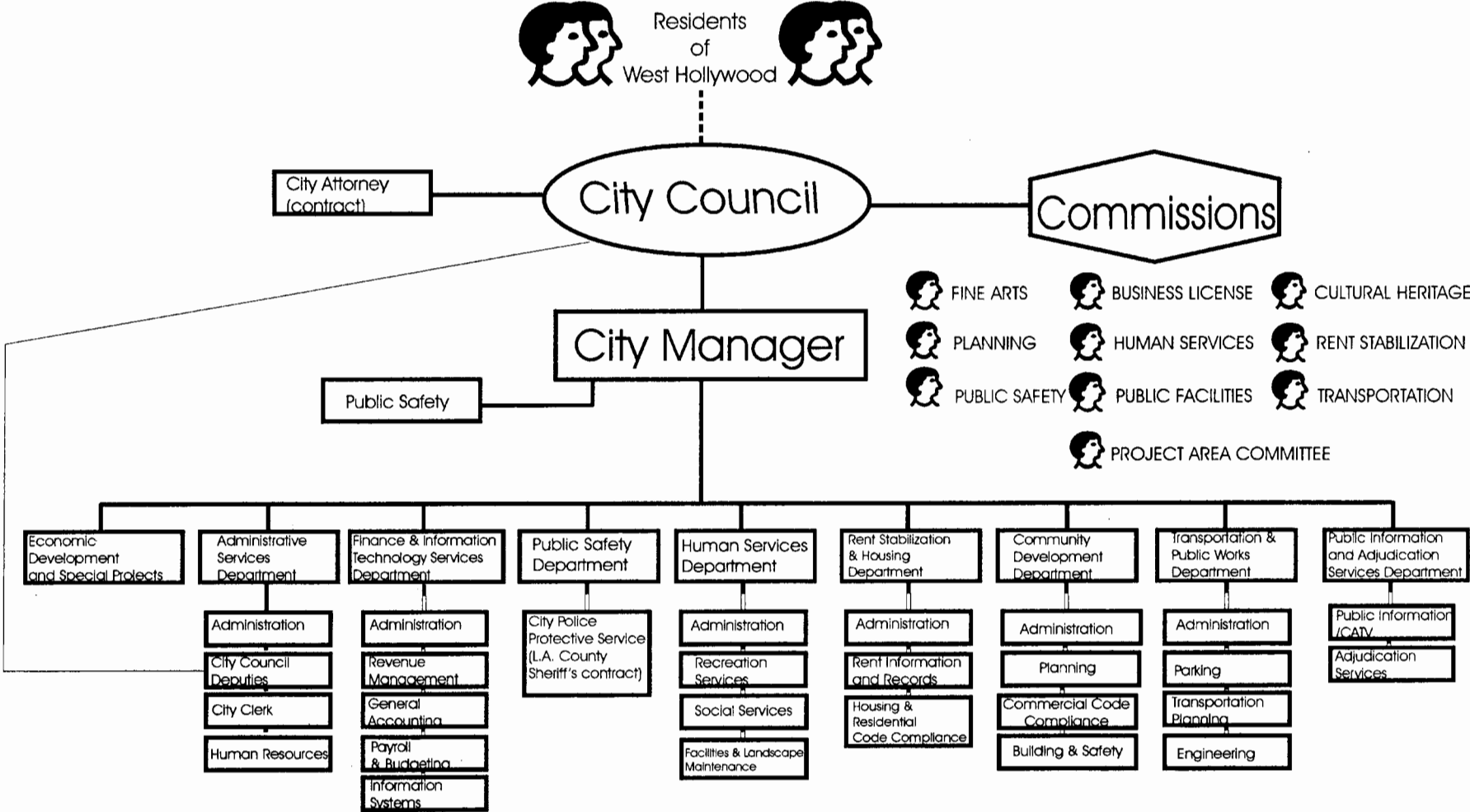
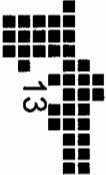
Mayor and City Council

Mayor *Jeff Prang*
Mayor Pro Tempore..... *John Duran*
Council Member..... *Sal Guarriello*
Council Member..... *John Heilman*
Council Member..... *Abbe Land*

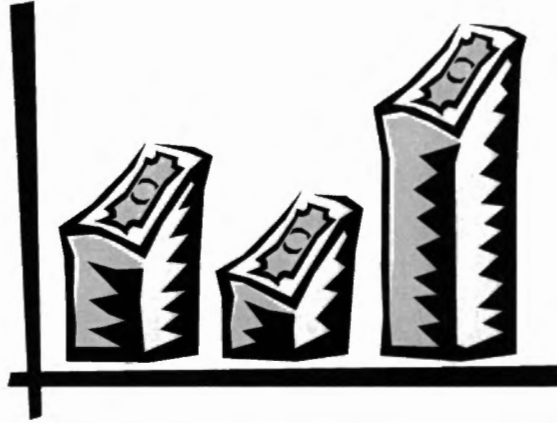
Administration

City Manager *Paul Arevalo*
City Attorney *Michael Jenkins*
City Clerk..... *Tom West*
Interim Director of Community Development..... *Anne McIntosh*
Director of Economic Development *Ray Reynolds*
Director of Human Services *Lloyd Long*
Director of PIO & Adjudication Services..... *Helen Goss*
Director of Rent Stabilization & Housing *Allyne Winderman*
Director of Transportation & Public Works..... *Joan English*
Director of Administrative Services *Vivian Love*
Department of Finance and Technology Services
Director *Anil H. Gandhi*
Accounting Manager *John F. Adams*
Budget Manager..... *Judith Wright*
Information Systems Manager *Brian Ganley*
Revenue Manager *David Hatcher*

City of West Hollywood Organizational Chart



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Financial Section



City of West Hollywood
California 1984



Certified Public Accountants

Brandon W. Burrows
Donald L. Parker
Michael K. Chu
David E. Hale
A Professional Corporation
Donald G. Slater
Richard K. Kikuchi

Retired
Robert C. Lance
1914-1994
Richard C. Soll
Fred J. Lunghard, Jr.
1928-1999

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of West Hollywood, California, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City of West Hollywood's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of West Hollywood, California, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated October 9, 2003 on our consideration of the City of West Hollywood's internal control over financial reporting and our tests of its compliance with certain laws, regulations, contracts and grants.

The accompanying management's discussion on pages 17 through 40 is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.





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

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

Lance, Soll & Lunghard, LLP

October 9, 2003



Management Discussion and Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of West Hollywood ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2003. We encourage the readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal and the accompanying basic financial statements. This is the third year that the City has issued financials statements pursuant to GASB Statement No. 34 of the Governmental Accounting Standards Board. Comparative data on the government-wide financial statements is only presented in the MD&A. For fiscal year ending June 30, 2003, the City retroactively included all infrastructure assets.

FINANCIAL HIGHLIGHTS

Government-Wide

- Total assets of the City were \$175.5 million and total liabilities were \$47.4 million at June 30, 2003. The assets exceeded liabilities by \$128.1 million (*net assets*). Of this amount, \$40.0 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- For the year ended June 30, 2003, total net assets decreased by \$4.0 million. Total revenues from all sources were \$84.7 million and total expenses for all functions/programs were \$80.7 million.
- Of total revenues, program revenues were \$44.3 million and general revenues were \$40.4 million. Program revenues are broken into three categories: Charges for Services, \$20.3 million; Operating Contributions and Grants, \$10.3 million; and Capital Contributions and Grants, \$13.7 million.

Fund Based

- For fiscal year ending June 30, 2003, unreserved fund balance of the General Fund was \$18.6 million, or 41.3% of total General Fund expenditures of \$45.2 million.
- For the General Fund, actual resources available for appropriation during the year were \$76.6 million, this consists of \$23.5 million in fund balance and \$53.1 million in revenue inflows which was \$9.6 million over budget. Actual charges (outflows) of \$45.2 million were \$1.6 million less than budget of \$46.8 million. Capital projects, which were not completed during the fiscal year were \$2.2 million, but only \$1.3 million will be carried forward to FY 03-04 and are included in the \$10.8 million designated in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) *Government-Wide Financial Statements*, 2) *Fund Financial Statements* and 3) *Notes to the Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements.

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

The *Statement of Net Assets* (page 41) presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. In time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* (pages 42 – 43) presents information on how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; (e.g., uncollected taxes or earned but unused leaves).
Program Revenues – Revenues that derive directly from the program itself.
General Revenues – Revenues received by the citizenry or taxpayer.

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

Governmental activities – Most of the City's basic services are reported here, including *General Government* (City Council, City Manager's Department, Administrative Services, & Department of Finance), *Public Safety*, and *Public Service* (Human Services, Rent Stabilization, Community Development, Transportation & Public Works, and Adjudication Services). Property taxes, transient occupancy taxes, sales tax, parking fines, charges for services, franchise taxes, and state and federal grants finance most of these activities.

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

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

The *government-wide financial statements* include not only the City, known as the *primary government*, but also these legally separate *component units*. The Redevelopment Agency, Housing Authority, Public Facilities Corporation and the Community Foundation are known as *Blended Component Units* and all function for practical purposes, as part of the City, and, therefore, have been included (blended) as an integral part of the primary government. Only the Marketing Corporation has been presented separately from the *primary government*, as it is known as a *Discretely Presented Component Unit*.

Fund Financial Statements.

The *Fund Financial Statements* provide detailed information about the most significant funds—not the City as a whole. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The City uses all three types, each using different accounting methods.

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, unlike the *government-wide financial statements*, *governmental fund financial statements* focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twenty-five individual governmental funds. These funds report financial transactions using an accounting method called modified accrual accounting. Information is presented separately in the Governmental Funds – Balance Sheet and in the Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the RDA Capital Projects Fund. Both are considered to be major funds. Data from other governmental funds (non-major) are combined into a single presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements starting on page 83 of this report. The City adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each of the funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 44 to 47.

Proprietary funds – *Proprietary funds* are primarily used to account for City charges for the services it provides, whether to outside customers or to other units of the City. These funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities, using an accrual basis of accounting. In fact, the City's *enterprise funds* (a component of proprietary funds) are the same as the business-type activities we report in the *government-wide financial statements* but provide more detail and additional information, such as the statement of cash flows. The City uses *internal service funds* (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the Information Systems Master Plan Fund. Since these activities predominantly benefit governmental rather than business-type functions, they are included within the governmental activities in the *government-wide financial statements*. The basic proprietary fund financial statements can be found on pages 50 to 52.

Fiduciary funds – *Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. In these cases, the City has a fiduciary responsibility and is acting as a *trustee*. The *Statement of Fiduciary Net Assets* separately reports all of the City's fiduciary activities. The City excludes these activities from the City's other financial statements because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on page 53.

Notes to the Financial Statements – Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The *Notes to the Financial Statements* can be found from pages 55 to 82.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain combining statements referred to earlier in connection with non-major governmental and proprietary funds. These combining and individual fund statements and schedules can be found immediately following the *Notes to the Financial Statements*. See pages 83 to 140.

GOVERNMENT - WIDE FINANCIAL ANALYSIS

This analysis will focus on the fiscal year ending June 30, 2003, for net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities. These tables are summarizing the statements located on page 41 to 43. Management has included comparative data from fiscal year ending June 30, 2002 in its analysis.

Net Assets (Table 1)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 54.8	\$ 59.0	\$ 2.0	\$ 2.3	\$ 56.8	\$ 61.3
Capital assets	107.3	107.9	11.4	11.7	118.7	119.7
Total assets	162.1	166.9	13.4	14.0	175.5	180.9
Long-term debt outstanding	31.5	32.3	-	-	31.5	32.3
Other liabilities	15.8	16.1	0.1	0.4	15.9	16.5
Total liabilities	47.3	48.5	0.1	0.4	47.4	48.9
Net assets:						
Invested in capital assets,						
net of debt	75.8	74.9	11.4	11.7	87.2	86.6
Restricted	0.9	14.6	-	-	0.9	14.6
Unrestricted	38.2	29.0	1.9	1.9	40.0	30.9
Total net assets	\$ 114.8	\$ 118.4	\$ 13.3	\$ 13.6	\$ 128.2	\$ 132.1

The City's Government-Wide total net assets were \$128.2 million, with assets of \$175.5 million and liabilities of \$47.4 million. The net investment in capital assets of \$87.2 million represents 68.0 percent of the City's total net assets. Investment in capital assets (e.g., infrastructure, land, buildings, machinery and equipment) for this purpose is reduced by any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves can not be used to liquidate these liabilities.

An additional portion of the City's net assets, \$0.9 million (0.7 percent) represents resources that are subject to external restrictions in how they may be used. This was a decrease of \$13.7 million mainly related to a variance of \$15.9 million restricted to capital projects. The remaining balance of \$40.0 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors within the programs areas.

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2003	2002	2003	2002	2003	2002
Revenues						
Program Revenues:						
Charges for Services	\$ 18.4	\$ 15.7	\$ 1.9	\$ 1.9	\$ 20.3	\$ 17.6
Operating Contributions & Grants	10.3	5.2	-	-	10.3	5.2
Capital Contributions & Grants	13.7	3.2	-	-	13.7	3.2
Sub-total Program Revenues	42.4	24.1	1.9	1.9	44.3	25.9
General Revenues:						
Property taxes	8.6	8.4	0.03	0.5	8.6	8.9
Transient occupancy taxes	8.1	7.9	-	-	8.1	7.9
Sales taxes	8.3	7.8	-	-	8.3	7.8
Franchise taxes	1.3	1.5	-	-	1.3	1.5
Business license taxes	1.5	1.4	-	-	1.5	1.4
Motor Vehicle in lieu	2.3	2.0	-	-	2.3	2.0
Use of money and property	5.0	5.4	0.03	0.1	5.1	5.4
Other	4.7	0.3	-	-	4.7	0.3
Special Item - Sale of Capital Asset	0.5	-	-	-	0.5	-
Sub-total General Revenues & Special Item	40.3	34.6	0.1	0.5	40.4	35.2
Total Revenues	82.7	58.7	2.0	2.4	84.7	61.1

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2003	2002	2003	2002	2003	2002
Expenses						
General Government	\$ 11.7	\$ 11.1	\$ -	\$ -	\$ 11.7	\$ 11.1
Public Safety	11.0	10.9	-	-	11.0	10.9
Public Services	53.4	29.8	-	-	53.4	29.8
Interest on Long-Term Debt	2.3	2.1	-	-	2.3	2.1
Solid Waste	-	-	1.3	1.2	1.3	1.2
Landscape	-	-	0.1	0.9	0.1	0.9
Sewer	-	-	0.6	0.6	0.6	0.6
Street Maintenance	-	-	0.3	0.3	0.3	0.3
Total Expenses	78.4	53.9	2.3	2.9	80.7	56.8
Increase in						
Net Assets before Transfers	4.3	4.8	(0.3)	(0.5)	4.0	4.3
Transfers	-	(0.2)	-	0.2	-	-
Increase (decrease) in Net Assets	\$ 4.3	\$ 4.7	\$ (0.3)	\$ (0.4)	\$ 4.0	\$ 4.3
Net Assets at Beginning of Year	118.4	67.0	13.6	3.2	132.1	70.3
Restatements	(7.9)	46.7	-	10.7	(7.9)	57.5
Net Assets at End of Year	\$ 114.8	\$ 118.4	\$ 13.3	\$ 13.6	\$ 128.2	\$ 132.1

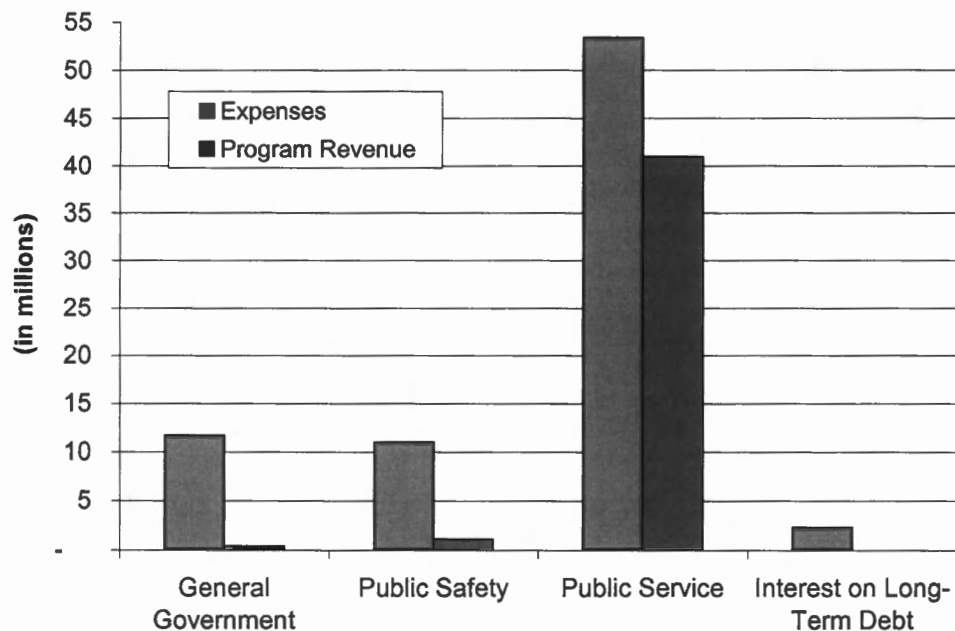
The government's net assets decreased \$4.0 million (Table 2), with total revenues of \$84.7 million and total expenses of \$80.7 million. Program revenues were \$44.3 million and general revenues were \$40.4 million, funding the net difference between program revenues and expenses. The largest single revenue category was Charges for Services, at \$20.3 million, which is *program revenue*. The second and third largest revenue categories were Capital and Operating Contributions & Grants, at \$13.7 and \$10.3 million respectively. These are also *program revenues*, and go directly against the expenses in recovering the costs of providing those services. Property tax was the fourth largest revenue at \$8.6 million. While the fifth largest revenue source was sales tax, at \$8.3 million, and the sixth was transient occupancy tax at \$8.1 million. Property tax, transient occupancy tax, and sales tax are all considered *general revenues*.

In comparison to the prior fiscal year, the government's total revenues increased by \$23.6 million or \$18.4 million in program revenues and \$5.2 million in general revenues. While charges for services increased by \$2.7 million, operating contributions and grants increased by \$5.1 million. The increase is related to (1) a one-time \$2.0 million grant

from HUD, and (2) \$3.7 million in CDBG program revenue to repay a HUD Section 108 loan. The largest increase was in capital contributions for \$10.5 million, this was mainly due to 1) a one-time developer contribution for the La Brea Gateway Project, and 2) the 1st and 2nd reimbursement payments for a grant from the Metropolitan Transit Authority for the Santa Monica Blvd. Reconstruction Project. The government's total expenditures increased \$23.9 million. This increase occurred in Public Services and was directly related to the La Brea Gateway Project which is being funded by the Redevelopment Agency.

Governmental Activities. Governmental activities increased the City's *net assets* by \$4.3 million (Table 2). The cost of all governmental activities this year was \$78.4 million or 97.1 percent of the *primary government* expenditures and was an increase of \$24.5 million from the prior year. As shown in the *Statement of Activities* on page 41 to 43, the amount that taxpayers financed through City taxes was \$36.0 million. The other portion of the costs were paid by those who directly benefited from the programs (\$18.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$24.0 million). The City paid for the remaining "public benefit" portion of governmental activities with \$40.3 million in taxes (some of which could only be used for certain programs) and with other revenues.

Expenses and Program Revenues – Governmental Activities (Graph 1)

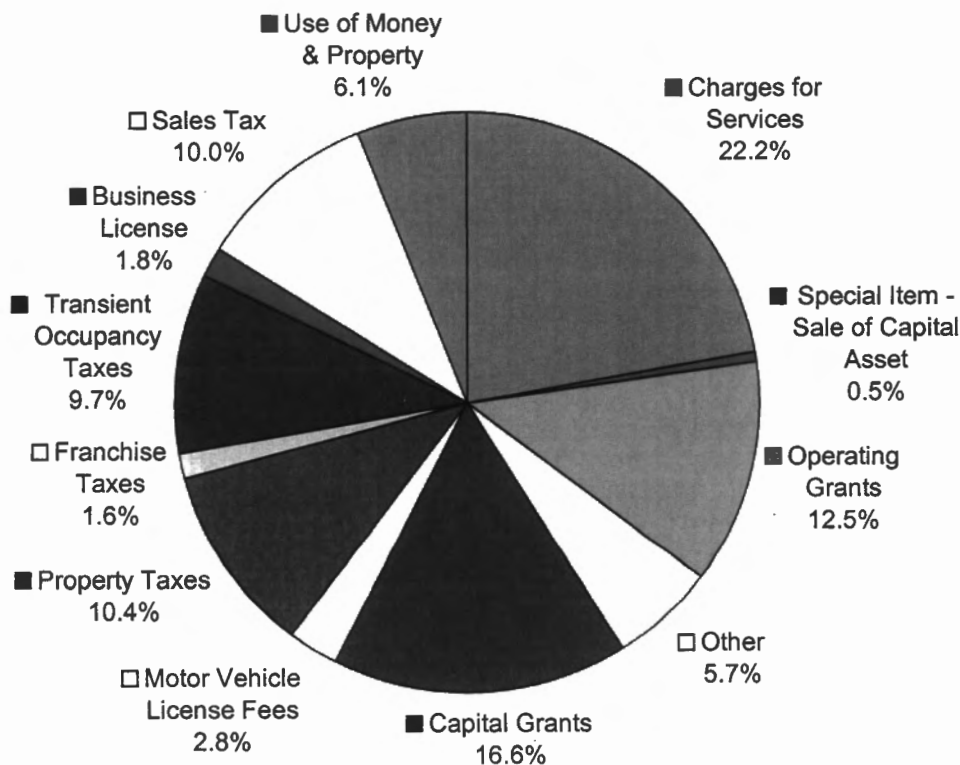


Graph 1 presents the costs of each of the City's three functions – General Government, Public Safety, and Public Service, as well as the program's revenues. The net cost (total cost less *program revenues*) is the amount that was paid from *general revenues*.

General Government had expenses of \$11.7 million with program revenues of \$0.4 million, while *Public Safety* had expenses of \$11.0 million with program revenues of \$1.1 million. Both showed small increases in expenses from prior year, \$0.6 million and \$0.1 million respectively. Expenses in *Public Services* represented \$53.4 million or 68.1 percent of total expenses for Governmental Activities. Of this amount, \$40.9 million was funded by *program revenues* and the remaining \$12.5 million was funded by *general revenues*. The increase of \$23.6 million in *Public Services* over the prior year is previously mentioned.

Graph 2 presents revenues by source for Governmental Activities. Similar to the government-wide activities, *Charges for services* is the largest at \$18.4 million or 22.2 percent. *Charges for service's* consists primarily of: parking fines - \$6.5 million, licenses and permits - \$3.3 million, developer fees - \$2.6 million, rent stabilization fees - \$1.8 million, photo safety citations - \$1.4 million and other misc. charges for services of \$2.8 million.

Revenues by Source – Governmental Activities (Graph 2)



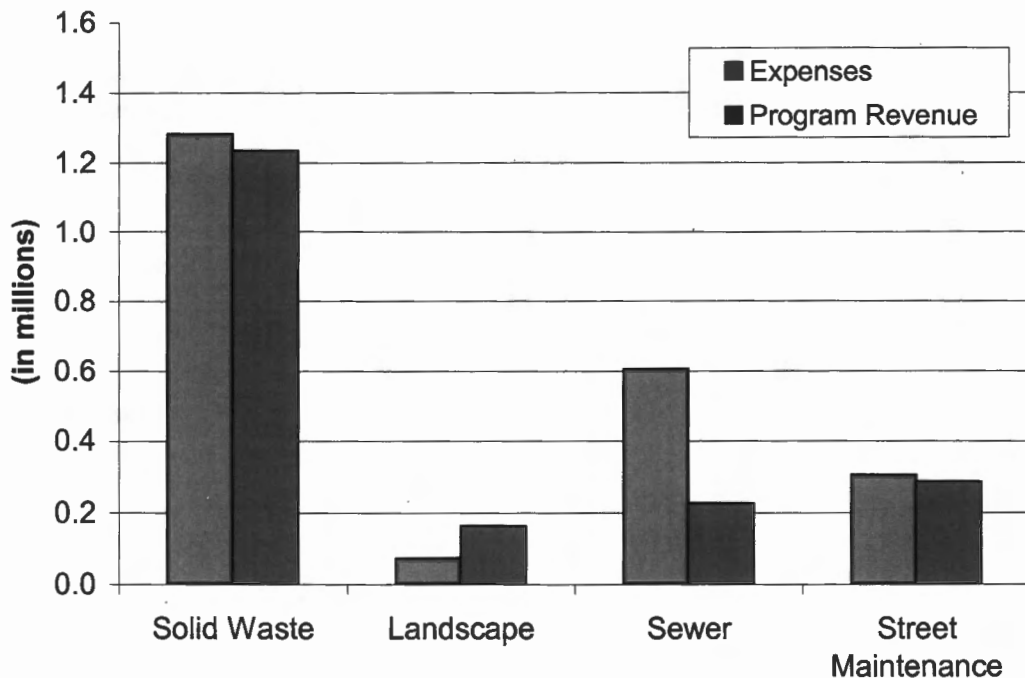
Other program revenues include operating and capital grants that together represented 29 percent of the total, or \$24.0 million. Operating contributions and grants consisted of: \$4.0 million in Community Development Block Grant, \$3.2 million in various Federal, State, & County grants, \$1.3 million in Traded Funds, and \$0.7 million in Gas Tax. The major contributor for capital grants was a Developer Contribution for the LaBrea Gateway Project – \$11.2 million.

For General Revenues, the four major categories were property tax – \$8.6 million, sales tax – \$8.3 million, transient occupancy tax – \$8.1 million, and use of money and property – \$5.0 million. These four sources represented 36.3 percent of the Governmental Activities.

Business-type Activities. *Net assets* at June 30, 2003, were \$13.3 million, with assets equaling \$13.4 million and liabilities of \$0.1 million. Unrestricted net assets represented 14.3 percent or \$1.9 million of net assets; this may be used to meet the government’s ongoing obligations to citizens and creditors (pages 42 and 43). Investment in capital assets represented the largest portion of net assets at 85.9 percent or \$11.4 million. Business-type activities decreased the City’s net assets by \$0.3 million in 2003 (Table 2). Revenues of the City’s business-type activities were \$2.0 million, while the expenses were \$2.3 million.

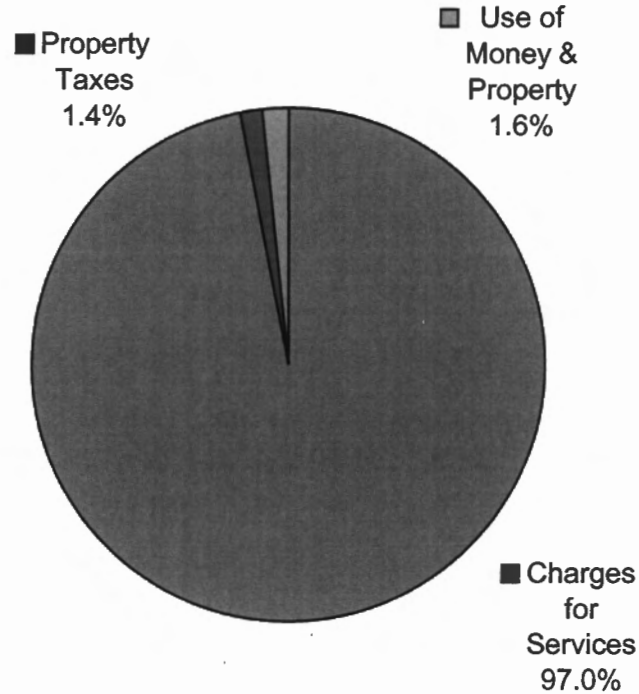
Graph 3 presents the costs of each of the City’s business activities and the associated program revenue. Since business-type activities are primarily used when the City charges customers for the services it provides, program revenues (charges for services) should be similar to the costs of these programs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

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



Graph 4 presents revenues by source for Business-type Activities. Similar to government-wide activities, *Charges for Services* is the largest at \$1.9 million or 97.0 percent. Total general revenues were \$0.1 million and represented property tax and use of money and property (interest earnings).

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



FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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

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

The City has two major governmental funds, General Fund and the Redevelopment Agency’s Capital Project Fund. The General Fund is discussed in depth later in the MD&A. The Redevelopment Funds account for expenditures made for improvements to the Project Area. The other twenty-three Governmental Funds are reported as non-major and combined in a single presentation in the Basic Financial Statements or individually in the Supplemental Schedules. Each major fund is discussed further in the *Notes to the Financial Statements*.

As of the end of the current fiscal year, governmental funds (page 44) reported combined ending fund balances of \$37.9 million. Approximately 57.5% of this total amount (\$21.8 million) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for: 1) Liquidation of contracts and purchase orders of the prior period - \$1.8 million, 2) Advances to other funds, particularly from the City to the Redevelopment Agency - \$13.2 million, 3) Pre-paid costs - \$0.8 million, and 4) Notes receivable - \$0.3 million.

Governmental Revenues – Table 3 presents a summary of governmental fund revenues for the fiscal year ended June 30, 2003, compared to prior year revenues.

Comparison of Governmental Revenues (Table 3)
Fiscal Years 2002-03 and 2001-02

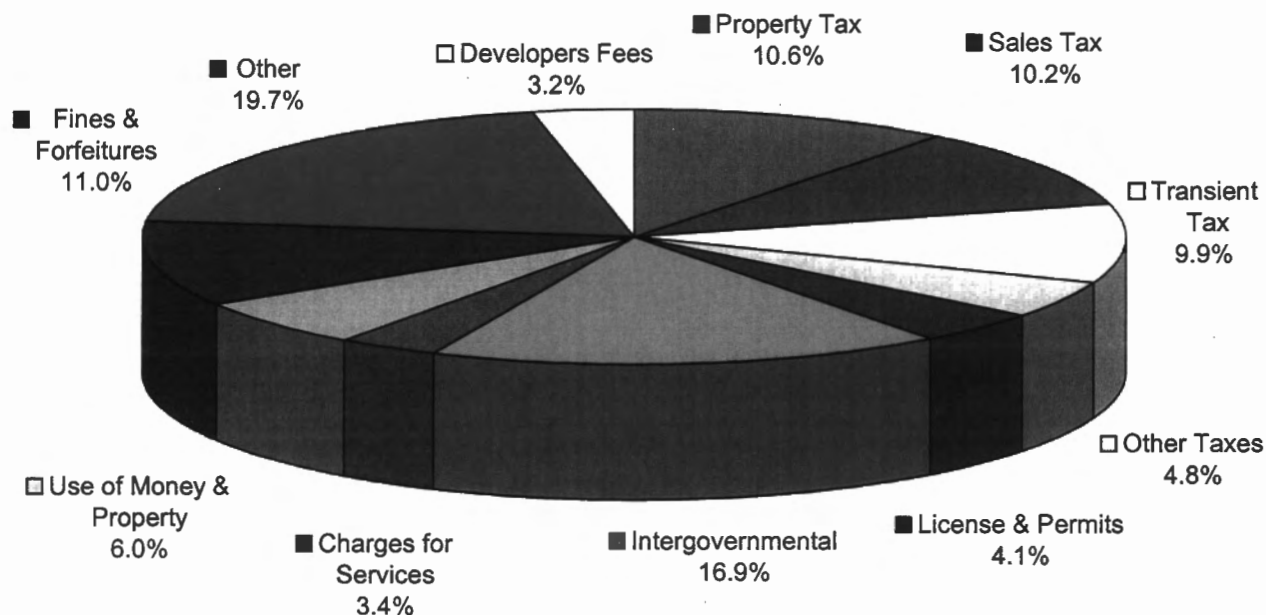
	Amount FY 02-03	% of Total Revenues	Amount FY 01-02	% of Total Revenues	Variance Over/(Under) FY 01-02	% Increase/ (Decrease) FY 01-02
Property Tax	\$ 8,566,304	10.6%	\$ 8,307,101	14.1%	\$ 259,203	3.1%
Sales Tax	8,265,707	10.2%	7,764,588	13.1%	501,119	6.5%
Transient Tax	8,050,754	9.9%	7,888,469	13.3%	162,285	2.1%
Other Taxes	3,907,927	4.8%	3,639,942	6.2%	267,985	7.4%
License & Permits	3,321,312	4.1%	1,935,265	3.3%	1,386,047	71.6%
Intergovernmental	13,726,715	16.9%	6,429,614	10.9%	7,297,101	113.5%
Charges for Services	2,791,718	3.4%	2,421,986	4.1%	369,732	15.3%
Use of Money & Property	4,895,491	6.0%	6,631,903	11.2%	(1,736,412)	-26.2%
Fines & Forfeitures	8,907,842	11.0%	9,198,259	15.6%	(290,417)	-3.2%
Other	15,991,927	19.7%	3,463,635	5.9%	12,528,292	361.7%
Developers Fees	2,630,914	3.2%	1,435,273	2.4%	1,195,641	83.3%
TOTAL	\$ 81,056,611	100.0%	\$ 59,116,035	100.0%	\$ 21,940,576	37.1%

Revenues of governmental funds for fiscal year 2002-03 were \$81.1 million, with a increase of \$21.9 million or 37.1% from fiscal year 2001-02. Other revenues had the largest increase of \$12.5 million, this was mainly due to a one-time contribution of \$11.2 million from a developer for the LaBrea Gateway Project in the City's Redevelopment Project Area. Intergovernmental produced the second largest increase of \$7.3 million, this was attributable to various one-time grants of \$4.5 Million and an increase in the Community Development Block Grant (CDBG) program of \$3.5 million for the City's Section 108 Loan. Licenses and Permits revenues had the fourth largest increase of 71.6%, or \$1.4 million, primarily due to an increase in valuation for the building permits issued. The third largest increase of \$1.2 million or 83.3% was Developers Fees, this was mainly due to the receipt of \$0.8 million in Parking In-Lieu Fees paid by developers.

Transient Occupancy Tax revenues, which comprise a significant portion of the City's revenue base and directly reflects the City's tourism industry, increased 2.1%, or \$0.2 million. Similarly, Sales Tax revenues increased by 6.5%, or \$0.5 million. The other increases include Property Taxes - \$0.3 million, Other Taxes - \$0.3 million, and Charges for Services - \$0.4 million.

Unfortunately there were two decreases, Use of Money and Property had the largest decrease of \$1.7 million, this was contributed to a decrease in interest earning due to declining interest rates the City receives on its investment portfolio of \$47.0 million. Finally, Fines and Forfeitures revenues decreased 3.2% or by \$0.3 million due to a decrease in parking fine revenue. Parking fines remains the fourth largest contributor to the City's operating revenue base at \$6.4 million.

Governmental Fund Revenues – Fiscal Year 2002-03 (Graph 5)



Governmental Expenditures – Table 4 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2003, compared to prior year amounts.

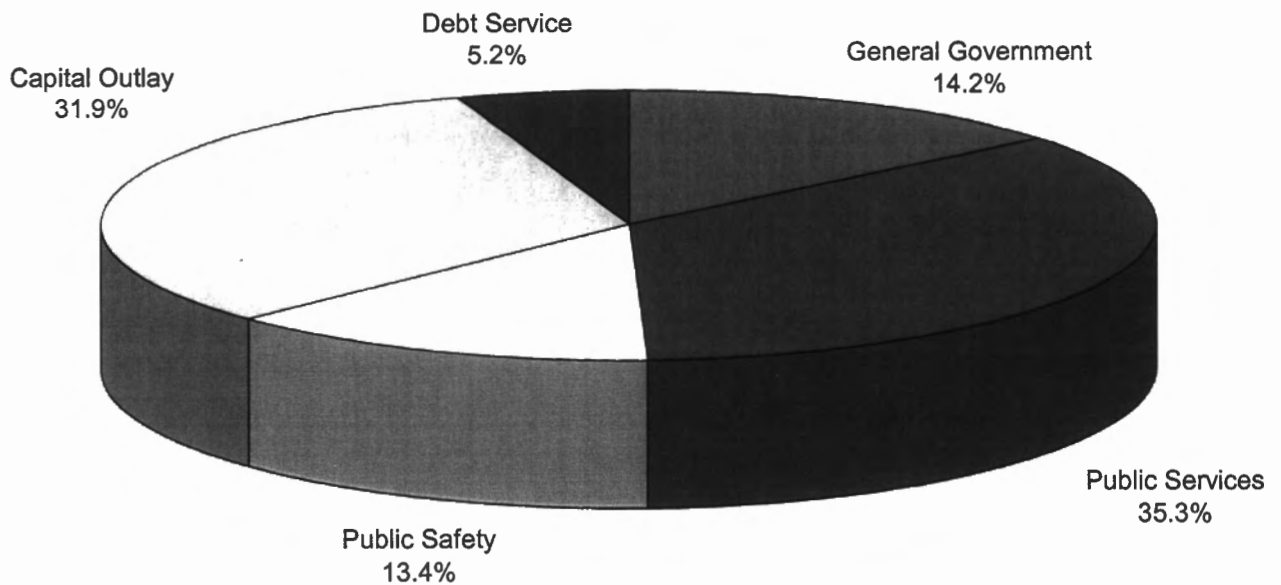
Operating expenditures for 2002-03 were \$51.3 million, an increase of 3.6% or \$1.8 million over the prior fiscal year, with \$0.7 million or 40.2% coming from Public Services. General Government increased 6.1%, Public Safety increased 4.0%, and Public Services increased 2.6%. The following areas had significant expenditure changes: Grant program expenditures increased \$2.0 million, Salaries & Benefits increased \$0.7 million, Contract Services increased \$0.8 million, Police Services increased of \$0.5 million, while Other Costs decreased \$2.2 million. Other Costs decreased because of

prior year expenditures on Relocation Costs in RDA for the LaBrea Gateway Project in the amount of \$1.8 million. Capital outlay for 2002-03 increased \$16.5 million or 172.6% due to the LaBrea Gateway Project in which the developer contributed (funded) \$11.2 million. Debt Service increased 45.8% or \$1.3 million due to the City retiring the 1995 Series C Certificates of Participation in the amount of \$1.2 million.

Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2002-03 and 2001-02

	Amount FY 02-03	% of Total Expenditures	Amount FY 01-02	% of Total Expenditures	Variance Over/(Under) FY 01-02	% Increase/ (Decrease) FY 01-02
General Government	\$ 11,588,027	14.2%	\$ 10,926,359	17.6%	\$ 661,668	6.1%
Public Safety	10,928,765	13.4%	10,512,934	17.0%	415,831	4.0%
Public Services	28,749,190	35.3%	28,024,826	45.3%	724,364	2.6%
Total Operating Expenditures	51,265,982	62.9%	49,464,119	79.9%	1,801,863	3.6%
Capital Outlay	26,028,650	31.9%	9,549,859	15.4%	16,478,791	172.6%
Debt Service	4,227,520	5.2%	2,899,602	4.7%	1,327,918	45.8%
TOTAL	\$ 81,522,152	100.0%	\$ 61,913,580	100.0%	\$ 19,608,572	31.7%

Governmental Fund Expenditures – Fiscal Year 2002-03 (Graph 6)



Proprietary Funds. The City's Proprietary funds consist of one major, Sewer Construction Fund, and four non-major Enterprise Funds, along with one Internal Service Fund (pages 50 to 52). The non-major Enterprise Funds are combined into an aggregate presentation in the proprietary *fund financial statements*. Individual fund data is provided in the form of *combining statements* starting on page 125.

Revenues for Enterprise Funds include assessments and other charges for services. Total operating revenues for all Enterprise Funds for fiscal year 2002-03 are \$1.9 million, while Non-operating revenues and transfers represent less than \$0.1 million. Operating expenses for fiscal year 2002-03 were \$2.3 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 2002-03 were \$0.3 million with general government expenses of \$0.4 million.

Fiduciary Funds. As mentioned earlier, the City uses Fiduciary funds to account for resources held for the benefit of parties outside the City, in which the City is acting as trustee (page 53). The *Statement of Fiduciary Net Assets* reports two activities for which the City has a fiduciary responsibility. The City administers a Business Improvement District Fund that primarily accounts for the receipt of 1.5% of the transient occupancy tax (hotel tax) collected by the City on behalf of the West Hollywood Marketing Corporation (WHMC). The purpose of the WHMC is to promote the City of West Hollywood as a travel destination and convention site. The City also administers a Seismic Improvement Fund which accounts for the collection of special taxes on the property tax rolls to pay interest and principal on bonds issued for seismic retrofitting of 11 buildings within the City.

GENERAL FUND – FUND BALANCE ANALYSIS

The General Fund is the chief operating fund of the City (pages 44 to 49). The fund balance had an increase of \$8.0 million. This was mainly a result from three significant special items that are considered one-time sources in the amount of \$8.4 million. The City sold a capital asset (land) for the LaBrea Gateway Project in the amount of \$2.8 million. The General Fund received a transfer in from the CDBG Fund (special revenue fund) to repay the HUD Section 108 Loan (Short-term payable) in the amount of \$3.8 million. Finally, the City received a \$1.6 million Public Benefit Fee from a developer for the Sunset Millennium Project.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund operating expenditures, (which excludes capital projects). Unreserved fund balance represents 45.0% of total General Fund operating expenditures, while total fund balance represents 76.0% of that same amount.

Over the past five years (Table 5), the growth to fund balance has enabled City Council to designate a total of \$16.5 million to capital projects, including: \$6.0 million to the SMBL Project, \$1.0 million to the Plummer Park Community Center Project, and \$9.5 million for future projects

Fund Balance in the General Fund at June 30, 2003 is \$31.4 million, which is represented by three components. The Unreserved/undesignated fund balance is \$0.5 million, an increase of \$0.3 million. The remainder of fund balance, \$30.8 million, is made up of: Reserved/designated of \$12.8 million and Unreserved/designated of \$18.0 million.

Reserved/designated fund balances consist of: \$1.1 million for encumbrances, \$0.8 million for prepaid expenditures for next year, and \$11.0 million for advances to other funds, which include advances to the RDA of \$10.9 million, a decrease of \$1.3 million from prior year. Unreserved/designated fund balance consists of: \$0.5 million for self-insurance, \$2.3 million designated for future expenditures, \$1.3 million for unfinished current-year capital projects, \$9.5 million designated for future capital projects, and \$4.5 million for emergency reserves as required by the Finance Policies.

Table 5 shows the three components of fund balance for the past five years. The second part shows the opening balance, operating surplus/(deficit), restatements, and ending balance. There were no restatements for this fiscal year in the General Fund, the prior year restatement was for an expenditure misclassification in FY 00-01 related to the Increment on Traded Funds.

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

	FY 02-03	FY 01-02	FY 00-01	FY 99-00	FY 98-99
Fund Balance					
Reserved	\$ 12,827,655	\$ 14,898,400	\$ 11,215,199	\$ 5,037,076	\$ 3,834,860
Designated Unreserved	18,072,568	8,337,348	12,389,787	16,206,326	10,171,686
Undesignated Unreserved	547,328	229,918	1,022,856	3,053,525	5,257,883
Total Fund Balance	<u>\$ 31,447,551</u>	<u>\$ 23,465,666</u>	<u>\$ 24,627,842</u>	<u>\$ 24,296,927</u>	<u>\$ 19,264,429</u>
Beginning Balance	\$ 23,465,666	\$ 24,627,842	\$ 24,296,927	\$ 19,264,429	\$ 16,081,181
Operating Surplus /(Deficit)	7,981,885	(408,176)	598,466	5,032,498	3,109,425
Restatement	-	(754,000)	(267,551)	-	73,823
Ending Balance	<u>\$ 31,447,551</u>	<u>\$ 23,465,666</u>	<u>\$ 24,627,842</u>	<u>\$ 24,296,927</u>	<u>\$ 19,264,429</u>

GENERAL FUND – REVENUE AND EXPENDITURE ANALYSIS

Revenues – For fiscal year 2002-03, General Fund Revenues and Other Financing Sources were \$53.2 million, an increase of 22.1% due to the three special items mentioned on page 31 (General Fund – Fund Balance Analysis). Following are key points and graphs of General Fund Revenues:

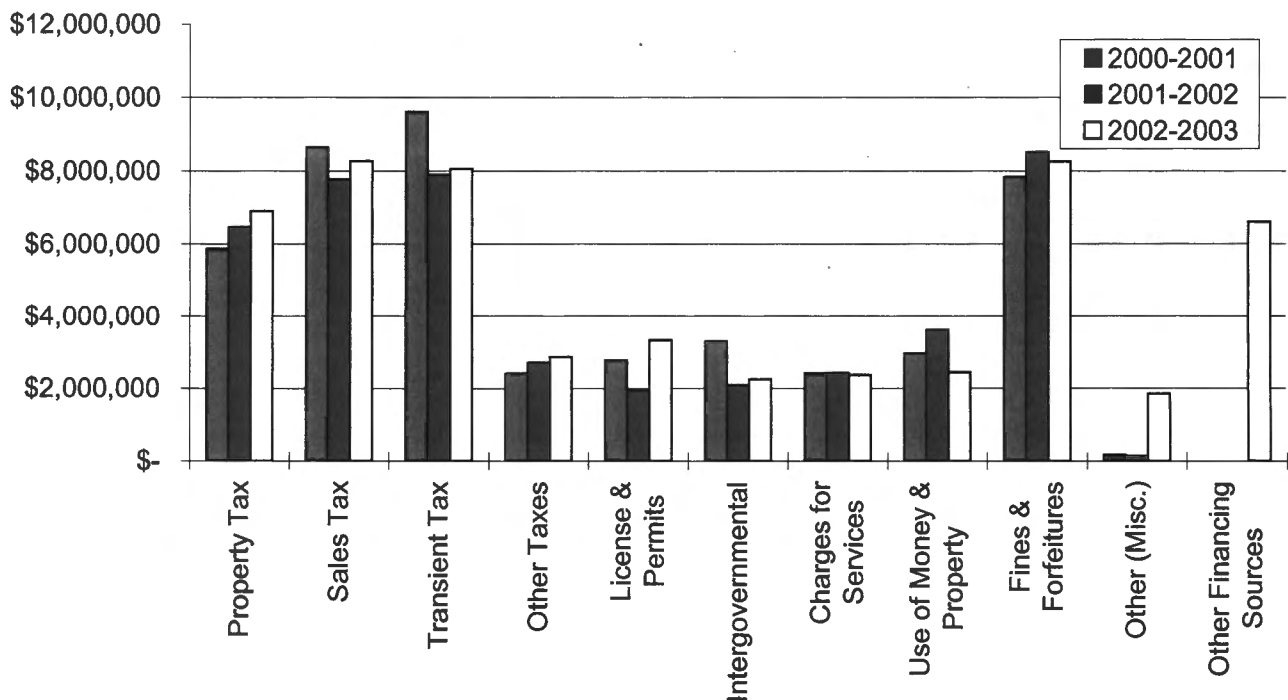
General Fund Revenues and Other Financing Sources (Table 6)
Fiscal Years 2002-03 and 2001-02

	2002-2003	2001-2002	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
Property Tax	\$ 6,898,410	\$ 6,468,351	\$ 430,059	6.6%	13.0%
Sales Tax	8,265,707	7,764,588	501,119	6.5%	15.5%
Transient Tax	8,050,754	7,888,469	162,285	2.1%	15.1%
Other Taxes	2,868,381	2,706,612	161,769	6.0%	5.4%
License & Permits	3,321,312	1,935,265	1,386,047	71.6%	6.2%
Intergovernmental	2,249,484	2,087,910	161,574	7.7%	4.2%
Charges for Services	2,373,249	2,421,986	(48,737)	-2.0%	4.5%
Use of Money & Property	2,440,147	3,616,320	(1,176,173)	-32.5%	4.6%
Fines & Forfeitures	8,259,492	8,516,386	(256,894)	-3.0%	15.5%
Other (Misc.)	1,844,218	139,077	1,705,141	1226.0%	3.5%
Other Financing Sources	6,598,971	0	6,598,971	na	12.4%
Totals	\$ 53,170,125	\$ 43,544,964	\$ 9,625,161	22.1%	100.0%

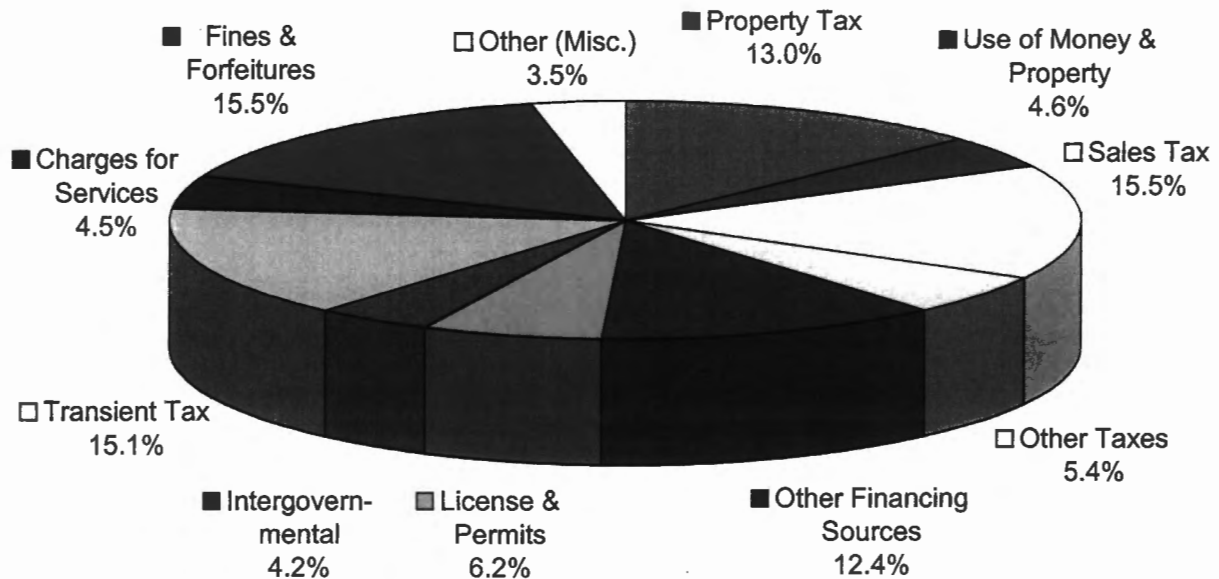
- Property tax revenues increased 6.6%, comprising 13.0% of General Fund revenue. This increase is attributed primarily to the adjusted valuations of properties sold, and subsequently reassessed.
- Sales tax revenues increased 6.5% from the prior year, but are still 4.4% or \$0.4 million less than 2000-01. Sales tax revenues are mainly derived from the restaurants, hotels, and grocery stores in the City.
- Similarly, transient occupancy taxes increased 2.1% or \$0.2 million, but are 16.2% or \$1.6 million less than 2000-01. As noted earlier, because of the events of September 11th, the travel and tourism industry in the Southern California region was severely impacted. Although the City has seen recovery at a faster pace than other areas, revenues have only returned to their 1999 levels.
- Other tax revenues increased by 6.0% or \$0.2 million.
- License and Permit revenues increased 71.6%, due to a increase in valuation of the building permits issued citywide.

- Intergovernmental revenues increased 7.7% or \$0.2 million. Motor Vehicle In-lieu Fee represents \$2.1 million or 95.5% of inter-governmental revenue for 2002-03. Two-thirds of the VLF revenue was “Back-filled” during the fiscal year.
- Charges for Services were flat, with a small decrease. The major contributor to charges for services is Rent Stabilization Fees at \$1.8 million.
- Revenues from the use of money and property represent 4.6% of General Fund revenue and decreased by 32.5% from the prior year. This decrease is attributed to the low interest rates the City received on its investments, interest earnings were \$0.6 million less than prior year.
- Fines & forfeitures decreased 3.0%, but is the second largest revenue source for the General Fund at 15.5%. Parking Fines, at \$5.8 million, had a decrease of \$0.4 million. The City dedicates 10.0% of total parking fine revenues to the Parking Improvement Fund for the construction and operation of public parking.

Comparison of General Fund Revenues (Graph 7)
Fiscal Years 2002-03, 2001-02, and 2000-01



General Fund Revenues - Fiscal Years 2002-03 (Graph 8)



Expenditures – For fiscal year 2002-03, total General Fund expenditures were \$45.2 million, an increase of 2.8% from the prior year. Following are key points and graphs of General Fund expenditures:

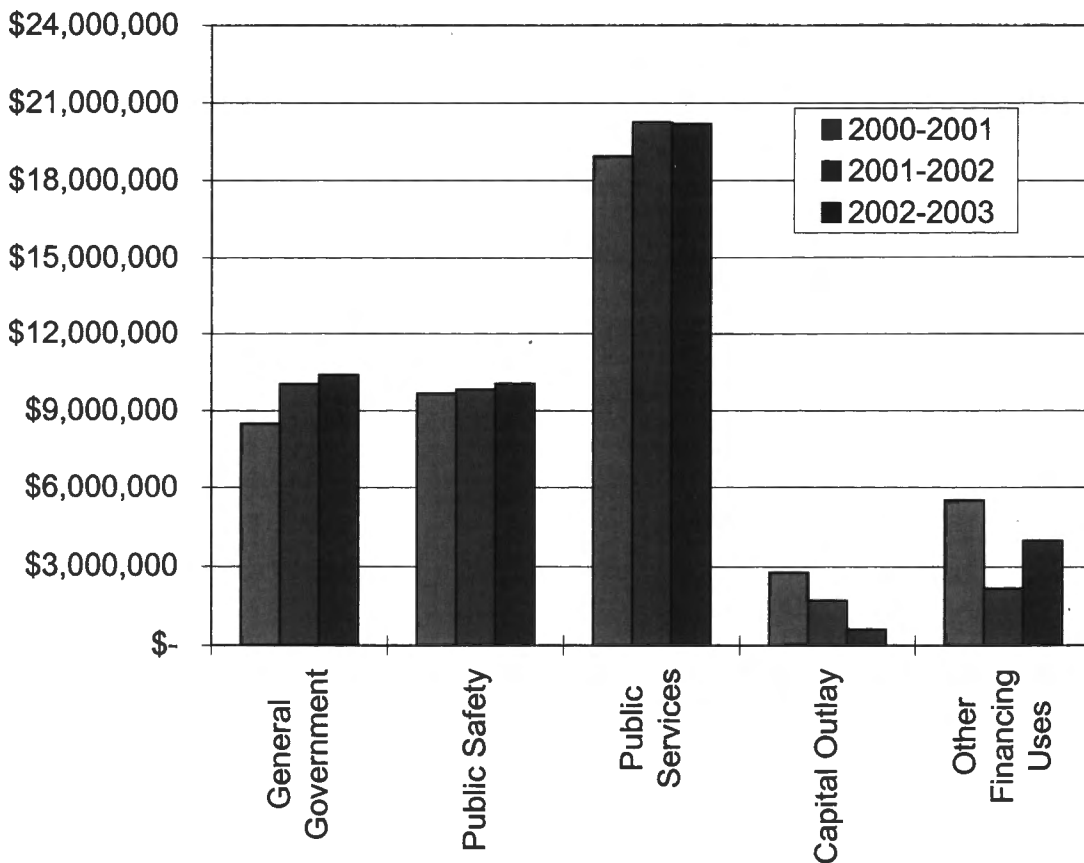
**General Fund Expenditures (Table 7)
Fiscal Years 2002-03 and 2001-02**

	2002-2003	2001-2002	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
General Government	\$ 10,381,793	\$ 10,031,086	\$ 350,707	4.1%	23.0%
Public Safety	10,042,539	9,820,124	222,415	2.3%	22.2%
Public Services	20,184,090	20,241,698	(57,608)	-0.3%	44.7%
Capital Outlay	596,932	1,702,242	(1,105,310)	-39.9%	1.3%
Other Financing Uses	3,982,886	2,157,990	1,824,896	33.2%	8.8%
Total Expenditures	\$ 45,188,240	\$ 43,953,140	\$ 1,235,100	2.8%	100.0%

- General Government expenditures were \$10.4 million, an increase of 4.1%. This small increase was due to the increasing costs of “doing business”.

- Public Safety expenditures were \$10.0 million, an increase of 2.3%. The City also had additional costs in Public Safety for 2002-03, but those expenditures were recorded in the Sunset Mitigation Fund totaling \$577,295, an additional increase of \$201,922, with grand total of \$424,337 or 4.3%.
- Public Service expenditures were \$20.2 million and resulted in a 0.3% decrease. Public Services is the largest function in the General Fund, with the following five (5) major program areas: 1) Social Services - \$3.7 million, 2) Transportation Planning - \$2.6 million, 3) Parking Services - \$2.4 million, 4) Building and Landscape Maintenance - \$2.4 million, and 5) Recreation Services - \$2.0 million.
- Capital Outlay was \$0.6 million, a decrease of 39.9% due to the budget freeze on capital projects based on economic considerations related to September 11th.
- Other Financing Uses were \$3.8 million, which was an increase of \$1.7 million from prior year. This increase was a result of transferring funds to the West Hollywood Debt Service Fund for retiring \$1.2 million in long-term debt.

Comparison of General Fund Expenditures (Graph 9)
Fiscal Years 2002-03, 2001-02 and 2000-01



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 through out the year based on individual items that are bought forward by various departments. The General Fund budgetary comparison statement is located on pages 48 to 49.

Resources (Inflows) –The budgeted amount for *revenues* (resources available for appropriation) had an increase of \$0.2 million between the original budget of \$43.4 million and the final amended budget of \$43.6 million. The increase was due in part to mid-year adjustments for Other revenue of \$0.1 million. With these minor adjustments, actual revenues exceeded the final amended budget by \$9.6 million. The increase in actual revenues was primarily due to the three special items mentioned on page 31 (General Fund – Fund Balance Analysis) and an increase in Taxes of \$1.0 million.

Charges to Appropriations (Outflows) – The difference between the original budget and the final budget was an increase of \$1.0 in appropriations. Public Services had an increase of \$1.3 million during the fiscal year to purchase Traded Funds for both Prop A and CDBG programs. For the other functions, General Government had a \$0.3 million decrease, Public Safety had a \$0.1 decrease, Capital Projects had a \$0.1 million increase, and Debt Service & Transfers Out were unchanged.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets (Table 7) for its governmental and business-type activities as of June 30, 2003, is \$119.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure.

Here are the major additions included in fiscal year 2002 – 2003 (in thousands):

- | | |
|---|----------|
| • Spaulding Parking Lot Acquisition | \$ 1,338 |
| • City-wide Infrastructure Improvements (CIP) | \$ 916 |
| • Veterans Memorial Park | \$ 459 |
| • Shuttle/Dial-a-Ride Fleet Replacements | \$ 304 |

Capital Assets (Table 7)
(net of depreciation)
(in thousands)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2003	2002	2003	2002	2003	2002
Land	\$ 36,300	\$ 36,672	\$ -	\$ -	\$ 36,300	\$ 36,672
Buildings and systems	13,804	14,789	-	-	13,804	14,789
Improvements other than buildings	2,577	2,178	-	-	2,577	2,178
Machinery and Equipment	427	167	-	-	427	167
Infrastructure	47,696	49,201	11,430	11,741	59,126	60,942
Construction in progress	6,481	4,938	-	-	6,481	4,938
Total Capital Assets	\$ 107,284	\$ 107,946	\$ 11,430	\$ 11,741	\$ 118,715	\$ 119,687

For fiscal year 2002-03, the capital budget calls for the city to spend another \$33.4 million that will be carried forwarded to 2003-04. The City budgeted \$12.6 million for the construction of Municipal Parking Structure II on Sunset Boulevard and \$5.8 million for the construction of Municipal Parking Structure III on Robertson Boulevard. The third project is budgeted for \$5.3 million in the Redevelopment Agency Capital Project Fund for property acquisition. Finally, the budget includes \$2.0 million for the acquisition of the El Tovar Maintenance Facility. For all four, the City plans to finance these projects with *long-term debt*. Additional information about the City's capital assets can be found in the *Notes to the Financial Statements*.

Long-Term Debt. At year-end, the City had \$30.6 million in outstanding long-term debt for Governmental Activities. This consisted of compensated absences and bonds payable (Certificates of Participation). As shown in Table 8, Certificates of Participation outstanding were \$29.2 million versus \$31.1 million last year – a decrease of 6.1 percent since the City retired the 1995 Series C Certificates of Participation. Compensated absences were \$1.5 million, a 18.4 percent increase. Additional information about the City's long-term debt can be found in the *Notes to the Financial Statements*.

 Long-Term Debt (Table 8) (in thousands)

	Governmental Activities			
	2003	2002	Variance Over/(Under) last year	% of increase (decrease) over last year
Certificates of Participation	\$ 29,165.0	\$ 31,050.0	\$ (1,885.0)	-6.1%
Compensated Absences	1,452.6	1,226.8	225.8	18.4%
Total Long-term Debt	\$ 30,617.6	\$ 32,276.8	\$ (1,659.2)	-5.1%

ECONOMIC FACTORS AND OUTLOOK FOR FUTURE YEARS

Although the focus of this Annual Report is the economic condition of the City in the Fiscal Year ended June 30, 2003, there are current issues of such great scope that it is incumbent on us to provide some consideration of their economic impact for future years in this report.

The California State Budget crisis may result in a renewed State take-away of some local revenues. The current projection of a \$21 billion dollar State budget deficit may lead to a move by legislators to not back-fill the vehicle license fees allocated to local governments. This would be a reduction of West Hollywood General Fund revenues of approximately \$1.5 million dollars. Such a threat fuels discussion between local governments and the State on the various methods of structuring the fiscal relationship between the two entities. Several proposals are now circulating; some of which have the potential to drastically re-shape the economic resources of the City. It is important for the City Council to continue active involvement in Sacramento to protect and promote the interests of the community.

Also, the tourist industry is a vital part of our local economy and a recovery of revenues from hotels in the City has started since the tragic events of September 11th, 2001. For fiscal year 2003-04, the City has forecasted an increase of \$0.7 million in Transient Occupancy Taxes to \$8.7 million. The City does anticipate additional recovery in future fiscal years. Unfortunately even with this increase the estimated actuals for fiscal 2003-04 will be \$1.0 million less than the actuals for fiscal year 1999-2000.

City management has taken several actions to address the above concerns. First, in developing the City's 2003-2004 Budget, a slight recovery in the economy was factored into forecasting the City's revenues. With these conservative revenue estimates, appropriations were adopted accordingly. Second, City management has taken aggressive steps in its lobbying efforts at the State Capital. Third, the City Manager has requested from each department additional reductions to be reviewed during the Mid-year analysis in January 2004.

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.



Basic Financial Statements

Basic Financial
Statements



City of West Hollywood
California 1984

CITY OF WEST HOLLYWOOD
STATEMENT OF NET ASSETS
JUNE 30, 2003

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Totals	West Hollywood Marketing Corp
Assets:				
Cash and investments (Note 3)	\$ 45,221,028	\$ 1,833,355	\$ 47,054,383	\$ 356,633
Cash and investments w/trustee (Note 3)	2,979,501	-	2,979,501	-
Receivables:				
Accounts	382,957	229	383,186	650
Taxes	819,256	-	819,256	-
Accrued interest	127,697	8,038	135,735	-
Deferred loans	9,176,179	-	9,176,179	-
Less allowance for uncollectables	(7,540,836)	-	(7,540,836)	-
Internal balances	(80,570)	80,570	-	-
Prepaid costs	790,046	-	790,046	16,862
Deposits	15,000	-	15,000	-
Due from other governments	2,950,891	40,130	2,991,021	200,459
Capital assets, net (Notes 1, 5 and 6)	107,284,233	11,430,276	118,714,509	44,482
Total Assets	162,125,382	13,392,598	175,517,980	619,086
Liabilities:				
Accounts payable	5,488,718	66,930	5,555,648	16,881
Accrued liabilities	619,129	18,278	637,407	10,192
Accrued interest	502,876	-	502,876	-
Deferred revenue	2,625,365	-	2,625,365	29,578
Deposits payable	582,061	-	582,061	-
Due to other governments	1,499,286	-	1,499,286	-
Accrued claims and judgements	517,715	-	517,715	-
Short term debt payable	3,935,000	-	3,935,000	-
Noncurrent liabilities (Notes 1 and 8):				
Due within one year	-	-	-	2,605
Due in more than one year	31,510,968	-	31,510,968	10,643
Total Liabilities	47,281,118	85,208	47,366,326	69,899
Net assets:				
Invested in capital assets, net of related debt	75,773,265	11,430,276	87,203,541	31,234
Restricted for:				
Community development projects	559,881	-	559,881	-
Public safety	563,902	-	563,902	-
Capital projects	(6,061,295)	-	(6,061,295)	-
Debt service	5,857,780	-	5,857,780	-
Unrestricted	38,150,731	1,877,114	40,027,845	517,953
Total Net Assets	\$ 114,844,264	\$ 13,307,390	\$ 128,151,654	\$ 549,187

See Notes to Financial Statements

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CITY OF WEST HOLLYWOOD
STATEMENT OF ACTIVITIES
FOR YEAR ENDING JUNE 30, 2003

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Unit West Hollywood Marketing Corporation
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-type Activities	Totals	
Functions/Programs								
Primary Government:								
Governmental Activities:								
General Government	\$ 11,660,643	\$ 369,514	\$ 3,025	\$ -	\$ (11,288,104)	\$ -	\$ (11,288,104)	\$ -
Public Safety	11,012,150	708,219	396,474	-	(9,907,457)	-	(9,907,457)	-
Public Services	53,406,669	17,312,306	9,941,750	13,698,814	(12,453,799)	-	(12,453,799)	-
Interest on long-term debt	2,330,775	-	-	-	(2,330,775)	-	(2,330,775)	-
Total Governmental Activities	78,410,237	18,390,039	10,341,249	13,698,814	(35,980,135)	-	(35,980,135)	-
Business-Type Activities:								
Solid Waste	1,283,410	1,234,292	-	-	-	(49,118)	(49,118)	-
Landscape	73,536	162,903	-	-	-	89,367	89,367	-
Sewer	606,188	226,048	-	-	-	(380,140)	(380,140)	-
Street maintenance	306,866	285,506	-	-	-	(21,360)	(21,360)	-
Total Business-Type Activities	2,270,000	1,908,749	-	-	-	(361,251)	(361,251)	-
Total Primary Government	\$ 80,680,237	\$ 20,298,788	\$ 10,341,249	\$ 13,698,814	\$ (35,980,135)	\$ (361,251)	\$ (36,341,386)	\$ -
Component Units:								
West Hollywood Marketing Corporation	\$ 1,108,101	\$ 133,516	\$ -	\$ -				\$ (974,585)
General Revenues:								
Taxes:								
Property Taxes					8,621,038	26,895	8,647,933	-
Transient Occupancy Taxes					8,050,754	-	8,050,754	1,041,864
Sales Taxes					8,265,707	-	8,265,707	-
Franchise Taxes					1,349,112	-	1,349,112	-
Business Licenses Taxes					1,523,494	-	1,523,494	-
Motor Vehicle In Lieu					2,279,906	-	2,279,906	-
Use of Money and Property					5,034,161	32,192	5,066,353	1,628
Other					4,736,600	-	4,736,600	18
Special Item - Sale of Capital Assets					452,514	-	452,514	-
Total General Revenues and Special Item					40,313,286	59,087	40,372,373	1,043,510
Change in Net Assets					4,333,151	(302,164)	4,030,987	68,925
Net Assets at Beginning of Year					118,449,978	13,609,554	132,059,532	480,262
Restatement of Net Assets (Note 12)					(7,938,865)	-	(7,938,865)	-
Net Assets at End of Year					\$ 114,844,264	\$ 13,307,390	\$ 128,151,654	\$ 549,187

See Notes to Financial Statements

CITY OF WEST HOLLYWOOD
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003

	General	Capital Projects Fund Redevelopment Agency Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Pooled cash and investments	\$ 23,822,523	\$ 950,205	\$ 20,152,164	\$ 44,924,892
Receivables:				
Accounts	367,586	-	15,371	382,957
Taxes	819,256	-	-	819,256
Accrued interest	62,927	5,277	59,493	127,697
Prepaid costs	762,871	-	27,175	790,046
Deposits	15,000	-	-	15,000
Due from other governments	2,007,509	-	943,382	2,950,891
Due from other funds	4,595,432	-	491,266	5,086,698
Advances to other funds	10,967,343	-	2,185,280	13,152,623
Restricted assets:				
Cash and investments with fiscal agents	756,793	-	2,222,708	2,979,501
Deferred loans receivable	-	287,115	8,889,064	9,176,179
Allowance for uncollectibles	-	-	(7,540,836)	(7,540,836)
Total Assets	\$ 44,177,240	\$ 1,242,597	\$ 27,445,067	\$ 72,864,904
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,752,915	\$ 15,444	\$ 1,682,066	\$ 5,450,425
Accrued liabilities	561,542	3,651	53,936	619,129
Due to other funds	566,303	1,300,000	3,295,432	5,161,735
Deferred revenues	2,872,383	-	1,134,020	4,006,403
Advances from other funds	-	10,867,913	2,284,710	13,152,623
Short term debt payable	3,935,000	-	-	3,935,000
Claims and judgments payable	517,715	-	-	517,715
Deposits payable	523,831	-	58,230	582,061
Due to other governments	-	-	1,499,286	1,499,286
Total Liabilities	12,729,689	12,187,008	10,007,680	34,924,377
Fund Balances:				
Reserved:				
Reserved for encumbrances	1,097,441	31,035	754,836	1,883,312
Reserved for prepaid costs	762,871	-	27,175	790,046
Reserved for notes receivable	-	287,115	-	287,115
Reserved for advances to other funds	10,967,343	-	2,185,280	13,152,623
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	13,068,315	13,068,315
Capital projects funds	-	-	(4,825,340)	(4,825,340)
Debt service funds	-	-	6,234,461	6,234,461
Permanent funds	-	-	(7,340)	(7,340)
Designated for self-insurance	500,000	-	-	500,000
Designated for future expenditures	2,250,000	-	-	2,250,000
Designated for capital improvement projects	10,822,568	-	-	10,822,568
Designated for emergencies	4,500,000	-	-	4,500,000
Undesignated	547,328	(11,262,561)	-	(10,715,233)
Total Fund Balances	31,447,551	(10,944,411)	17,437,387	37,940,527
Total Liabilities and Fund Balances	\$ 44,177,240	\$ 1,242,597	\$ 27,445,067	\$ 72,864,904

See Notes to Financial Statements

CITY OF WEST HOLLYWOOD
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2003

	2003
Fund balances of governmental funds	\$ 37,940,527
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	107,284,233
Long term debt and compensated absences from the General Long Term Debt Account Group that have not been included in the governmental fund activity.	
Certificates of Participation Payable	(30,058,327)
Compensated Absences	(1,452,641)
Accrued interest payable for the current portion of interest due on Certificates of Participation that havenot been reported in the governmental funds.	(502,876)
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred revenues in the funds.	584,799
Interest on Redevelopment Agency loans was accrued during the year, resulting in a deferred revenue in the General Fund because it is not available. This is considered revenue in the Statement of Activities.	796,239
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	252,310
Net assets of governmental activities	\$ 114,844,264

See Notes to Financial Statements

CITY OF WEST HOLLYWOOD
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

	General	Capital Projects	Non-Major Governmental Funds	Total Governmental Funds
		Redevelopment Agency Capital Projects		
Revenues:				
Taxes	\$ 26,083,252	\$ -	\$ 2,707,440	\$ 28,790,692
Licenses and Permits	3,321,312	-	-	3,321,312
Intergovernmental	2,249,484	-	11,477,231	13,726,715
Charges for Services	2,373,249	-	418,469	2,791,718
Use of money and property	2,440,147	29,827	2,425,517	4,895,491
Fines and forfeitures	8,259,492	-	648,350	8,907,842
Other	1,844,218	13,159,461	988,248	15,991,927
Developer fees	-	-	2,630,914	2,630,914
Total Revenues	46,571,154	13,189,288	21,296,169	81,056,611
Expenditures:				
Current:				
General government	10,381,793	5,260	1,200,974	11,588,027
Public safety	10,042,539	-	886,226	10,928,765
Public services	20,184,090	442,875	8,122,225	28,749,190
Capital outlay	596,932	23,396,127	2,035,591	26,028,650
Debt service:				
Principal retirement	-	-	1,885,000	1,885,000
Interest and fiscal charges	170,213	672,544	1,499,763	2,342,520
Total Expenditures	41,375,567	24,516,806	15,629,779	81,522,152
Excess (Deficiency) of Revenues Over Expenditures	5,195,587	(11,327,518)	5,666,390	(465,541)
Other financing sources (uses):				
Transfers in (Note 11)	3,798,971	-	4,757,233	8,556,204
Transfers out (Note 11)	(3,812,673)	-	(4,743,531)	(8,556,204)
Sale of capital assets	2,800,000	-	-	2,800,000
Total Other Financing Sources (Uses)	2,786,298	-	13,702	2,800,000
Net Change in Fund Balances	\$ 7,981,885	\$ (11,327,518)	\$ 5,680,092	\$ 2,334,459
Fund Balances, Beginning of Year, as originally reported	\$ 23,465,666	\$ 383,107	\$ 19,696,160	\$ 43,544,933
Restatements (Note 12)	-	-	(7,938,865)	(7,938,865)
Fund Balances, Beginning of Year, as originally reported	23,465,666	383,107	11,757,295	35,606,068
Net Change in Fund Balances	7,981,885	(11,327,518)	5,680,092	2,334,459
Fund Balances, End of Year	\$ 31,447,551	\$ (10,944,411)	\$ 17,437,387	\$ 37,940,527

See Notes to Financial Statements

CITY OF WEST HOLLYWOOD
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2003

	2003
Net change in fund balances - total governmental funds	\$ 2,334,459
Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(661,540)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,783,314
Accrued Interest for Certificates of Participation. This is the net change in accrued interest for the current period.	11,745
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(225,814)
Certain revenues were measurable but not available and therefore could not be reported as revenues on the modified accrual basis but are considered revenues for the Statement of Activities.	396,794
Interest on Redevelopment Agency loans was accrued during the year, resulting in a deferred revenue in the General Fund because it is not available. This is considered revenue in the Statement of Activities.	796,239
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities.	(102,046)
Change in net assets of governmental activities	\$ 4,333,151

See Notes to Financial Statements

CITY OF WEST HOLLYWOOD
BUDGETARY COMPARISON STATEMENT – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 23,465,666	\$ 23,465,666	\$ 23,465,666	\$ -
Resources (Inflows):				
Taxes	25,021,000	25,038,000	26,083,252	1,045,252
Assessments	-	-	-	-
Licenses and Permits	2,642,000	2,656,000	3,321,312	665,312
Intergovernmental	2,036,000	2,036,000	2,249,484	213,484
Charges for Services	2,340,400	2,358,400	2,373,249	14,849
Use of Money and Property	2,860,193	2,855,193	2,440,147	(415,046)
Fines and Forfeitures	8,448,000	8,448,000	8,259,492	(188,508)
Other	11,000	153,058	1,844,218	1,691,160
Sale of Capital Assets	-	-	2,800,000	2,800,000
Transfers In	-	-	3,798,971	3,798,971
Sub-total Resources (Inflows)	43,358,593	43,544,651	53,170,125	9,625,474
Amounts Available for Appropriation	66,824,259	67,010,317	76,635,791	9,625,474
Charges to Appropriation (Outflow):				
General government:				
City Council	704,037	704,537	722,372	(17,835)
City Manager	678,944	480,346	430,262	50,084
Public Safety Division	609,135	623,503	624,555	(1,052)
Public Safety Commission	5,200	5,200	2,800	2,400
Economic Development	786,942	695,028	506,146	188,882
Fine Arts Commission	7,107	7,107	5,616	1,491
City Attorney	765,382	765,382	811,555	(46,173)
Administrative Services	879,397	776,275	670,597	105,678
City Clerk	738,270	750,912	740,058	10,854
Human Resources	725,727	721,727	692,092	29,635
Finance Administration	418,094	411,819	332,812	79,007
Revenue Management	513,946	513,946	479,899	34,047
General Accounting	499,271	499,271	397,798	101,473
Budget and Payroll	341,282	324,710	303,053	21,657
Organization Services	563,017	625,693	40,000	585,693
Information Systems	1,069,433	1,050,533	954,665	95,868
Risk Management	1,702,889	1,702,889	1,689,257	13,632
Adjudication/Public Info/CATV Admin.	1,009,932	1,000,332	978,256	22,076
Sub-total General Government	12,018,005	11,659,210	10,381,793	1,277,417
Public safety				
Police Services	10,425,886	10,362,339	10,042,539	319,800

(CONTINUED)

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public services				
Human Services Administration	305,627	295,717	282,923	12,794
Human Services Commission	7,269	7,269	4,128	3,141
Community Facilities Commission	10,824	10,724	4,391	6,333
Recreation Services	1,965,454	2,050,871	1,985,332	65,539
Farmer's Market	142,253	135,053	107,867	27,186
Social Services	3,796,757	3,790,752	3,729,990	60,762
Facilities and Landscape	2,504,421	2,510,526	2,436,781	73,745
Rent Stabilization	771,285	1,046,014	1,018,140	27,874
Rent Stabilization Commission	5,900	5,900	3,737	2,163
Records Administration and Monitoring	798,991	798,991	790,746	8,245
Housing & Residential Code Compliance	379,264	364,264	314,210	50,054
Community Development Admin.	266,896	264,448	278,730	(14,282)
Planning Commission	12,950	12,950	7,824	5,126
Business License Commission	7,250	7,250	2,812	4,438
Cultural Heritage Advisory Board	15,050	15,050	6,613	8,437
Planning Division	1,435,688	1,460,688	1,362,028	98,660
Commercial Code Compliance	708,056	710,556	695,925	14,631
Building and Safety	577,508	626,508	609,659	16,849
Transportation and Public Works Admin.	350,613	350,613	342,036	8,577
Transportation Commission	4,630	4,630	3,277	1,353
Parking Services	2,348,618	2,399,340	2,351,803	47,537
Transportation Planning	1,887,782	2,737,782	2,646,622	91,160
Engineering	540,066	554,383	440,723	113,660
Adjudication Services	765,952	765,952	757,793	8,159
Sub-total Public Services	19,609,104	20,926,231	20,184,090	742,141
Capital outlay				
Capital Projects	2,613,074	2,759,013	596,932	2,162,081
Debt services				
Debt Service - Interest and Fiscal Charges	135,070	135,070	170,213	(35,143)
Nondepartmental				
Transfers Out	991,271	991,271	3,812,673	(2,821,402)
Total Charges to Appropriations	45,792,410	46,833,134	45,188,240	1,644,894
Budgetary Fund Balance, June 30	\$ 21,031,849	\$ 20,177,183	\$ 31,447,551	\$ 11,270,368

CITY OF WEST HOLLYWOOD
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2003

	Enterprise Fund Sewer Construction	Non-Major Enterprise Funds	Totals	Internal Service Fund Information Systems Master Plan
ASSETS				
Current:				
Cash and investments	\$ 1,086,053	\$ 747,302	\$ 1,833,355	\$ 296,136
Receivables:				
Accounts	-	229	229	-
Accrued interest	4,475	3,563	8,038	-
Due from other funds	-	75,037	75,037	-
Due from other governments	-	40,130	40,130	-
Total Current Assets	<u>1,090,528</u>	<u>866,261</u>	<u>1,956,789</u>	<u>296,136</u>
Noncurrent:				
Capital assets - net of accumulated depreciation	11,430,276	-	11,430,276	-
Total Assets	<u>\$ 12,520,804</u>	<u>\$ 866,261</u>	<u>\$ 13,387,065</u>	<u>\$ 296,136</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current:				
Accounts payable	\$ -	\$ 66,930	\$ 66,930	\$ 38,293
Accrued payroll payable	-	18,278	18,278	-
Total Current Liabilities	<u>-</u>	<u>85,208</u>	<u>85,208</u>	<u>38,293</u>
Total Liabilities	<u>-</u>	<u>85,208</u>	<u>85,208</u>	<u>38,293</u>
Net Assets:				
Invested in capital assets, net of related debt	11,430,276	-	11,430,276	-
Unrestricted	<u>1,090,528</u>	<u>781,053</u>	<u>1,871,581</u>	<u>257,843</u>
Total Net Assets	<u>12,520,804</u>	<u>781,053</u>	<u>13,301,857</u>	<u>257,843</u>
Total Liabilities and Net Assets	<u>\$ 12,520,804</u>	<u>\$ 866,261</u>	<u>\$ 13,387,065</u>	<u>\$ 296,136</u>

Reconciliation of net assets to the Statement of Net Assets

Net assets per Statement of Net Assets - Proprietary Funds	\$ 13,301,857
Prior years' accumulated adjustment to reflect the consolidation of internal service activities related to enterprise funds	8,928
Current year internal service adjustment	<u>(3,395)</u>
Net assets per Statement of Net Assets	<u>\$ 13,307,390</u>

See Notes to Financial Statements

CITY OF WEST HOLLYWOOD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Enterprise Fund <u>Sewer Construction</u>	Non-Major Enterprise Funds	<u>Totals</u>	Internal Service Fund Information Systems Master Plan
Operating Revenues:				
Charges for current services	\$ -	\$ 1,863,869	\$ 1,863,869	\$ 339,564
Fines and forfeitures	-	10,877	10,877	-
Developer fees	-	34,003	34,003	-
Total Operating Revenues	<u>-</u>	<u>1,908,749</u>	<u>1,908,749</u>	<u>339,564</u>
Operating Expenses:				
General government	-	153,819	153,819	445,005
Public service	-	1,792,628	1,792,628	-
Depreciation	320,158	-	320,158	-
Total Operating Expenses	<u>320,158</u>	<u>1,946,447</u>	<u>2,266,605</u>	<u>445,005</u>
Operating Income (Loss)	<u>(320,158)</u>	<u>(37,698)</u>	<u>(357,856)</u>	<u>(105,441)</u>
Nonoperating Revenues (Expenses):				
Taxes	-	12	12	-
Intergovernmental revenue	-	26,883	26,883	-
Interest income	19,858	12,334	32,192	-
Total Nonoperating Revenues (Expenses)	<u>19,858</u>	<u>39,229</u>	<u>59,087</u>	<u>-</u>
Changes in Net Assets	<u>\$ (300,300)</u>	<u>\$ 1,531</u>	<u>\$ (298,769)</u>	<u>\$ (105,441)</u>
Net Assets				
Beginning of Fiscal Year, as originally reported	\$ 12,821,104	\$ 779,522		\$ 363,284
Restatements	-	-		-
Beginning of Fiscal Year	<u>12,821,104</u>	<u>779,522</u>		<u>363,284</u>
End of Fiscal Year	<u>\$ 12,520,804</u>	<u>\$ 781,053</u>		<u>\$ 257,843</u>

Reconciliation of net assets to the Statement of Activities

Adjustment to reflect the consolidation of internal service activities related to enterprise funds	<u>(3,395)</u>
Changes in net assets of business - type activities	<u>\$ (302,164)</u>

See Notes to Financial Statements

CITY OF WEST HOLLYWOOD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003

	Enterprise Fund Sewer Construction	Non-Major Enterprise Funds	Totals	Internal Service Fund Information Systems Master Plan
Cash Flows from Operating Activities:				
Cash received from customers	\$ -	\$ 1,890,413	\$ 1,890,413	\$ 339,564
Cash payments to suppliers for goods and services	(60,041)	(1,687,673)	(1,747,714)	(504,832)
Cash payments to employees for services	-	(503,567)	(503,567)	-
Other operating revenues (expenses)	-	74,871	74,871	-
Net Cash Provided (Used) by Operating Activities	<u>(60,041)</u>	<u>(225,956)</u>	<u>(285,997)</u>	<u>(165,268)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(9,252)	-	(9,252)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,252)</u>	<u>-</u>	<u>(9,252)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Interest income	22,455	14,196	36,651	-
Net Cash Provided (Used) by Investing Activities	<u>22,455</u>	<u>14,196</u>	<u>36,651</u>	<u>-</u>
Net Increase (Decrease) in Cash and Investments	(46,838)	(211,760)	(258,598)	(165,268)
Cash and Investments at Beginning of Fiscal Year	<u>1,132,891</u>	<u>959,062</u>	<u>2,091,953</u>	<u>461,404</u>
Cash and Investments at End of Fiscal Year	<u>\$ 1,086,053</u>	<u>\$ 747,302</u>	<u>\$ 1,833,355</u>	<u>\$ 296,136</u>
Reconciliation:				
Excess (deficiency) of revenue over expenses	\$ (320,158)	\$ (37,698)	\$ (357,856)	\$ (105,441)
Adjustments:				
Depreciation	320,158	-	320,158	-
Decrease (increase) in accounts receivable	-	26,895	26,895	-
Decrease (increase) in due from other governments	-	29,640	29,640	-
Increase (decrease) in accounts payable	(60,041)	(246,471)	(306,512)	(59,827)
Increase (decrease) in accrued payroll	-	1,678	1,678	-
Total Adjustments	<u>260,117</u>	<u>(188,258)</u>	<u>71,859</u>	<u>(59,827)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (60,041)</u>	<u>\$ (225,956)</u>	<u>\$ (285,997)</u>	<u>\$ (165,268)</u>

Schedule of Noncash Investing and Capital and Noncapital Financing Activities

During the fiscal year ending June 30, 2003, there were no noncash investing or capital or noncapital financing activities.

See Notes to Financial Statements

CITY OF WEST HOLLYWOOD
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2003

ASSETS

	Totals
Cash and investments	\$ 21,498
Cash and investments with fiscal agent	329,604
Taxes receivable	106,837
Accounts receivable	84,260
Accrued interest receivable	268
Due from other governments	12,410
Total Assets	\$ 554,877

LIABILITIES

Accounts payable	\$ 192,597
Payable to trustee	362,280
Total Liabilities	\$ 554,877

See Notes to Financial Statements

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Notes to Financial Statements



CITY OF WEST HOLLYWOOD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

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

Blended Component Units:

The following four component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with the data of the City of West Hollywood, the primary government. All are governed by the City Council of the City of West Hollywood. Therefore, they are included in this financial presentation using the blending method.

The West Hollywood Community Development Commission (also referred as the "Redevelopment Agency") was formed on April 1, 1996 pursuant to Section 33000 of the California Health and Safety Code for the purpose of preparing and carrying out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of West Hollywood. The Commission is governed by a five-member board that is the City Council of the City of West Hollywood. As of June 30, 2003, one project area, the East Side Redevelopment Project Area, has been formed.

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

The West Hollywood Housing Authority 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 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.

Discretely Presented Component Unit:

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

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

As of June 30, 2003, only the Community Development Commission and the Marketing Corporation have separately issued financial statements. The Commission's statements may be obtained at City Hall. The Marketing Corporation's statements may be obtained at their offices.

b. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Redevelopment Agency Capital Projects Fund accounts for loans and advances from the City, bond proceeds available for project improvements, interest income on invested funds, certain miscellaneous income and costs incurred to implement the Redevelopment Plan of the Redevelopment Agency. The projects will improve the assessed values of properties located in the project areas, thus increasing the property taxes. The increase in taxes will be used to repay the Agency's debt.

The City reports the following major proprietary fund:

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

Additionally the government reports the following fund types:

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

The Debt Service Funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Permanent Fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

The Information Systems Master Plan Internal Service Fund accounts for all costs incurred in the process of designing, purchasing and implementing a new information systems infrastructure. Project includes costs for design, hardware and software acquisition and systems conversion. Costs are recovered from all operating units over a five-year period. These state

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 modified accrual basis.

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

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

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

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

d. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments and Cash and Cash Equivalents

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

Investments for the City, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to / from other funds" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

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

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

3. Prepaid Items

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

4. Capital Assets

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

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

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

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

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

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation time accrued is transferable from one year to the next with the exception that no more than 320 hours of vacation time may be carried over to the next year. Employees may exchange unused vacation time for monetary compensation provided that they have taken at least two weeks of earned vacation in the prior year.

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

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

6. Long-Term Obligations

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

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

7. Fund Equity

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

e. **Reconciliation of Government-Wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term debt from the General Long-Term Debt Account Group have not been included in the Governmental Fund activity - Certificates of Participation Payable". The details of this \$30,058,327 difference are summarized as follows and further explained in Note 8 (next page):

Certificates of Participation payable	\$ 29,165,000
Add: Deferred gain on refunding (to be amortized as miscellaneous income)	<u>893,327</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 30,058,327</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$(661,540) difference are as follows:

Capital outlay	\$ 3,770,247
Less: Depreciation expense	(2,084,301)
Net book value of disposed assets	<u>(2,347,486)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (661,540)</u>

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. General Budget Policies

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. Supplemental appropriations, where required during the period, are also approved by the Council. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The budget is prepared on a GAAP basis. The 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. The original budgeted appropriations were \$127,088,644. Additional appropriations of \$8,553,676 were made for a total of \$135,642,320. At fiscal year-end all operating budget appropriations lapse.

b. Encumbrances

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

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

<u>Fund</u>	<u>Amount</u>
Special Revenue Funds:	
Special Grant	\$ 319,109
Sunset Mitigation	104,312
Permit Parking	81,019
CDBG	7,500

<u>Fund</u>	<u>Amount</u>
Capital Projects Funds:	
Redevelopment Agency Capital Projects	10,944,411
Debt Funded Capital Projects	1,289,130
Santa Monica Boulevard	1,549,267
Redevelopment Agency Low & Mod Housing	1,826,439
Permanent Fund:	
Laurel Avenue Trust	2,506

The City expects to eliminate these deficits from future revenues.

d. Excesses of expenditures over appropriations by department in individual funds are as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund:			
Debt service - interest	170,213	135,070	35,143
Special Revenue Funds:			
Avenues of Art and Design:			
General government	125,051	85,000	40,051
Capital Projects Funds:			
Redevelopment Agency Capital Projects			
Debt service - interest	672,544	200,000	472,544
Redevelopment Agency Low & Moderate Housing			
Debt service - interest	123,695	100,000	23,695
Debt Service Funds:			
Capital Projects Debt Service			
Debt service - principal	1,885,000	720,000	1,165,000

III. DETAIL NOTES ON FUNDS AND ACCOUNT GROUPS

Note 3: Cash and Investments

Cash and investments at June 30 consisted of the following:

Pooled Cash and Deposits - Primary Government	\$ 3,029,019
Unclassified Investments	47,004,865
Total Cash and Investments - Primary Government	50,033,884
Component Unit – Cash, Deposits and Money Market	356,633
Total Cash and Investments - Reporting Entity	\$ 50,390,517

The City follows the practice of pooling cash and investments of all funds.

Interest income earned on pooled cash and investments is allocated to the various funds based on the cash balances.

Pooled Cash and Non-Negotiable Certificates of Deposit

All pooled cash and non-negotiable certificates of deposit are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits.

The City may waive collateral requirements for deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation.

Credit Risk, Carrying Amount and Market Value of Deposits

Cash and deposits of the City are summarized on the next page. The deposits are classified as to credit risk by three categories as follows: Category 1 includes deposits that are insured or collateralized, with the securities held by the City or its agent in the City's name; Category 2 includes deposits which are uninsured but which are collateralized with the securities held by the pledging financial institution's trust department in the City's name; Category 3 includes deposits which are uninsured and uncollateralized, or collateralized with securities held by the pledging financial institutions, or by its trust department, safekeeping department, or agent but not in the City's name.

Cash and deposits:

	Category			Bank Balance	Book Balance (Fair Value)
	1	2	3		
City:					
Cash in Bank	\$ 218,678	\$2,562,679	\$ -	\$2,781,357	\$ 3,050,517
Less: Cash in Agency Funds not included in Statement of Net Assets	-	(21,498)	-	(21,498)	(21,498)
Subtotal Primary Government	\$ 218,678	\$2,541,181	\$ -	\$2,759,859	\$ 3,029,019
Component Unit:					
Cash in Bank	\$ 100,250	\$ 169,523	\$ -	\$ 269,773	\$ 252,537
Certificate of Deposit	-	8,000	-	8,000	8,000
Subtotal Component Unit	\$ 100,250	\$ 177,523	\$ -	\$ 277,773	\$ 260,537
Total Reporting Entity	\$ 318,928	\$2,718,704	\$ -	\$3,037,632	\$ 3,289,556

Authorized Investments

Under provisions of the City's Investment Policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- ☞ Securities of the U.S. Government, or its agencies
- ☞ Certificates of Deposit
- ☞ Los Angeles County Investment Pool
- ☞ Local Agency Investment Fund (State Pool) Deposits
- ☞ Money Market Savings Accounts
- ☞ Demand Deposits
- ☞ Investment in Joint Powers Authorities

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 investment in State and County investment pools at fair value.

Unclassified Investments

Investment in State Treasury's investment pool, County Treasury's investment pool and mutual funds cannot be assigned a credit risk category because the City does not own specific securities. However, the funds' investment policies and practices with regard to the credit and market risks have been determined acceptable to the City's investment policies.

The fair value of the position in the State and County Treasury's Investment Pools is the same as the value of the pool shares.

	<u>Fair Value/ Amortized Cost</u>
Investment in State Treasury's Investment Pool	29,731,736
Investment in County Treasury's Investment Pool	14,293,628
Investment in Mutual Funds with Fiscal Agent	<u>2,979,501</u>
Total	<u>\$47,004,865</u>

There is an additional investment in mutual funds with fiscal agent of \$329,604 which is held by the City's Agency Funds and is not included in the Statement of Net Assets. There is also a money market account held by the component unit in the amount of \$96,096.

Investment Pool Oversight

State Treasury's Investment Pool (LAIF) – LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually.

County Treasury's Investment Pool – The investment section of the County Treasurer's office monitors the pool daily for compliance with the government code and investment guidelines. The Auditor - Controller's Office audits it quarterly for compliance. The Board of Supervisors receives an investment report monthly.

Note 4: Housing Loans Receivable

The City has established the Citywide Affordable Housing Trust Fund, accounted for as a special revenue fund, and the Redevelopment Agency Low and Moderate Housing Fund, accounted for as a capital projects fund, to assist non-profit housing and community development corporations in preserving and expanding the supply of low and moderate income housing in the City of West Hollywood. Loans of \$5,047,787 and \$2,493,049, respectively, were outstanding at June 30, 2003 to qualified developers and properties at annual interest rates ranging from 6 to 10 percent.

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

Note 5: Changes in Governmental Activities Capital Assets

Capital asset activity for the year ended June 30, 2003 follows:

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Non-Depreciable Assets:				
Land	\$ 36,672,214	\$ 1,338,057	\$ 1,709,928	\$ 36,300,343
Construction-in-progress	4,938,441	6,480,558	4,938,442	6,480,557
Infrastructure - construction-in-progress	-	-	-	-
Subtotal Non-Depreciable Assets	\$ 41,610,655	\$ 7,818,615	\$ 6,648,370	\$ 42,780,900
Depreciable Assets:				
Buildings	\$ 18,107,481	\$ -	\$ 732,826	\$ 17,374,655
Improvements other than buildings	1,940,090	166,480	-	2,106,570
Machinery and equipment	3,752,833	384,308	23,066	4,114,075
Furniture and fixtures	71,719	-	-	71,719
Office equipment	456,036	339,288	-	795,324
Infrastructure	72,110,226	-	-	72,110,226
Subtotal - Depreciable Assets	\$ 96,438,385	\$ 890,076	\$ 755,892	\$ 96,572,569
Total Capital Assets	\$ 138,049,040	\$ 8,708,691	\$ 7,404,262	\$ 139,353,469

NOTES TO FINANCIAL STATEMENTS

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Less Accumulated Depreciation for:				
Buildings	\$ 3,318,737	\$ 347,493	\$ 95,267	\$ 3,570,963
Improvements other than buildings	269,712	39,104	-	308,816
Machinery and equipment	3,244,805	113,502	23,065	3,335,242
Furniture and fixtures	54,649	2,935	-	57,584
Office equipment	306,328	75,955	-	382,283
Infrastructure	22,909,036	1,505,312	-	24,414,348
Total Accumulated Depreciation	\$ 30,103,267	\$ 2,084,301	\$ 118,332	\$ 32,069,236
Total Net Capital Assets	\$ 107,945,773	\$ 6,624,390	\$ 7,285,930	\$ 107,284,233

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

Governmental Activities:		
General Government		\$ 160,591
Public Safety		78,092
Public Services		<u>1,845,618</u>
Total Depreciation Expense		<u>\$ 2,084,301</u>

Note 6: Proprietary Fund Capital Assets

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

	Balance July 1, 2002	Additions	Deletions	Balance at June 30, 2003
Enterprise Funds:				
Solid Waste Fund				
Depreciable assets:				
Machinery and Equipment	\$ 32,183	\$ -	\$ -	\$ 32,183
Office Equipment	34,734	-	-	34,734
Subtotal	66,917	-	-	66,917
Less: accumulated depreciation for:				
Machinery and Equipment	32,183	-	-	32,183
Office Equipment	34,734	-	-	34,734
Subtotal	66,917	-	-	66,917
Total Solid Waste	\$ -	\$ -	\$ -	\$ -

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

	Balance July 1, 2002	Additions	Deletions	Balance at June 30, 2003
Sewer Construction Fund:				
Depreciable assets				
Improvements	\$ 16,007,882	\$ -	\$ -	\$ 16,007,882
Construction in progress	1,336,059	9,252	-	1,345,311
Subtotal	17,343,941	9,252	-	17,353,193
Less: accumulated depreciation for:				
Improvements	5,602,759	320,158	-	5,922,917
Total Sewer Construction	<u>\$ 11,741,182</u>	<u>\$ (310,906)</u>	<u>\$ -</u>	<u>\$ 11,430,276</u>

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

Business-Type Activities

Sewer

\$ 320,158

	Balance July 1, 2002	Additions	Deletions	Balance at June 30, 2003
Component Unit				
WH Marketing				
Furniture and Equipment	\$ 71,594	\$ 14,990	\$ 3,201	\$ 83,383
Furniture and Equipment under capital lease purchase	12,656	15,265	12,656	15,265
Leasehold	1,632	-	-	1,632
Subtotal	85,882	30,255	15,857	100,280
Less: accumulated depreciation for:				
Furniture and Equipment	\$ 43,867	\$ 10,675	\$ 2,096	\$ 52,446
Furniture and Equipment capital lease	9,018	2,842	9,316	2,544
Leasehold	451	357	-	808
Subtotal	53,336	13,874	11,412	55,798
Total Component Unit	<u>\$ 32,546</u>	<u>\$ 16,381</u>	<u>\$ 4,445</u>	<u>\$ 44,482</u>

Note 7: Retirement Plan**Plan Description**

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

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 0.428% for miscellaneous employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2003, the City's annual pension cost of \$16,201 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2000 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a four year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2003, was four years for prior service unfunded and 15 years for remaining unfunded. The latest information available is presented below.

THREE-YEAR INFORMATION FOR MISCELLANEOUS PLAN

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2000	\$ -	100%	\$ -
6/30/2001	\$ -	100%	\$ -
6/30/2002	\$ -	100%	\$ -

SCHEDULE OF FUNDING PROGRESS FOR MISCELLANEOUS PLAN

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/00	\$19,668,534	\$15,228,767	\$(4,439,767)	129.2%	\$ 9,227,075	(48.1)%
6/30/01	\$20,928,829	\$17,934,247	\$(2,994,582)	116.7%	\$10,173,209	(29.4)%
6/30/02	\$20,499,055	\$20,561,771	\$ (62,716)	100.3%	\$11,522,638	(0.5)%

Note 8: Long-Term Debt

e. Certificates of Participation

On September 28, 1995, the City issued \$1,300,000 of 1995 Series C Certificates of Participation. Proceeds were used to finance the acquisition and construction of a parking structure for City Hall, a homeless shelter and a parking lot. The property is leased to the City under a lease agreement with the City of West Hollywood Public Facilities Corporation. Pursuant to the lease agreement, the Corporation agrees to sublease the property (which will be acquired by the City and leased to the Corporation) to the City. The Certificates bear interest at an adjustable rate which shall be the lesser of 12% or the maximum rate permitted by law. The City may elect to convert the interest rate to a fixed rate. The Certificates mature annually starting February 1, 1996. Interest is paid monthly. All outstanding Certificates were redeemed during fiscal year 2002-2003.

f. Refunding

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

The variable demand rate certificates are based on an adjustable interest rate specified by the remarketing agent. The adjustable interest rate would equal the interest rate necessary to enable the remarketing agent to sell the Certificates at 100% of the principal amount and is payable on the first of each month, beginning April 1, 1998. These mature on February 1 of each year starting 1999 through 2025. The purpose of both these certificates is to defease \$12,180,000 of outstanding 1995 Series A Certificates of Participation. The balance of the 1998 fixed rate Certificates of Participation will be used to provide funds to (1) defease \$9,655,000 of outstanding 1995 Certificates of Participation (City Hall Project) and \$5,375,000 of outstanding 1995, Series B Certificates of Participation, (2) to finance the acquisition and improvements of the public parks (3) to prepay a certain portion of the lease payments and (4) fund a reserve for the refunding certificates as well as pay for the execution and delivery of the refunding certificates.

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

	Outstanding July 1, 2002	Additions	Deletions	Outstanding June 30, 2003	Due Within One Year
City:					
Certificates of Participation					
1995 Series C	\$ 1,185,000	\$ -	\$ 1,185,000	\$ -	\$ -
1998 Fixed Rate	25,015,000	-	560,000	24,455,000	580,000
1998 Variable Rate	4,850,000	-	140,000	4,710,000	145,000
Accrued employee benefits	1,226,827	1,770,996	1,545,182	1,452,641	1,452,641
Totals	\$ 32,276,827	\$ 1,770,996	\$ 3,430,182	\$ 30,617,641	\$ 2,177,641
Reconciliation to Statement of Net Assets					
Add: unamortized gain on defeasance				893,327	
				<u>\$ 31,510,968</u>	

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

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

Fiscal Year	Certificates of Participation			
	1998 Fixed Rate		1998 Variable Rate	
	Principal	Interest	Principal	Interest
2003-2004	580,000	1,188,020	145,000	232,540
2004-2005	620,000	1,164,240	150,000	225,188
2005-2006	650,000	1,138,820	155,000	217,586
2006-2007	690,000	1,138,820	160,000	209,734
2007-2008	730,000	1,082,195	165,000	201,632
2009-2013	4,280,000	4,875,418	925,000	875,870
2014-2018	5,655,000	3,707,745	1,105,000	623,196
2019-2023	7,550,000	2,101,250	1,315,000	322,160
2024-2028	3,700,000	280,250	590,000	32,458
Totals	<u>\$ 24,455,000</u>	<u>\$ 16,676,758</u>	<u>\$ 4,710,000</u>	<u>\$ 2,940,363</u>

The 1998 variable COPs whose interest rate is determined by a remarketing agent are estimated in the above schedule due to the uncertainty of the adjustable interest rate.

i. **Noncommitment Debt**

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

the District. The bonds are not general or special obligations of the City nor general obligations of the District, but are limited obligations payable solely from the proceeds of the special taxes and funds held pursuant to the fiscal agent agreement. Because neither the faith and credit nor the taxing power of the City, the State of California or any political subdivision thereof is pledged for payment of these bonds, they are not reflected in the Statement of Net Assets. The outstanding balance at June 30, 2003 is \$595,000.

g. Lease payable - Component Unit

The West Hollywood Marketing Corporation entered into a capital lease in August 2002 in order to acquire a photocopier. The original lease amount was \$15,265. Lease payments are as follows:

Original balance	\$ 15,265
Principal paid in fiscal year 2002-2003	(2,017)
	<hr/>
Balance at June 30, 2003	<u>\$ 13,248</u>

The future lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>
2003-2004	\$ 2,605	\$ 966
2004-2005	2,821	750
2005-2006	3,055	516
2006-2007	3,309	262
2007-2008	1,458	30
Totals	<u>\$ 13,248</u>	<u>\$ 2,524</u>

Note 9: Short-Term Debt

On August 21, 2002, the City entered into a Loan Agreement with the County of Los Angeles for a Section 108 loan in the amount of \$8,000,000. With this loan, the City was also able to secure \$2,000,000 from a federal BEDI grant. The total \$10,000,000 was used for the LaBrea Gateway Project in the Eastside Redevelopment Project Area. The loan repayment term is 2 years with the interest rate based on the 3 month LIBOR + 20 basis points. The outstanding balance at June 30, 2003 is \$3,935,000.

Note 10: Deferred Revenue

The City received rent stabilization fees relating to fiscal year 2003-2004 in fiscal year 2002-2003. These are recorded as deferred revenue in the General Fund in the amount of \$1,425,135. The remaining deferred revenue in the General Fund and other funds also includes grant monies received but not yet earned, recreation revenues and other revenues collected in advance and interest accrued but not available on the loan to the Redevelopment Agency.

Note 11: Interfund Receivables and Payables

a. Due to/from Other Funds

The General Fund loaned \$1,600,000 to the Santa Monica Boulevard Fund and \$1,300,000 to the Redevelopment Agency Capital Projects Fund to provide for their short-term cash requirements.

The General Fund has made short-term loans of \$37,022 to the CDBG Fund, \$50,000 to the Permit Parking Fund, \$8,500 to the Miscellaneous Grants Fund, \$3,910 to the City Lighting District Fund, and \$1,200,000 to the Debt Funded Capital Projects Fund to eliminate negative cash balances.

The General Fund has loaned \$1,596,000 to the Debt Funded Capital Projects Fund to cover cash needs while awaiting a reimbursement from the bond trustee.

The General Fund has made transfers out of \$75,037 to the Street Maintenance Fund and \$491,266 to the Gas Tax Fund but has not yet transferred the cash.

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 4,595,432	\$ 566,303
Capital Projects		
Redevelopment Agency Capital Projects	-	1,300,000
Nonmajor Governmental Funds	491,266	3,295,432
Nonmajor Enterprise Funds	75,037	-
Total	<u>\$ 5,161,735</u>	<u>\$ 5,161,735</u>

b. Advances to/from Other Funds

The City has advanced \$10,867,913 to the Redevelopment Agency to fund redevelopment projects. The General Fund has advanced \$99,430 to the Laurel Avenue Trust Fund to fund capital improvements to donated property. The Housing Trust Fund has advanced \$2,185,280 to the Redevelopment Agency Low and Moderate Housing Fund to make loans which benefit low and moderate income residents.

	Advances to Other Funds	Advances from Other Funds
Major Funds:		
General	\$ 10,967,343	\$ -
Special Revenue Fund:		
Housing Trust	2,185,280	-
Capital Projects Funds:		
Redevelopment Agency Capital Projects	-	10,867,913
Redevelopment Agency Low and Moderate Housing	-	2,185,280
Nonmajor Governmental Funds		99,430
Totals	\$ 13,152,623	\$ 13,152,623

c. Interfund Transfers

The General Fund has made transfers out of \$612,676 to the Sunset Mitigation Fund and \$81,629 to the City Lighting Fund to subsidize their operations. It also made transfers of \$3,089,326 to the Capital Projects Debt Service Fund for annual debt service, and \$29,042 to the Special Grant Fund for matching funds for various grants.

The Gas Tax Fund transferred \$2,376 to the Special Grant Fund for matching funds for various grants.

The CDBG Fund transferred \$3,798,971 to the General Fund for debt service payments on the Section 108 loan.

The Parking Improvement Fund transferred \$470,436 to the Capital Projects Debt Service Fund for annual debt service.

The Debt Funded Capital Projects Fund transferred \$471,748 to the Capital Projects Debt Service Fund for annual debt service.

	<u>Transfers in from Other Funds</u>	<u>Transfers Out to Other Funds</u>
Major Funds:		
General	\$ 3,798,971	\$ 3,812,673
Nonmajor Governmental Funds	4,757,233	4,743,531
	<u>\$ 8,556,204</u>	<u>\$ 8,556,204</u>
Totals		

Note 12: Restatement of Net Assets

The beginning net assets of the Governmental Activities have been restated for the following:

The offset to loans receivable was reported as a reservation of fund balance in the prior year. It is now reported as an allowance for forgiveness. Beginning net assets were decreased by the following:

Housing Trust Fund	\$ (5,630,816)
Redevelopment Agency Low/Moderate Housing	<u>(2,308,049)</u>
	<u>\$ (7,938,865)</u>

IV. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Note 13: Contractual Commitments

The City has entered into a contract with the Los Angeles County Sheriff's Department to provide law enforcement services in the City of West Hollywood. Approximately \$10,920,000 was paid for these services in fiscal year 2002-2003.

Note 14: Self-Insurance Contingencies**a. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement**

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 84 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance for property and other coverages. The Authority's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

b. Self-Insurance Programs of the Authority

General Liability - Each member government pays a primary deposit to cover estimated losses for a fiscal year. Six months after the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Costs are spread to members as follows: the first \$20,000 of each occurrence is charged directly to the member; costs from \$20,001 to \$500,000 are pooled based on a member's share of costs under \$20,000; costs from \$500,001 to \$5,000,000 are pooled based on payroll. Costs of covered claims above \$5,000,000 are currently paid by reinsurance. The protection for each member is \$50,000,000 per occurrence and \$50,000,000 annual aggregate.

c. Purchased Insurance

Property Insurance - The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. The City's property is currently insured according to a schedule of covered property submitted by the City to the Authority. There is a \$5,000 per loss deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance - The City 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. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Fidelity Bonds - The City purchases blanket fidelity bond coverage in the amount of \$1,000,000 with a \$5,000 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

d. Adequacy of Protection

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year. Workers' compensation claims are covered through the State Compensation Insurance Fund for amounts up to \$5,000,000.

Note 15: Litigation

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

Note 16: Subsequent Events

In August 2003, the City and the Community Development Commission entered into a joint exercise of powers agreement to create the West Hollywood Financing Authority for the purpose of issuing debt.

In September 2003, the West Hollywood Community Development Commission (Redevelopment Agency) issued \$11,500,000 Eastside Redevelopment Project 2003 Tax Allocation Bonds. 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 3.0% to 5.7%, and term bonds of \$2,520,000 with an interest rate of 5.625% maturing September 1, 2028 and term bonds of \$3,330,333 with an interest rate of 5.75% maturing September 1, 2033. Interest is payable semiannually beginning March 1, 2004.



Supplementary Information



City of West Hollywood
California 1984

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

City of West Hollywood
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2003

	Special Revenue Funds			
	Special Grant	Gas Tax	Sunset Mitigation	Permit Parking
ASSETS				
Pooled cash and investments	\$ 50	\$ 163,438	\$ 75,567	\$ 13,920
Receivables:				
Accounts	-	-	15,000	-
Accrued interest	-	-	-	161
Prepaid costs	-	-	-	-
Due from other governments	468,182	70,991	-	-
Due from other funds	-	491,266	-	-
Advances to other funds	-	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Deferred loans receivable	-	-	-	-
Allowance for uncollectibles	-	-	-	-
Total Assets and Other Debits	<u>\$ 468,232</u>	<u>\$ 725,695</u>	<u>\$ 90,567</u>	<u>\$ 14,081</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 201,674	\$ 155,523	\$ 194,879	\$ 30,062
Accrued liabilities	9,839	8,293	-	15,038
Due to other funds	8,500	-	-	50,000
Deferred revenues	567,328	1,998	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	<u>787,341</u>	<u>165,814</u>	<u>194,879</u>	<u>95,100</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	31,125	142,815	-	19,113
Reserved for prepaid costs	-	-	-	-
Reserved for advances to other funds	-	-	-	-
Unreserved:				
Designated for future expenditures	-	-	-	-
Designated for capital projects	-	42,502	-	-
Designated for debt service	-	-	-	-
Undesignated	(350,234)	374,564	(104,312)	(100,132)
Total Fund Balances	<u>(319,109)</u>	<u>559,881</u>	<u>(104,312)</u>	<u>(81,019)</u>
Total Liabilities and Fund Balances	<u>\$ 468,232</u>	<u>\$ 725,695</u>	<u>\$ 90,567</u>	<u>\$ 14,081</u>

(CONTINUED)

Special Revenue Funds					
Proposition A	Quimby Act	Public Beautification and Art	Proposition C	Air Quality Improvement	CDBG
\$ 3,425,897	\$ 596,369	\$ 344,747	\$ 941,387	\$ 73,021	\$ -
-	-	-	-	-	-
11,983	2,430	1,423	3,839	342	-
-	-	-	-	-	-
58,956	-	-	48,583	-	107,774
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,348,228
-	-	-	-	-	-
<u>\$ 3,496,836</u>	<u>\$ 598,799</u>	<u>\$ 346,170</u>	<u>\$ 993,809</u>	<u>\$ 73,363</u>	<u>\$ 1,456,002</u>
\$ 302,247	\$ 2,395	\$ 15,552	\$ 107,578	\$ 5,288	\$ 69,645
8,901	-	-	5,217	-	1,107
-	-	-	-	-	37,022
-	-	51,262	-	-	7,500
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,348,228
<u>311,148</u>	<u>2,395</u>	<u>66,814</u>	<u>112,795</u>	<u>5,288</u>	<u>1,463,502</u>
19,852	5,247	23,782	155,462	7,012	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	88,135	7,050	477,997	61,063	-
-	-	-	-	-	-
<u>3,165,836</u>	<u>503,022</u>	<u>248,524</u>	<u>247,555</u>	<u>-</u>	<u>(7,500)</u>
<u>3,185,688</u>	<u>596,404</u>	<u>279,356</u>	<u>881,014</u>	<u>68,075</u>	<u>(7,500)</u>
<u>\$ 3,496,836</u>	<u>\$ 598,799</u>	<u>\$ 346,170</u>	<u>\$ 993,809</u>	<u>\$ 73,363</u>	<u>\$ 1,456,002</u>

CITY OF WEST HOLLYWOOD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2003

	Special Revenue Funds			
	Housing Trust	Parking Improvement	Traffic	Public Access
ASSETS				
Pooled cash and investments	\$ 1,863,023	\$ 6,485,939	\$ 570,428	\$ 255,088
Receivables:				
Accounts	-	-	-	-
Accrued interest	5,534	25,176	2,387	1,068
Prepaid costs	-	24,217	-	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	2,185,280	-	-	-
Restricted assets:				
Cash and investments with fiscal agents	-	-	-	-
Deferred loans receivable	5,047,787	-	-	-
Allowance for uncollectables	(5,047,787)	-	-	-
Total Assets and Other Debits	<u>\$ 4,053,837</u>	<u>\$ 6,535,332</u>	<u>\$ 572,815</u>	<u>\$ 256,156</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 56,251	\$ 115,565	\$ 5,680	\$ 1,188
Accrued liabilities	-	-	3,233	2,308
Due to other funds	-	-	-	-
Deferred revenues	123,695	293,650	-	-
Advances from other funds	-	-	-	-
Deposits payable	-	58,230	-	-
Due to other governments	-	-	-	-
Total Liabilities	<u>179,946</u>	<u>467,445</u>	<u>8,913</u>	<u>3,496</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	111,257	17,097	-
Reserved for prepaid costs	-	24,217	-	-
Reserved for advances to other funds	2,185,280	-	-	-
Unreserved:				
Designated for future expenditures	868,000	-	-	-
Designated for capital projects	100,000	5,932,413	242,938	-
Designated for debt service	-	-	-	-
Undesignated	720,611	-	303,867	252,660
Total Fund Balances	<u>3,873,891</u>	<u>6,067,887</u>	<u>563,902</u>	<u>252,660</u>
Total Liabilities and Fund Balances	<u>\$ 4,053,837</u>	<u>\$ 6,535,332</u>	<u>\$ 572,815</u>	<u>\$ 256,156</u>

(CONTINUED)

Special Revenue Funds		Capital Projects Funds			
Avenues of Art and Design	City Lighting	Debt Funded Capital Projects	Seismic Improvement	Santa Monica Boulevard	Redevelopment Agency Low & Moderate Housing
\$ 17,268	\$ -	\$ 426,859	\$ -	\$ 397,087	\$ 333,472
371	-	-	-	-	-
-	186	-	-	-	1,730
-	-	-	-	-	-
-	14,429	-	-	-	23,639
-	-	-	-	-	-
-	-	-	-	-	-
-	-	245	33,428	-	-
-	-	-	-	-	2,493,049
-	-	-	-	-	(2,493,049)
<u>\$ 17,639</u>	<u>\$ 14,615</u>	<u>\$ 427,104</u>	<u>\$ 33,428</u>	<u>\$ 397,087</u>	<u>\$ 358,841</u>
\$ 117	\$ 10,705	\$ 120,234	\$ -	\$ 257,767	\$ -
-	-	-	-	-	-
-	3,910	1,596,000	-	1,600,000	-
-	-	-	-	88,587	-
-	-	-	-	-	2,185,280
-	-	-	-	-	-
-	-	-	-	-	-
<u>117</u>	<u>14,615</u>	<u>1,716,234</u>	<u>-</u>	<u>1,946,354</u>	<u>2,185,280</u>
-	23,766	23,820	-	170,112	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	33,428	-	-
-	-	-	-	-	-
<u>17,522</u>	<u>(23,766)</u>	<u>(1,312,950)</u>	<u>-</u>	<u>(1,719,379)</u>	<u>(1,826,439)</u>
<u>17,522</u>	<u>-</u>	<u>(1,289,130)</u>	<u>33,428</u>	<u>(1,549,267)</u>	<u>(1,826,439)</u>
<u>\$ 17,639</u>	<u>\$ 14,615</u>	<u>\$ 427,104</u>	<u>\$ 33,428</u>	<u>\$ 397,087</u>	<u>\$ 358,841</u>

CITY OF WEST HOLLYWOOD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2003

	<u>Debt Service Funds</u>		<u>Permanent Fund</u>	<u>Total Governmental Funds</u>
	<u>Capital Projects Debt Service</u>	<u>Redevelopment Agency</u>	<u>Laurel Avenue Trust</u>	
ASSETS				
Pooled cash and investments	\$ 3,284,385	\$ 782,942	\$ 101,277	\$ 20,152,164
Receivables:				
Accounts	-	-	-	15,371
Accrued interest	-	2,774	460	59,493
Prepaid costs	-	-	2,958	27,175
Due from other governments	-	150,828	-	943,382
Due from other funds	-	-	-	491,266
Advances to other funds	-	-	-	2,185,280
Restricted assets:				
Cash and investments with fiscal agents	2,189,035	-	-	2,222,708
Deferred loans receivable	-	-	-	8,889,064
Allowance for uncollectables	-	-	-	(7,540,836)
Total Assets and Other Debits	<u>\$ 5,473,420</u>	<u>\$ 936,544</u>	<u>\$ 104,695</u>	<u>\$ 27,445,067</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 21,945	\$ -	\$ 7,771	\$ 1,682,066
Accrued liabilities	-	-	-	53,936
Due to other funds	-	-	-	3,295,432
Deferred revenues	-	-	-	1,134,020
Short term debt payable	-	-	99,430	2,284,710
Deposits payable	-	-	-	58,230
Due to other governments	-	151,058	-	1,499,286
Total Liabilities	<u>21,945</u>	<u>151,058</u>	<u>107,201</u>	<u>10,007,680</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	2,500	-	1,876	754,836
Reserved for prepaid costs	-	-	2,958	27,175
Reserved for advances to other funds	-	-	-	2,185,280
Unreserved:				
Designated for future expenditures	-	-	-	868,000
Designated for capital projects	-	-	-	6,985,526
Designated for debt service	3,692,232	185,748	-	3,877,980
Undesignated	1,756,743	599,738	(7,340)	2,738,590
Total Fund Balances	<u>5,451,475</u>	<u>785,486</u>	<u>(2,506)</u>	<u>17,437,387</u>
Total Liabilities and Fund Balances	<u>\$ 5,473,420</u>	<u>\$ 936,544</u>	<u>\$ 104,695</u>	<u>\$ 27,445,067</u>

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CITY OF WEST HOLLYWOOD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

	Special Revenue Funds			
	Special Grant	Gas Tax	Sunset Mitigation	Permit Parking
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,156,483	762,003	-	-
Charges for Services	-	-	418,469	-
Use of money and property	-	697	-	399,609
Fines and forfeitures	-	-	-	-
Other	-	-	-	-
Developer fees	-	-	-	-
Total Revenues	<u>3,156,483</u>	<u>762,700</u>	<u>418,469</u>	<u>399,609</u>
Expenditures:				
Current:				
General government	116,585	-	522,781	-
Public safety	308,931	-	577,295	-
Public services	2,461,636	882,931	35,381	778,745
Capital outlay	526,098	43,698	-	19,310
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>3,413,250</u>	<u>926,629</u>	<u>1,135,457</u>	<u>798,055</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(256,767)</u>	<u>(163,929)</u>	<u>(716,988)</u>	<u>(398,446)</u>
Other Financing Sources (Uses):				
Transfers in	31,418	-	612,676	-
Transfers out	-	(2,376)	-	-
Total Other Financing Sources (Uses)	<u>31,418</u>	<u>(2,376)</u>	<u>612,676</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (225,349)</u>	<u>\$ (166,305)</u>	<u>\$ (104,312)</u>	<u>\$ (398,446)</u>
Fund Balances, Beginning of Year, as Originally Reported	\$ (93,760)	\$ 726,186	\$ -	\$ 317,427
Restatement (Note 13)	-	-	-	-
Fund Balances, Beginning of Year, as Restated	(93,760)	726,186	-	317,427
Net Change in Fund Balances	<u>(225,349)</u>	<u>(166,305)</u>	<u>(104,312)</u>	<u>(398,446)</u>
Fund Balances, End of Year	<u>\$ (319,109)</u>	<u>\$ 559,881</u>	<u>\$ (104,312)</u>	<u>\$ (81,019)</u>

(CONTINUED)

Special Revenue Funds

Proposition A	Quimby Act	Public Beautification and Art	Proposition C	Air Quality Improvement	CDBG
\$ 546,941	\$ -	\$ -	\$ 401,942	\$ -	\$ -
1,342,434	-	-	-	31,395	3,992,787
-	-	-	-	-	-
52,630	8,004	5,204	17,680	4,412	-
-	-	-	-	-	-
83,386	-	-	-	-	-
-	462,494	112,171	-	-	-
<u>2,025,391</u>	<u>470,498</u>	<u>117,375</u>	<u>419,622</u>	<u>35,807</u>	<u>3,992,787</u>
-	-	74,260	-	-	-
-	-	-	-	-	-
1,763,973	-	-	180,014	305,751	126,316
-	15,565	6,168	390,129	30,039	75,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,763,973</u>	<u>15,565</u>	<u>80,428</u>	<u>570,143</u>	<u>335,790</u>	<u>201,316</u>
<u>261,418</u>	<u>454,933</u>	<u>36,947</u>	<u>(150,521)</u>	<u>(299,983)</u>	<u>3,791,471</u>
-	-	-	-	-	-
-	-	-	-	-	(3,798,971)
-	-	-	-	-	(3,798,971)
<u>\$ 261,418</u>	<u>\$ 454,933</u>	<u>\$ 36,947</u>	<u>\$ (150,521)</u>	<u>\$ (299,983)</u>	<u>\$ (7,500)</u>
\$ 2,924,270	\$ 141,471	\$ 242,409	\$ 1,031,535	\$ 368,058	\$ -
-	-	-	-	-	-
2,924,270	141,471	242,409	1,031,535	368,058	-
261,418	454,933	36,947	(150,521)	(299,983)	(7,500)
<u>\$ 3,185,688</u>	<u>\$ 596,404</u>	<u>\$ 279,356</u>	<u>\$ 881,014</u>	<u>\$ 68,075</u>	<u>\$ (7,500)</u>

CITY OF WEST HOLLYWOOD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

	Special Revenue Funds			
	Housing Trust	Parking Improvement	Traffic	Public Access
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 90,663
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Use of money and property	10,579	885,000	9,952	3,941
Fines and forfeitures	-	645,082	-	-
Other	869,000	-	-	1,450
Developer fees	1,004,811	804,300	247,138	-
Total Revenues	<u>1,884,390</u>	<u>2,334,382</u>	<u>257,090</u>	<u>96,054</u>
Expenditures:				
Current:				
General government	-	-	-	54,450
Public safety	-	-	-	-
Public services	334,221	338,541	150,996	-
Capital outlay	-	287,882	144,395	1,470
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>334,221</u>	<u>626,423</u>	<u>295,391</u>	<u>55,920</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,550,169</u>	<u>1,707,959</u>	<u>(38,301)</u>	<u>40,134</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	-	(470,436)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(470,436)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 1,550,169</u>	<u>\$ 1,237,523</u>	<u>\$ (38,301)</u>	<u>\$ 40,134</u>
Fund Balances, Beginning of Year, as Originally Reported	\$ 7,954,538	\$ 4,830,364	\$ 602,203	\$ 212,526
Restatement (note 13)	<u>(5,630,816)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year, as Restated	2,323,722	4,830,364	602,203	212,526
Net Change in Fund Balances	<u>1,550,169</u>	<u>1,237,523</u>	<u>(38,301)</u>	<u>40,134</u>
Fund Balances, End of Year	<u>\$ 3,873,891</u>	<u>\$ 6,067,887</u>	<u>\$ 563,902</u>	<u>\$ 252,660</u>

(CONTINUED)

Special Revenue Funds		Capital Projects Funds			
Avenues of Art and Design	City Lighting	Debt Funded Capital Projects	Seismic Improvement	Santa Monica Boulevard	Redevelopment Agency Low & Moderate Housing
\$ 85,000	\$ 466,929	\$ -	\$ -	\$ -	\$ 223,193
-	6,129	-	-	2,186,000	-
-	-	-	-	-	-
-	186	3,543	330	-	6,426
-	3,268	-	-	-	-
34,412	-	-	-	-	-
-	-	-	-	-	-
<u>119,412</u>	<u>476,512</u>	<u>3,543</u>	<u>330</u>	<u>2,186,000</u>	<u>229,619</u>
125,051	-	-	-	-	7,662
-	-	-	-	-	-
-	558,141	-	330	-	185,000
-	-	301,709	3,500	166,065	-
-	-	-	-	-	-
-	-	-	-	-	123,695
<u>125,051</u>	<u>558,141</u>	<u>301,709</u>	<u>3,830</u>	<u>166,065</u>	<u>316,357</u>
<u>(5,639)</u>	<u>(81,629)</u>	<u>(298,166)</u>	<u>(3,500)</u>	<u>2,019,935</u>	<u>(86,738)</u>
-	81,629	-	-	-	-
-	-	(471,748)	-	-	-
-	81,629	(471,748)	-	-	-
<u>\$ (5,639)</u>	<u>\$ -</u>	<u>\$ (769,914)</u>	<u>\$ (3,500)</u>	<u>\$ 2,019,935</u>	<u>\$ (86,738)</u>
\$ 23,161	\$ -	\$ (519,216)	\$ 36,928	\$ (3,569,202)	\$ 568,348
-	-	-	-	-	(2,308,049)
23,161	-	(519,216)	36,928	(3,569,202)	(1,739,701)
(5,639)	-	(769,914)	(3,500)	2,019,935	(86,738)
<u>\$ 17,522</u>	<u>\$ -</u>	<u>\$ (1,289,130)</u>	<u>\$ 33,428</u>	<u>\$ (1,549,267)</u>	<u>\$ (1,826,439)</u>

CITY OF WEST HOLLYWOOD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

	Debt Service Funds		Permanent Fund	Total Governmental Funds
	Capital Projects Debt Service	Redevelopment Agency	Laurel Avenue Trust	
Revenues:				
Taxes	\$ -	\$ 892,772	\$ -	\$ 2,707,440
Intergovernmental	-	-	-	11,477,231
Charges for Services	-	-	-	418,469
Use of money and property	988,801	7,151	21,372	2,425,517
Fines and forfeitures	-	-	-	648,350
Other	-	-	-	988,248
Developer fees	-	-	-	2,630,914
Total Revenues	988,801	899,923	21,372	21,296,169
Expenditures:				
Current:				
General government	-	300,185	-	1,200,974
Public safety	-	-	-	886,226
Public services	-	-	20,249	8,122,225
Capital outlay	-	-	24,563	2,035,591
Debt service:				
Principal retirement	1,885,000	-	-	1,885,000
Interest and fiscal charges	1,376,068	-	-	1,499,763
Total Expenditures	3,261,068	300,185	44,812	15,629,779
Excess (Deficiency) of Revenues Over Expenditures	(2,272,267)	599,738	(23,440)	5,666,390
Other Financing Sources (Uses):				
Transfers in	4,031,510	-	-	4,757,233
Transfers out	-	-	-	(4,743,531)
Total Other Financing Sources (Uses)	4,031,510	-	-	13,702
Net Change in Fund Balances	\$ 1,759,243	\$ 599,738	\$ (23,440)	\$ 5,680,092
Fund Balances, Beginning of Year, as Originally Reported	\$ 3,692,232	\$ 185,748	\$ 20,934	\$ 19,696,160
Restatement (note 13)	-	-	-	(7,938,865)
Fund Balances, Beginning of Year, as Restated	3,692,232	185,748	20,934	11,757,295
Net Change in Fund Balances	1,759,243	599,738	(23,440)	5,680,092
Fund Balances, End of Year	\$ 5,451,475	\$ 785,486	\$ (2,506)	\$ 17,437,387

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.

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.

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.

PERMIT PARKING FUND:

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

PROPOSITION "A" FUND:

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

PROPOSITION "C" FUND:

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

PARK DEVELOPMENT FUND (QUIMBY ACT):

The State Government Code authorizes the City to demand from developers either dedication of land or payment of fees to provide open space and park amenities in the City.

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.

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.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND:

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.

PARKING IMPROVEMENT FUND:

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

TRAFFIC FUND:

Fees imposed on developers and Federal Grants provide revenues to this fund. No expenditures were incurred for the fiscal year.

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.

AVENUES OF ART AND DESIGN FUND:

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

CITY LIGHTING FUND:

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

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 SPECIAL GRANTS
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (93,760)	\$ (93,760)	\$ (93,760)	\$ -
Resources (Inflows):				
Intergovernmental	11,213,132	14,818,632	3,156,483	(11,662,149)
Transfers from other funds	13,960	13,960	31,418	17,458
Amounts Available for Appropriation	<u>11,133,332</u>	<u>14,738,832</u>	<u>3,094,141</u>	<u>(11,644,691)</u>
Charges to Appropriation (Outflow):				
General government	79,576	374,841	116,585	258,256
Public safety	141,090	377,229	308,931	68,298
Public services	674,745	2,746,338	2,461,636	284,702
Capital outlay	10,694,313	11,361,382	526,098	10,835,284
Total Charges to Appropriations	<u>11,589,724</u>	<u>14,859,790</u>	<u>3,413,250</u>	<u>11,446,540</u>
Budgetary Fund Balance, June 30	<u>\$ (456,392)</u>	<u>\$ (120,958)</u>	<u>\$ (319,109)</u>	<u>\$ (198,151)</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 726,186	\$ 726,186	\$ 726,186	\$ -
Resources (Inflows):				
Intergovernmental	692,700	711,201	762,003	50,802
Use of money and property	3,000	3,000	697	(2,303)
Amounts Available for Appropriation	<u>1,421,886</u>	<u>1,440,387</u>	<u>1,488,886</u>	<u>48,499</u>
Charges to Appropriation (Outflow):				
General government	980	-	-	-
Public services	1,176,420	1,139,346	882,931	256,415
Capital outlay	108,185	112,501	43,698	68,803
Debt Service:				
Transfers to other funds	-	-	2,376	(2,376)
Total Charges to Appropriations	<u>1,285,585</u>	<u>1,251,847</u>	<u>929,005</u>	<u>322,842</u>
Budgetary Fund Balance, June 30	<u>\$ 136,301</u>	<u>\$ 188,540</u>	<u>\$ 559,881</u>	<u>\$ 371,341</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 SUNSET MITIGATION
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Charges for Services	600,000	600,000	418,469	(181,531)
Transfers from other funds	634,408	634,408	612,676	(21,732)
Amounts Available for Appropriation	<u>1,234,408</u>	<u>1,234,408</u>	<u>1,031,145</u>	<u>(203,263)</u>
Charges to Appropriation (Outflow):				
General government	502,500	552,500	522,781	29,719
Public safety	606,908	606,908	577,295	29,613
Public services	125,000	60,683	35,381	25,302
Total Charges to Appropriations	<u>1,234,408</u>	<u>1,220,091</u>	<u>1,135,457</u>	<u>84,634</u>
Budgetary Fund Balance, June 30	<u>\$ -</u>	<u>\$ 14,317</u>	<u>\$ (104,312)</u>	<u>\$ (118,629)</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 PERMIT PARKING
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 317,427	\$ 317,427	\$ 317,427	\$ -
Resources (Inflows):				
Use of money and property	455,000	455,000	399,609	(55,391)
Amounts Available for Appropriation	<u>772,427</u>	<u>772,427</u>	<u>717,036</u>	<u>(55,391)</u>
Charges to Appropriation (Outflow):				
Public services	92,810	816,256	778,745	37,511
Capital outlay	29,548	21,548	19,310	2,238
Total Charges to Appropriations	<u>122,358</u>	<u>837,804</u>	<u>798,055</u>	<u>39,749</u>
Budgetary Fund Balance, June 30	<u>\$ 650,069</u>	<u>\$ (65,377)</u>	<u>\$ (81,019)</u>	<u>\$ (15,642)</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,924,270	\$ 2,924,270	2,924,270	\$ -
Resources (Inflows):				
Taxes	480,000	480,000	546,941	66,941
Intergovernmental	129,000	1,429,000	1,342,434	(86,566)
Use of money and property	20,000	20,000	52,630	32,630
Other	140,000	140,000	83,386	(56,614)
Amounts Available for Appropriation	<u>3,693,270</u>	<u>4,993,270</u>	<u>4,949,661</u>	<u>(43,609)</u>
Charges to Appropriation (Outflow):				
Public services	2,005,013	2,025,013	1,763,973	261,040
Total Charges to Appropriations	<u>2,005,013</u>	<u>2,025,013</u>	<u>1,763,973</u>	<u>261,040</u>
Budgetary Fund Balance, June 30	<u>\$ 1,688,257</u>	<u>\$ 2,968,257</u>	<u>\$ 3,185,688</u>	<u>\$ 217,431</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 QUIMBY ACT – PARK DEVELOPMENT
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 141,471	\$ 141,471	\$ 141,471	\$ -
Resources (Inflows):				
Use of money and property	4,000	4,000	8,004	4,004
Developer fees	2,000	305,172	462,494	157,322
Amounts Available for Appropriation	147,471	450,643	611,969	161,326
Charges to Appropriation (Outflow):				
Capital outlay	107,942	107,942	15,565	92,377
Total Charges to Appropriations	107,942	107,942	15,565	92,377
Budgetary Fund Balance, June 30	\$ 39,529	\$ 342,701	\$ 596,404	\$ 253,703

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 PUBLIC BEAUTIFICATION AND ART
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 242,409	\$ 242,409	\$ 242,409	\$ -
Resources (Inflows):				
Use of money and property	6,000	6,000	5,204	(796)
Developer fees	-	-	112,171	112,171
Amounts Available for Appropriation	<u>248,409</u>	<u>248,409</u>	<u>359,784</u>	<u>111,375</u>
Charges to Appropriation (Outflow):				
General government	190,681	190,681	74,260	116,421
Capital Outlay	-	15,000	6,168	8,832
Total Charges to Appropriations	<u>190,681</u>	<u>205,681</u>	<u>80,428</u>	<u>125,253</u>
Budgetary Fund Balance, June 30	<u>\$ 57,728</u>	<u>\$ 42,728</u>	<u>\$ 279,356</u>	<u>\$ 236,628</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,031,535	\$ 1,031,535	\$ 1,031,535	\$ -
Resources (Inflows):				
Taxes	398,000	398,000	401,942	3,942
Use of money and property	40,000	40,000	17,680	(22,320)
Amounts Available for Appropriation	<u>1,469,535</u>	<u>1,469,535</u>	<u>1,451,157</u>	<u>(18,378)</u>
Charges to Appropriation (Outflow):				
Public services	161,463	185,463	180,014	5,449
Capital outlay	1,025,000	1,001,000	390,129	610,871
Total Charges to Appropriations	<u>1,186,463</u>	<u>1,186,463</u>	<u>570,143</u>	<u>616,320</u>
Budgetary Fund Balance, June 30	<u>\$ 283,072</u>	<u>\$ 283,072</u>	<u>\$ 881,014</u>	<u>\$ 597,942</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 368,058	\$ 368,058	\$ 368,058	\$ -
Resources (Inflows):				
Intergovernmental	40,000	40,000	31,395	(8,605)
Use of money and property	8,000	8,000	4,412	(3,588)
Amounts Available for Appropriation	<u>416,058</u>	<u>416,058</u>	<u>403,865</u>	<u>(12,193)</u>
Charges to appropriation (outflow):				
Public services	124,828	317,968	305,751	12,217
Capital outlay	149,626	128,626	30,039	98,587
Total Charges to Appropriations	<u>274,454</u>	<u>446,594</u>	<u>335,790</u>	<u>110,804</u>
Budgetary Fund Balance, June 30	<u>\$ 141,604</u>	<u>\$ (30,536)</u>	<u>\$ 68,075</u>	<u>\$ 98,611</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	3,644,391	4,306,633	3,992,787	(313,846)
Amounts Available for Appropriation	3,644,391	4,306,633	3,992,787	(313,846)
Charges to Appropriation (Outflow):				
Public services	434,419	233,178	126,316	106,862
Capital outlay	-	75,000	75,000	-
Transfers to other funds	3,140,193	3,798,971	3,798,971	-
Total Charges to Appropriations	3,574,612	4,107,149	4,000,287	106,862
Budgetary Fund Balance, June 30	\$ 69,779	\$ 199,484	\$ (7,500)	\$ (206,984)

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 HOUSING TRUST
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		(Negative)
Budgetary Fund Balance, July 1	\$ 7,954,538	\$ 7,954,538	\$ 7,954,538	\$ -
Resources (Inflows):				
Use of money and property	40,000	40,000	10,579	(29,421)
Other	-	-	869,000	869,000
Developer fees	197,000	197,000	1,004,811	807,811
Transfers from other funds	123,434	123,434	-	(123,434)
Amounts available for appropriation	<u>8,314,972</u>	<u>8,314,972</u>	<u>9,838,928</u>	<u>1,523,956</u>
Charges to Appropriation (Outflow):				
Public services	634,221	1,584,221	334,221	1,250,000
Capital Outlay	100,000	100,000	-	100,000
Total Charges to Appropriations	<u>734,221</u>	<u>1,684,221</u>	<u>334,221</u>	<u>1,350,000</u>
Beginning fund balance restatement	<u>-</u>	<u>-</u>	<u>(5,630,816)</u>	<u>(5,630,816)</u>
Budgetary Fund Balance, June 30	<u>\$ 7,580,751</u>	<u>\$ 6,630,751</u>	<u>\$ 3,873,891</u>	<u>\$ (2,756,860)</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 PARKING IMPROVEMENT
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,830,364	\$ 4,830,364	\$ 4,830,364	\$ -
Resources (Inflows):				
Use of money and property	814,290	814,290	885,000	70,710
Fines and forfeitures	689,000	689,000	645,082	(43,918)
Developer fees	-	-	804,300	804,300
Amounts Available for Appropriation	<u>6,333,654</u>	<u>6,333,654</u>	<u>7,164,746</u>	<u>831,092</u>
Charges to Appropriation (Outflow):				
Public services	505,223	503,323	338,541	164,782
Capital outlay	20,973,451	20,975,351	287,882	20,687,469
Transfers to other funds	937,756	937,756	470,436	467,320
Total Charges to Appropriations	<u>22,416,430</u>	<u>22,416,430</u>	<u>1,096,859</u>	<u>21,319,571</u>
Budgetary Fund Balance, June 30	<u>\$ (16,082,776)</u>	<u>\$ (16,082,776)</u>	<u>\$ 6,067,887</u>	<u>\$ 22,150,663</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 TRAFFIC
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 602,203	\$ 602,203	\$ 602,203	\$ -
Resources (Inflows):				
Use of money and property	21,000	21,000	9,952	(11,048)
Developer fees	12,400	12,400	247,138	234,738
Amounts Available for Appropriation	<u>635,603</u>	<u>635,603</u>	<u>859,293</u>	<u>223,690</u>
Charges to Appropriation (Outflow):				
Public services	280,097	220,097	150,996	69,101
Capital outlay	327,333	387,333	144,395	242,938
Total Charges to Appropriations	<u>607,430</u>	<u>607,430</u>	<u>295,391</u>	<u>312,039</u>
Budgetary Fund Balance, June 30	<u>\$ 28,173</u>	<u>\$ 28,173</u>	<u>\$ 563,902</u>	<u>\$ 535,729</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 PUBLIC ACCESS
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 212,526	\$ 212,526	\$ 212,526	\$ -
Resources (Inflows):				
Taxes	80,000	80,000	90,663	10,663
Use of money and property	4,000	4,000	3,941	(59)
Other	4,000	4,000	1,450	(2,550)
Amounts Available for Appropriation	<u>300,526</u>	<u>300,526</u>	<u>308,580</u>	<u>8,054</u>
Charges to Appropriation (Outflow):				
General government	68,324	68,324	54,450	13,874
Capital Outlay	20,000	20,000	1,470	18,530
Total Charges to Appropriations	<u>88,324</u>	<u>88,324</u>	<u>55,920</u>	<u>32,404</u>
Budgetary Fund Balance, June 30	<u>\$ 212,202</u>	<u>\$ 212,202</u>	<u>\$ 252,660</u>	<u>\$ 40,458</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 AVENUES OF ART AND DESIGN
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 23,161	\$ 23,161	\$ 23,161	\$ -
Resources (Inflows):				
Taxes	85,000	85,000	85,000	-
Other	-	-	34,412	34,412
Amounts Available for Appropriation	<u>108,161</u>	<u>108,161</u>	<u>142,573</u>	<u>34,412</u>
Charges to Appropriation (Outflow):				
General government	85,000	85,000	125,051	(40,051)
Transfers to other funds	-	2,376	-	2,376
Total Charges to Appropriations	<u>85,000</u>	<u>87,376</u>	<u>125,051</u>	<u>(37,675)</u>
Budgetary Fund Balance, June 30	<u>\$ 23,161</u>	<u>\$ 20,785</u>	<u>\$ 17,522</u>	<u>\$ (3,263)</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 CITY LIGHTING
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Taxes	397,200	397,200	466,929	69,729
Intergovernmental	5,000	5,000	6,129	1,129
Invest Income	7,000	7,000	186	(6,814)
Use of money and property	3,000	3,000	3,268	268
Transfers from other funds	219,556	219,556	81,629	(137,927)
Amounts available for appropriation	<u>631,756</u>	<u>631,756</u>	<u>558,141</u>	<u>(73,615)</u>
Charges to appropriation (outflow):				
Public services	615,000	641,629	558,141	83,488
Capital Outlay	68,187	-	-	-
Total charges to appropriations	<u>683,187</u>	<u>641,629</u>	<u>558,141</u>	<u>83,488</u>
Budgetary fund balance, June 30	<u>\$ (51,431)</u>	<u>\$ (9,873)</u>	<u>\$ -</u>	<u>\$ 9,873</u>

CAPITAL PROJECT FUNDS

WEST HOLLYWOOD DEBT FUNDED CAPITAL IMPROVEMENT FUND:

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

SEISMIC IMPROVEMENT FUND:

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

SANTA MONICA BLVD. RELINQUISHMENT/REHABILITATION FUND:

This fund accounts for the receipt and disbursement of funds for the reconstruction of Santa Monica Boulevard. Funds have been received from Caltrans and will also be received from Los Angeles County and other sources for use in reconstruction. These funds will be augmented by transfers from the City's General Fund and/or from the issuance of debt in order to enhance the boulevard.

REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND:

This fund accounts for loans and advances from the City, bond proceeds available for project improvements, interest income on invested funds, and certain miscellaneous income of the Redevelopment Agency. The projects will improve the assessed values of properties located in the project areas, thus increasing the property taxes. The increase in taxes will be used to repay the Agency's debt. The City declared that there is a need for a Redevelopment Agency to function in the City under and pursuant to the Community Redevelopment law, California Health and Safety Code Section 33000, *et seq.*

REDEVELOPMENT AGENCY LOW & MODERATE FUND:

This fund accounts for the 20% set aside of tax increment revenues pursuant to the Community Redevelopment law, California Health and Safety Code Section 33000, for housing projects benefiting low and moderate-income households.

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 DEBT FUNDED CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ (519,216)	\$ (519,216)
Resources (Inflows):				
Use of money and property	-	-	3,543	3,543
Amounts Available for Appropriation	-	-	(515,673)	(515,673)
Charges to Appropriation (Outflow):				
Capital outlay	915,500	2,915,500	301,709	2,613,791
Transfers to other funds	-	-	471,748	(471,748)
Total Charges to Appropriations	915,500	2,915,500	773,457	2,142,043
Budgetary Fund Balance, June 30	\$ (915,500)	\$ (2,915,500)	\$ (1,289,130)	\$ 1,626,370

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 SEISMIC IMPROVEMENT
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 36,928	\$ 36,928	\$ 36,928	\$ -
Resources (Inflows):				
Use of money and property	-	-	330	330
Amounts Available for Appropriation	<u>36,928</u>	<u>36,928</u>	<u>37,258</u>	<u>330</u>
Charges to Appropriation (Outflow):				
General government	3,000	3,000	-	3,000
Public services	-	-	330	(330)
Capital outlay	<u>36,928</u>	<u>36,928</u>	<u>3,500</u>	<u>33,428</u>
Total Charges to Appropriations	<u>39,928</u>	<u>39,928</u>	<u>3,830</u>	<u>36,098</u>
Budgetary Fund Balance, June 30	<u>\$ (3,000)</u>	<u>\$ (3,000)</u>	<u>\$ 33,428</u>	<u>\$ 36,428</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 SANTA MONICA BOULEVARD
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ (3,569,202)	\$ (3,569,202)
Resources (Inflows):				
Intergovernmental	2,700,000	2,700,000	2,186,000	(514,000)
Amounts Available for Appropriation	2,700,000	2,700,000	(1,383,202)	(4,083,202)
Charges to Appropriation (Outflow):				
Capital outlay	788,899	788,899	166,065	622,834
Total Charges to Appropriations	788,899	788,899	166,065	622,834
Budgetary Fund Balance, June 30	\$ 1,911,101	\$ 1,911,101	\$ (1,549,267)	\$ (3,460,368)

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 383,107	\$ 383,107	\$ 383,107	\$ -
Resources (Inflows):				
Use of money and property	20,000	20,000	29,827	9,827
Other	<u>11,367,861</u>	<u>11,367,861</u>	<u>13,159,461</u>	<u>1,791,600</u>
Amounts Available for Appropriation	<u>11,770,968</u>	<u>11,770,968</u>	<u>13,572,395</u>	<u>1,801,427</u>
Charges to Appropriation (Outflow):				
General government	9,800	9,800	5,260	4,540
Public services	642,624	642,624	442,875	199,749
Capital Outlay	28,750,552	28,760,552	23,396,127	5,364,425
Debt service:				
Interest and fiscal charges	<u>200,000</u>	<u>200,000</u>	<u>672,544</u>	<u>(472,544)</u>
Total Charges to Appropriations	<u>29,602,976</u>	<u>29,612,976</u>	<u>24,516,806</u>	<u>5,096,170</u>
Budgetary Fund Balance, June 30	<u>\$ (17,832,008)</u>	<u>\$ (17,842,008)</u>	<u>\$ (10,944,411)</u>	<u>\$ 6,897,597</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY LOW AND MODERATE HOUSING
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 568,348	\$ 568,348	\$ 568,348	\$ -
Resources (Inflows):				
Taxes	346,600	346,600	223,193	(123,407)
Use of money and property	5,000	5,000	6,426	1,426
Other	100,000	100,000	-	(100,000)
Amounts Available for Appropriation	<u>1,019,948</u>	<u>1,019,948</u>	<u>797,967</u>	<u>(221,981)</u>
Charges to Appropriation (Outflow):				
General government	8,000	8,000	7,662	338
Public services	185,000	185,000	185,000	-
Debt service:				
Interest and fiscal charges	100,000	100,000	123,695	(23,695)
Total Charges to Appropriations	<u>293,000</u>	<u>293,000</u>	<u>316,357</u>	<u>(23,357)</u>
Beginning fund balance restatement	-	-	(2,308,049)	(2,308,049)
Budgetary Fund Balance, June 30	<u>\$ 726,948</u>	<u>\$ 726,948</u>	<u>\$ (1,826,439)</u>	<u>\$ (2,553,387)</u>

DEBT SERVICE FUNDS

WEST HOLLYWOOD DEBT SERVICE FUND:

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

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

REDEVELOPMENT AGENCY FUND:

This fund is used to account for the accumulation of resources and the payment of principal and interest on long-term debt issued to finance projects in the Eastside Redevelopment Project Area. Currently, resources consist of tax increments and interest earnings which will be used for payment of long-term debt of the Agency.

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 CAPITAL PROJECTS DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 3,692,232	\$ 3,692,232	\$ 3,692,232	\$ -
Resources (Inflows):				
Use of money and property	891,592	891,592	988,801	97,209
Transfers from other funds	<u>1,503,532</u>	<u>1,503,532</u>	<u>4,031,510</u>	<u>2,527,978</u>
Amounts Available for Appropriation	<u>6,087,356</u>	<u>6,087,356</u>	<u>8,712,543</u>	<u>2,625,187</u>
Charges to Appropriation (Outflow):				
Debt service:				
Principal	720,000	720,000	1,885,000	(1,165,000)
Interest and fiscal charges	<u>1,679,553</u>	<u>1,679,553</u>	<u>1,376,068</u>	<u>303,485</u>
Total Charges to Appropriations	<u>2,399,553</u>	<u>2,399,553</u>	<u>3,261,068</u>	<u>(861,515)</u>
Budgetary Fund Balance, June 30	<u>\$ 3,687,803</u>	<u>\$ 3,687,803</u>	<u>\$ 5,451,475</u>	<u>\$ 1,763,672</u>

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 REDEVELOPMENT AGENCY DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 185,748	\$ 185,748	\$ 185,748	\$ -
Resources (Inflows):				
Taxes	1,386,400	1,386,400	892,772	(493,628)
Use of money and property	10,000	10,000	7,151	(2,849)
Amounts Available for Appropriation	<u>1,582,148</u>	<u>1,582,148</u>	<u>1,085,671</u>	<u>(496,477)</u>
Charges to Appropriation (Outflow):				
General government	376,600	376,600	300,185	76,415
Transfers to other funds	498,196	498,196	-	498,196
Total Charges to Appropriations	<u>874,796</u>	<u>874,796</u>	<u>300,185</u>	<u>574,611</u>
Budgetary Fund Balance, June 30	<u>\$ 707,352</u>	<u>\$ 707,352</u>	<u>\$ 785,486</u>	<u>\$ 78,134</u>

PERMANENT FUND

LAUREL AVE. TRUST FUND:

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

CITY OF WEST HOLLYWOOD
 BUDGETARY COMPARISON SCHEDULE
 LAUREL AVENUE TRUST
 FOR THE YEAR ENDED JUNE 30, 2003

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 20,934	\$ 20,934	\$ 20,934	\$ -
Resources (Inflows):				
Use of money and property	20,200	20,200	21,372	1,172
Amounts Available for Appropriation	41,134	41,134	42,306	1,172
Charges to Appropriation (Outflow):				
Public services	25,750	25,750	20,249	5,501
Capital Outlay	170,000	85,000	24,563	60,437
Total Charges to Appropriations	195,750	110,750	44,812	65,938
Budgetary Fund Balance, June 30	<u>\$ (154,616)</u>	<u>\$ (69,616)</u>	<u>\$ (2,506)</u>	<u>\$ 67,110</u>

PROPRIETARY FUNDS**SEWER CONSTRUCTION FUND – ENTERPRISE:**

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

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.

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.

SOLID WASTE FUND – ENTERPRISE:

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

STREET MAINTENANCE FUND – ENTERPRISE:

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

INFORMATION SYSTEMS MASTER PLAN FUND – INTERNAL SERVICE:

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

CITY OF WEST HOLLYWOOD
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 JUNE 30, 2003

ASSETS	<u>Sewer Charges</u>	<u>Landscape District</u>
Current:		
Cash and investments	\$ 368,090	\$ 99,960
Receivables:		
Accounts	229	-
Accrued interest	1,586	416
Due from other funds	-	-
Due from other governments	3,711	1,853
Total Assets	<u>\$ 373,616</u>	<u>\$ 102,229</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Current:		
Accounts payable	\$ 30,881	\$ 1,500
Accrued payroll payable	2,800	-
Total Liabilities	<u>33,681</u>	<u>1,500</u>
Net Assets:		
Unrestricted	<u>339,935</u>	<u>100,729</u>
Total Net Assets	<u>339,935</u>	<u>100,729</u>
Total Liabilities and Net Assets	<u>\$ 373,616</u>	<u>\$ 102,229</u>

(CONTINUED)

<u>Solid Waste</u>	<u>Street Maintenance</u>	<u>Totals</u>
\$ 206,834	\$ 72,418	\$ 747,302
-	-	229
1,224	337	3,563
-	75,037	75,037
29,574	4,992	40,130
<u>\$ 237,632</u>	<u>\$ 152,784</u>	<u>\$ 866,261</u>
\$ 11,861	\$ 22,688	\$ 66,930
6,522	8,956	18,278
<u>18,383</u>	<u>31,644</u>	<u>85,208</u>
<u>219,249</u>	<u>121,140</u>	<u>781,053</u>
<u>219,249</u>	<u>121,140</u>	<u>781,053</u>
<u>\$ 237,632</u>	<u>\$ 152,784</u>	<u>\$ 866,261</u>

CITY OF WEST HOLLYWOOD
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

	Sewer Charges	Landscape District
Operating Revenues:		
Charges for current services	\$ 191,419	\$ 160,989
Fines and forfeitures	626	1,914
Developer fees	34,003	-
	226,048	162,903
Total Operating Revenues		
Operating Expenses:		
General government	34,111	4,000
Public service	251,318	69,536
	285,429	73,536
Total Operating Expenses		
Operating Income (Loss)	(59,381)	89,367
Nonoperating Revenues (Expenses):		
Taxes	-	-
Intergovernmental revenue	26,883	-
Interest income	6,942	1,302
	33,825	1,302
Total Nonoperating Revenues (Expenses)		
Changes in Net Assets	(25,556)	90,669
Net Assets		
Beginning of Fiscal Year	365,491	10,060
End of Fiscal Year	\$ 339,935	\$ 100,729

(CONTINUED)

<u>Solid Waste</u>	<u>Street Maintenance</u>	<u>Totals</u>
\$ 1,226,841	\$ 284,620	\$ 1,863,869
7,451	886	10,877
-	-	34,003
<u>1,234,292</u>	<u>285,506</u>	<u>1,908,749</u>
27,423	88,285	153,819
<u>1,254,553</u>	<u>217,221</u>	<u>1,792,628</u>
<u>1,281,976</u>	<u>305,506</u>	<u>1,946,447</u>
<u>(47,684)</u>	<u>(20,000)</u>	<u>(37,698)</u>
12	-	12
-	-	26,883
<u>3,330</u>	<u>760</u>	<u>12,334</u>
<u>3,342</u>	<u>760</u>	<u>39,229</u>
<u>(44,342)</u>	<u>(19,240)</u>	<u>1,531</u>
<u>263,591</u>	<u>140,380</u>	<u>779,522</u>
<u>\$ 219,249</u>	<u>\$ 121,140</u>	<u>\$ 781,053</u>

CITY OF WEST HOLLYWOOD
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>Sewer Charges</u>	<u>Landscape District</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 191,419	\$ 179,171
Cash payments to suppliers for goods and services	(189,634)	(267,810)
Cash payments to employees for services	(90,734)	-
Other operating revenues (expenses)	64,608	1,914
Net Cash Provided (Used) by Operating Activities	<u>(24,341)</u>	<u>(86,725)</u>
Cash Flows from Investing Activities:		
Interest income	7,795	1,053
Net Cash Provided (Used) by Investing Activities	<u>7,795</u>	<u>1,053</u>
Net Increase (Decrease) in Cash and Investments	(16,546)	(85,672)
Cash and Investments at Beginning of Fiscal Year	<u>384,636</u>	<u>185,632</u>
Cash and Investments at End of Fiscal Year	<u>\$ 368,090</u>	<u>\$ 99,960</u>
Reconciliation:		
Excess (deficiency) of revenue over expenses	\$ (59,381)	\$ 89,367
Adjustments:		
Nonoperating revenue - intergovernmental and taxes	26,883	-
Decrease (increase) in due from other governments	3,096	18,182
Increase (decrease) in accounts payable	5,982	(194,274)
Increase (decrease) in accrued payroll	(921)	-
Total Adjustments	<u>35,040</u>	<u>(176,092)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (24,341)</u>	<u>\$ (86,725)</u>

Schedule of Noncash Investing and Capital and Noncapital Financing Activities

During the fiscal year ending June 30, 2003, there were no noncash investing or capital or noncapital financing activities.

(CONTINUED)

<u>Solid Waste</u>	<u>Street Maintenance</u>	<u>Totals</u>
\$ 1,232,918	\$ 286,905	\$ 1,890,413
(1,201,394)	(28,835)	(1,687,673)
(156,638)	(256,195)	(503,567)
7,463	886	74,871
<u>(117,651)</u>	<u>2,761</u>	<u>(225,956)</u>
4,343	1,005	14,196
<u>4,343</u>	<u>1,005</u>	<u>14,196</u>
(113,308)	3,766	(211,760)
320,142	68,652	959,062
<u>\$ 206,834</u>	<u>\$ 72,418</u>	<u>\$ 747,302</u>
<u>\$ (47,684)</u>	<u>\$ (20,000)</u>	<u>\$ (37,698)</u>
12	-	26,895
6,077	2,285	29,640
(79,622)	21,443	(246,471)
3,566	(967)	1,678
<u>(69,967)</u>	<u>22,761</u>	<u>(188,258)</u>
<u>\$ (117,651)</u>	<u>\$ 2,761</u>	<u>\$ (225,956)</u>

FIDUCIARY FUNDS

BUSINESS IMPROVEMENT FUND – AGENCY:

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

SEISMIC IMPROVEMENT BOND – AGENCY:

To collect assessments on Community Facilities District No. 92-1 and to pay off interest and principal on the special Tax Bonds Series 1992.

CITY OF WEST HOLLYWOOD
 COMBING BALANCE SHEET
 AGENCY FUNDS
 JUNE 30, 2003

ASSETS	Business Improvement	Seismic Improvement Bonds	Totals
Cash and investments	\$ -	\$ 21,498	\$ 21,498
Cash and investments with fiscal agent	-	329,604	329,604
Taxes receivable	106,837	-	106,837
Accounts receivable	84,260	-	84,260
Accrued interest receivable	-	268	268
Due from other governments	-	12,410	12,410
Total Assets	<u>\$ 191,097</u>	<u>\$ 363,780</u>	<u>\$ 554,877</u>
 LIABILITIES			
Accounts payable	\$ 191,097	\$ 1,500	\$ 192,597
Payable to trustee	-	362,280	362,280
Total Liabilities	<u>\$ 191,097</u>	<u>\$ 363,780</u>	<u>\$ 554,877</u>

CITY OF WEST HOLLYWOOD
 SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>Balance</u> <u>July 1, 2002</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2003</u>
BUSINESS IMPROVEMENT				
Assets:				
Cash and investments	\$ 53,011	\$ 1,330,410	\$ 1,383,421	\$ -
Taxes receivable	126,561	106,837	126,561	106,837
Accounts receivable	52,073	165,846	133,659	84,260
Totals	<u>\$ 231,645</u>	<u>\$ 1,603,093</u>	<u>\$ 1,643,641</u>	<u>\$ 191,097</u>
Liabilities:				
Accounts payable	<u>\$ 231,645</u>	<u>\$ 1,603,093</u>	<u>\$ 1,643,641</u>	<u>\$ 191,097</u>
Totals	<u>\$ 231,645</u>	<u>\$ 1,603,093</u>	<u>\$ 1,643,641</u>	<u>\$ 191,097</u>
SEISMIC IMPROVEMENT BONDS				
Assets:				
Cash and investments	\$ 33,980	\$ 133,721	\$ 146,203	\$ 21,498
Cash and investments with fiscal agent	317,702	108,068	96,166	329,604
Accrued interest receivable	204	1,120	1,056	268
Due from other governments	5,701	12,410	5,701	12,410
Totals	<u>\$ 357,587</u>	<u>\$ 255,319</u>	<u>\$ 249,126</u>	<u>\$ 363,780</u>
Liabilities:				
Accounts payable	\$ 1,000	\$ 6,500	\$ 6,000	\$ 1,500
Payable to trustee	356,587	248,819	243,126	362,280
Totals	<u>\$ 357,587</u>	<u>\$ 255,319</u>	<u>\$ 249,126</u>	<u>\$ 363,780</u>
TOTAL - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 86,991	\$ 1,464,131	\$ 1,529,624	\$ 21,498
Cash and investments with fiscal agent	317,702	108,068	96,166	329,604
Taxes receivable	126,561	106,837	126,561	106,837
Accounts receivable	52,073	165,846	133,659	84,260
Accrued interest receivable	204	1,120	1,056	268
Due from other governments	5,701	12,410	5,701	12,410
Total Assets	<u>\$ 589,232</u>	<u>\$ 1,858,412</u>	<u>\$ 1,892,767</u>	<u>\$ 554,877</u>
Liabilities:				
Accounts payable	\$ 232,645	\$ 1,609,593	\$ 1,649,641	\$ 192,597
Payable to trustee	356,587	248,819	243,126	362,280
Total Liabilities	<u>\$ 589,232</u>	<u>\$ 1,858,412</u>	<u>\$ 1,892,767</u>	<u>\$ 554,877</u>

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CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

CITY OF WEST HOLLYWOOD
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 COMPARATIVE SCHEDULES BY SOURCE
 JUNE 30, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
General Fixed Assets:		
Land	\$ 36,300,343	\$ 36,672,214
Buildings	17,374,655	18,107,481
Improvements other than buildings	2,106,570	1,940,090
Machinery and equipment	4,114,075	3,752,833
Furniture and fixtures	71,719	71,719
Office equipment	795,324	456,036
Infrastructure	72,110,226	72,110,226
Construction in progress	6,480,557	4,938,441
	<u>\$ 139,353,469</u>	<u>\$ 138,049,040</u>
Investment in General Fixed Assets:		
General Fund	\$ 133,976,254	\$ 134,506,736
Special Revenue Funds	2,489,027	2,016,737
Redevelopment Agency	1,338,057	-
Grant funding	473,568	473,567
Permanent Fund	1,076,563	1,052,000
	<u>\$ 139,353,469</u>	<u>\$ 138,049,040</u>

CITY OF WEST HOLLYWOOD
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2003

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings</u>
General Government		
General Government Buildings	\$ 4,000,000	\$ 4,450,603
City Manager	-	-
Administrative Services	-	-
Finance & Technology	-	-
Public Service		
Human Services	24,859,798	6,228,558
Rent Stabilization & Housing	200,000	-
Community Development	-	-
Transportation & Public Works	6,086,045	3,295,150
Public Information & Adjudication	-	-
Public Safety		
Police and Fire	1,154,500	3,400,344
Total	<u>\$ 36,300,343</u>	<u>\$ 17,374,655</u>

(CONTINUED)

<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 51,357	\$ -	\$ -	\$ -	\$ 8,501,960
-	67,472	-	-	67,472
-	20,713	-	-	20,713
-	2,950,121	-	-	2,950,121
1,836,834	630,336	8,124,240	5,564,337	47,244,103
-	21,570	-	-	221,570
-	56,405	-	-	56,405
218,379	901,046	63,985,986	916,220	75,402,826
-	143,790	-	-	143,790
-	189,665	-	-	4,744,509
<u>\$ 2,106,570</u>	<u>\$ 4,981,118</u>	<u>\$ 72,110,226</u>	<u>\$ 6,480,557</u>	<u>\$ 139,353,469</u>

CITY OF WEST HOLLYWOOD
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>Balance</u> <u>July 1, 2002</u>	<u>Adjustments</u>	<u>Balance</u> <u>July 1, 2002,</u> <u>as Adjusted</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2003</u>
<u>Function and Activity</u>						
General Government						
General Government Buildings	\$ 8,501,960	\$ -	\$ 8,501,960	\$ -	\$ -	\$ 8,501,960
City Manager	67,472	-	67,472	-	-	67,472
Administrative Services	20,713	-	20,713	-	-	20,713
Finance & Technology	2,610,835	-	2,610,835	339,286	-	2,950,121
			-			
Public Service						
Human Services	40,719,174	8,124,240	48,843,414	5,804,951	7,404,262	47,244,103
Rent Stabilization & Housing	221,570	-	221,570	-	-	221,570
Community Development	56,405	-	56,405	-	-	56,405
Transportation & Public Works	80,962,612	(8,124,240)	72,838,372	2,564,454	-	75,402,826
Public Information & Adjudication	143,790	-	143,790	-	-	143,790
Public Safety						
Police and Fire	4,744,509	-	4,744,509	-	-	4,744,509
Total	<u>\$138,049,040</u>	<u>\$ -</u>	<u>\$138,049,040</u>	<u>\$ 8,708,691</u>	<u>\$ 7,404,262</u>	<u>\$139,353,469</u>



Statistical Section

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	General Government	Public Service	Public Safety	Current Expenditures Sub-Total	Capital Improvements & Debt Service	Total Expenditures
1994	5,455,550	18,711,707	8,266,686	32,433,943	3,840,840	36,274,783
% Current	16.82	57.69	25.49	100.00		
% Total	15.04	51.58	22.79	89.41	10.59	100.00
1995	5,653,058	16,299,648	8,487,423	30,440,129	3,951,342	34,391,480
% Current	18.57	53.55	27.88	100.00		
% Total	16.44	47.39	24.68	88.51	11.49	100.00
1996	6,132,662	17,460,797	9,024,522	32,617,981	21,220,800	53,838,781
% Current	18.80	53.53	27.67	100.00		
% Total	11.39	32.43	16.76	60.58	39.42	100.00
1997	6,173,553	17,876,398	8,980,892	33,030,843	5,332,955	38,363,798
% Current	18.69	54.12	27.19	100.00		
% Total	16.09	46.60	23.41	86.10	13.90	100.00
1998	6,931,471	17,886,275	8,636,591	33,454,337	10,213,336	43,667,673
% Current	20.72	53.46	25.82	100.00		
% Total	15.87	40.96	19.78	76.61	23.39	100.00
1999	7,970,515	20,012,425	9,397,927	37,380,867	6,576,774	43,957,641
% Current	21.32	53.54	25.14	100.00		
% Total	18.13	45.53	21.38	85.04	14.96	100.00
2000	8,615,817	21,864,754	10,297,374	40,777,945	21,745,873	62,523,818
% Current	21.13	53.62	25.25	100.00		
% Total	13.78	34.97	16.47	65.22	34.78	100.00
2001	9,251,147	26,434,085	9,908,515	45,593,747	18,922,304	64,516,051
% Current	20.29	57.98	21.73	100.00		
% Total	14.34	40.97	15.36	70.67	29.33	100.00
2002	10,926,359	28,024,826	10,512,934	49,464,119	12,449,461	61,913,580
% Current	22.09	56.66	21.25	100.00		
% Total	17.65	45.26	16.98	79.89	20.11	100.00
2003	11,588,027	28,749,190	10,928,765	51,265,982	30,256,170	81,522,152
% Current	22.60	56.08	21.32	100.00		
% Total	14.21	35.27	13.41	62.89	37.11	100.00

Notes:

(1) The figures include all governmental fund types .

Source:

Department of Finance, City of West Hollywood

GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30 (1)	Taxes	License and Permits	Fines and Forfeitures	Use of Money and Property	Inter-governmental	Charges for Services	Developer Fees	Other	Total
1994	16,727,892	944,972	5,526,780	2,106,539	3,577,194	2,331,567	598,629	53,349	31,866,922
% Total	52.49	2.97	17.34	6.61	11.23	7.32	1.88	0.17	100.00
1995	18,023,275	1,080,424	5,321,772	2,686,689	4,701,118	2,273,349	918,750	44,923	35,050,300
% Total	51.42	3.08	15.18	7.67	13.41	6.49	2.62	0.13	100.00
1996	18,432,319	1,293,913	6,005,525	4,010,927	4,548,741	2,256,561	279,715	63,621	36,891,322
% Total	49.96	3.51	16.28	10.87	12.33	6.12	0.76	0.17	100.00
1997	19,764,401	1,557,667	5,536,054	4,555,092	5,009,608	2,339,039	248,195	52,462	39,062,518
% Total	50.60	3.99	14.17	11.66	12.82	5.99	0.64	0.13	100.00
1998	22,313,046	1,527,482	6,411,964	5,341,836	4,379,269	2,556,699	314,363	38,237	42,882,898
% Total	52.03	3.56	14.95	12.46	10.21	5.96	0.73	0.09	100.00
1999	23,598,230	1,883,484	6,654,267	5,607,547	14,613,364	2,634,397	417,062	328,549	55,736,900
% Total	42.34	3.38	11.94	10.06	26.22	4.73	0.75	0.59	100.00
2000	25,994,987	2,417,474	8,034,881	6,720,749	11,881,661	2,532,109	1,033,377	126,778	58,742,016
% Total	44.25	4.12	13.68	11.44	20.23	4.31	1.76	0.22	100.00
2001	28,851,907	2,777,259	8,450,029	6,428,474	13,131,601	2,405,407	637,111	1,221,241	63,903,029
% Total	45.15	4.35	13.22	10.06	20.55	3.76	1.00	1.91	100.00
2002	27,600,100	1,935,265	9,198,259	6,631,903	6,429,614	2,421,986	1,435,273	3,463,635	59,116,035
% Total	46.69	3.27	15.56	11.22	10.88	4.10	2.43	5.86	100.00
2003	28,790,692	3,321,312	8,907,842	4,895,491	13,726,715	2,791,718	2,630,914	15,991,927	81,056,611
% Total	35.52	4.10	10.99	6.04	16.93	3.44	3.25	19.73	100.00

Notes:

(1) The figures include all governmental fund types .

Source:

Department of Finance, City of West Hollywood

TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30 (1)	Property	Sales and Use (2)	Transient Occupancy	Franchises	Property Transfer	Business License	Total
1994	4,863,001	5,940,924	4,306,472	619,892	86,374	911,229	16,727,892
% Total	29.1	35.5	25.7	3.7	0.5	5.4	100.0
1995	4,847,643	6,626,968	4,644,344	831,079	88,420	984,821	18,023,275
% Total	26.9	36.8	25.8	4.6	0.5	5.5	100.0
1996	4,650,052	6,642,987	5,100,185	1,021,280	72,552	945,263	18,432,319
% Total	25.2	36.0	27.7	5.5	0.4	5.1	100.0
1997	4,476,099	7,053,057	6,129,454	975,060	95,261	1,035,470	19,764,401
% Total	22.6	35.7	31.0	4.9	0.5	5.2	100.0
1998	4,533,116	7,729,914	7,595,268	1,175,431	219,416	1,059,903	22,313,048
% Total	20.3	34.6	34.0	5.3	1.0	4.8	100.0
1999	4,847,849	7,728,545	8,414,889	1,269,808	206,117	1,131,022	23,598,230
% Total	20.5	32.8	35.7	5.4	0.9	4.8	100.0
2000	5,654,186	8,985,288	8,806,714	1,137,728	243,750	1,167,321	25,994,987
% Total	21.8	34.6	33.9	4.4	0.9	4.5	100.0
2001	7,003,746	9,561,922	9,609,872	1,229,535	195,993	1,250,839	28,851,907
% Total	24.3	33.1	33.3	4.3	0.7	4.3	100.0
2002	8,069,412	8,612,449	7,888,469	1,445,057	237,689	1,347,024	27,600,100
% Total	29.2	31.2	28.6	5.2	0.9	4.9	100.0
2003	8,268,939	9,214,590	8,050,754	1,534,020	297,365	1,425,024	28,790,692
% Total	28.7	32.0	28.0	5.3	1.0	4.9	100.0

Notes:

(1) The figures include all governmental fund types .

(2) Includes 1/2 cent for Prop A and 1/2 cent for Prop C

Source:

Department of Finance, City of West Hollywood

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections (1)	Collections as Percent of Levy	Delinquent Tax as Percent of Current Levy
1994	5,092,311	4,675,704	91.8%	187,297	4,863,001	95.5%	3.7%
1995	5,087,554	4,613,847	90.7%	233,796	4,847,643	95.3%	4.6%
1996	4,926,210	4,566,318	92.7%	83,733	4,650,051	94.4%	1.7%
1997	4,798,261	4,394,378	91.6%	81,721	4,476,099	93.3%	1.7%
1998	4,982,517	4,386,159	88.0%	146,957	4,533,116	91.0%	2.9%
1999	5,223,621	4,578,834	87.7%	147,112	4,725,946	90.5%	2.8%
2000	5,897,054	5,682,452	96.4%	94,532	5,776,984	98.0%	1.6%
2001	6,930,360	7,216,622	104.1%	175,373	7,391,995	106.7%	2.5%
2002	8,482,027	8,124,063	95.8%	285,735	8,409,798	99.1%	3.4%
2003	8,678,757	8,389,163	96.7%	(205,225)	8,183,937	94.3%	-2.4%

Notes:

(1) Includes all Governmental & Business-type Activities and excludes interest and penalties.

Source:

Auditor/Controller's Office, County of Los Angeles

ASSESSED & ACTUAL VALUE OF TAXABLE SECURED PROPERTY
LAST TEN FISCAL YEARS (IN THOUSANDS)

Fiscal Year Ended June 30	Assessed Value				Property Value			
	Land	Improvements	Personal Property	Total	Commercial/ Industrial	Residential	Non- Taxable	Total
1994	1,343,089	1,664,094	12,203	3,019,386	1,023,125	1,936,692	59,569	3,019,386
1995	1,346,042	1,658,165	18,267	3,022,474	1,048,656	1,925,752	48,066	3,022,474
1996	1,328,403	1,636,884	90,058	3,055,345	1,021,752	1,999,362	34,231	3,055,345
1997	1,277,826	1,599,310	95,070	2,972,206	1,132,977	1,839,230	34,587	2,972,206
1998	1,245,809	1,584,689	101,743	2,932,241	1,135,777	1,796,465	34,276	2,932,241
1999	1,306,513	1,600,159	120,795	3,027,467	1,185,486	1,842,161	35,220	3,027,467
2000	1,415,940	1,761,021	133,957	3,310,918	1,322,947	1,987,971	35,139	3,310,918
2001	1,621,863	1,772,043	126,794	3,520,700	1,351,654	2,169,046	35,023	3,520,700
2002	1,826,078	1,961,531	148,595	3,936,204	1,572,910	2,363,294	35,517	3,936,204
2003	2,009,643	1,999,317	184,319	4,193,279	2,539,961	1,653,318	37,899	4,193,279

Sources:

Assessor, County of Los Angeles

Hinderliter, De Llamas and Associates

**PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS PER \$100 OF ASSESSED VALUE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	County	School Districts	Special Districts	Total
1994	1.0017	0.0036	0.0152	1.0205
1995	1.0018	0.0034	0.0124	1.0176
1996	1.0018	0.0034	0.0124	1.0176
1997	1.0016	0.0033	0.0131	1.0180
1998	1.0016	0.0033	0.0131	1.0180
1999	1.0015	0.0247	0.0123	1.0385
2000	1.0015	0.0247	0.0123	1.0385
2001	1.0013	0.0408	0.0117	1.0538
2002	1.0011	0.0641	0.0098	1.0751
2003	1.0010	0.0519	0.0155	1.0684

Notes:

In 1979, a State constitutional Amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the county and shared with all other jurisdictions. All other jurisdictions and the county could levy a tax rate for voter-approved debt.

Current taxes are due on November 1 and March 1, and become delinquent on December 10 and April 10, for the first and second installments, respectively. There is a 10% penalty and \$10.00 cost after the date taxes become delinquent.

The County of Los Angeles collects the taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdictions' assessed valuations and on the tax rate for voter-approved debt. Rates are applied to assessed valuations.

Source:

Tax Collector, County of Los Angeles

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**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Landscape & Lighting		Garbage	
	Billings	Collections	Billings	Collections
1994	750,056	737,543	1,033,966	1,007,707
1995	734,965	706,268	990,246	988,475
1996	679,273	677,524	999,062	964,159
1997	704,505	723,161	999,465	1,006,775
1998	-	19,511	970,438	980,923
1999	128,868	126,772	1,055,461	1,055,266
2000	138,940	133,463	1,132,321	1,125,695
2001	128,154	135,559	1,148,426	1,144,056
2002	128,154	128,607	1,185,182	1,221,680
2003	136,546	160,999	1,233,834	1,226,841

Sources:

Auditor/Controller's Office, County of Los Angeles.

(Continued)

Sewer		Seismic CFD		Street Maintenance		Total Special Assessment	
Billings	Collections	Billings	Collections	Billings	Collections	Billings	Collections
109,460	105,747	98,988	89,997	-	-	1,992,470	1,940,994
187,949	187,223	101,637	100,447	-	-	2,014,797	1,982,413
190,075	182,017	93,217	92,495	-	-	1,961,627	1,916,195
189,350	187,498	90,373	73,600	-	-	1,983,693	1,991,034
174,666	175,369	93,101	90,373	282,853	274,642	1,521,058	1,540,818
181,029	173,733	97,526	128,636	285,914	279,496	1,748,798	1,763,904
180,632	179,080	89,434	89,265	286,164	279,930	1,827,491	1,807,435
174,778	173,573	89,434	90,780	283,237	282,626	1,824,030	1,826,594
172,498	177,181	89,434	81,922	283,087	292,577	1,858,356	1,901,967
179,313	191,419	87,707	103,932	286,463	284,620	1,923,862	1,967,811

SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2003

Legal Debt Margin as of June 30, 2003 \$ 600,414,805

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

On March 19, 1998, the City issued \$27,105,000 of 1998 Refunding Certificates of Participation.

On March 19, 1998, the City issued \$5,360,000 of 1998 Variable Rate Demand Refunding Certificates of Participation.

RATIO OF NET GENERAL DEBT TO ASSESSED VALUE
AND NET DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Estimated Population (A)	Assessed Valuations (1)(B)	Net Debt (2)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
1994	36,118	3,152,042,957	-	-	-
1995	37,195	3,146,330,859	-	-	-
1996	37,195	3,055,344,647	-	-	-
1997	37,195	2,972,206,229	-	-	-
1998	37,195	2,932,240,555	-	-	-
1999	37,942	3,027,467,294	-	-	-
2000	38,533	3,145,683,516	-	-	-
2001	36,327	3,562,977,187	-	-	-
2002	36,327	4,012,004,006	-	-	-
2003	37,292	4,230,998,702	-	-	-

Notes:

(1) Assessed valuations are 100% of market value.

(2) Includes only general obligation debt.

Sources:

(A) The estimated population is established by the State of California, Department of Finance.

(B) Auditor/Controller's Office, County of Los Angeles.
Hinderliter, de Llamas & Associates

**RATIO OF ANNUAL DEBT SERVICE FOR
GENERAL DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Debt Service to General Expenditures
1994	-	-	-	36,274,783	0.0%
1995	-	67,313	67,313	34,391,480	0.2%
1996	180,573	1,076,963	1,257,536	53,838,781	2.3%
1997	349,347	1,877,692	2,227,039	38,363,798	5.8%
1998	427,040	1,773,272	2,200,312	43,667,673	5.0%
1999	805,000	1,440,586	2,245,586	43,957,641	5.1%
2000	725,000	1,644,447	2,369,447	62,523,818	3.8%
2001	755,000	2,046,344	2,801,344	64,516,051	4.3%
2002	685,000	2,214,602	2,899,602	61,913,580	4.7%
2003	1,885,000	2,342,520	4,227,520	81,522,152	5.2%

Notes:

(1) Expenditures are on actual (GAAP) basis and include all governmental fund types.

Source:

Department of Finance, City of West Hollywood

SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2003

2002 – 2003 ASSESSED VALUATION: \$ 4,230,998,702

	Percent Applicable to City of West Hollywood	City of West Hollywood Share of Debt
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Los Angeles County	0.667 %	\$ 201,601
Los Angeles County Flood Control District	0.687	1,059,011
Metropolitan Water District	0.347	1,541,704
Los Angeles Community College District	1.184	6,003,235
Los Angeles Unified School District	1.455	63,503,330
City of West Hollywood Community Facilities Dist No.92-1	100.000	595,000
Los Angeles Co. Regional Park & Open Space Assess. Dist.	0.667	2,632,882
Total Overlapping Tax and Assessment Debt		\$ 75,536,763
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Los Angeles County General Fund Obligations	0.667	10,499,631
Los Angeles County Pension Obligations	0.667	10,358,192
Los Angeles County Superintendent of Schools Certificate of Participation	0.667	185,121
Los Angeles County Sanitation District #4 Authority	97.091	4,232,521
Los Angeles Community College District Certificate of Participation	1.184	1,021,555
Los Angeles Unified School District Certificates of Participation	1.455	11,706,639
City of West Hollywood Certificates of Participation	100.000	30,330,000
Total Gross Direct and Overlapping Bonded Debt		\$ 68,333,659
Less: Los Angeles County Certificates of Participation (100% Self Supporting from leasehold revenues on properties in Marina Del Rey)		555,144
Total Net Direct and Overlapping Bonded Debt		\$ 67,778,515
Gross Combined Total debt		\$ 143,870,422 (1)
Net Combined Total Debt		\$ 143,315,278

Ratios to 2002-03 Assessed Valuation:

Total Overlapping Tax and Assessment Debt 1.83%

Ratios to Assessed Valuation:

Combined Direct Debt (\$ 30,330,000) 0.77%
Total Gross Debt 3.67%
Total Net Debt 3.66%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/03: \$28,620

Notes:

(1) Excludes tax & revenue anticipation notes, enterprise revenue, mortgage revenue, tax allocation bonds, & non-bonded capital lease obligations

Source: Prepared for the City of West Hollywood by California Municipal Statistics, Inc.

DEMOGRAPHIC INFORMATION

INCORPORATION – NOVEMBER 29, 1984

THEME – THE CREATIVE CITY

GOVERNMENT: COUNCIL/MANAGER

Five City Council members are elected at large to serve four-year terms on a staggered basis. City Council members select one of their members to serve a 1-year term as Mayor. This office rotates among the members of Council.



John Heilman
Council Member



Sal Guarriello
Council Member



John Duran
Mayor Pro Tempore



Abbe Land
Council Member

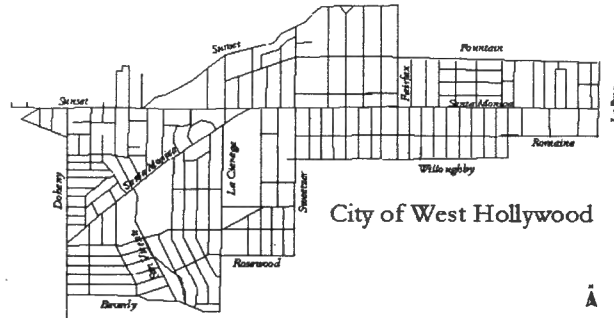


Jeffrey Prang
Mayor

SIZE: 1.88 SQUARE MILES

BOUNDARIES

City of Beverly Hills on the West and the City of Los Angeles on the North, South, and East



MAJOR THOROUGHFARES

Sunset Boulevard, Santa Monica Boulevard, Melrose Avenue, and Beverly Boulevard

PUBLIC SERVICES

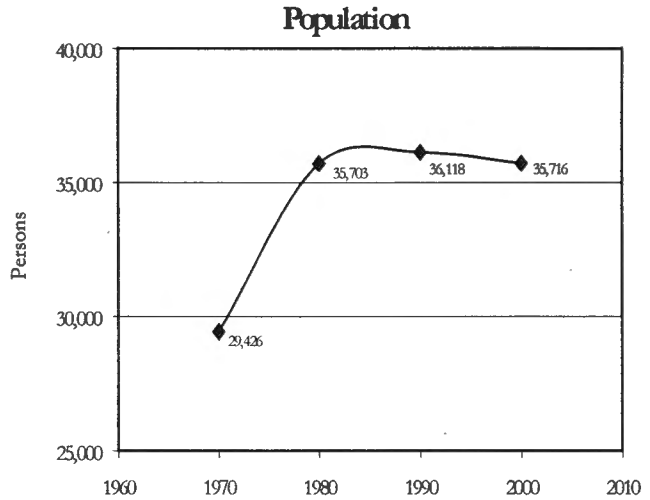
The City operates as a “contract city” utilizing agreements with private firms and other governmental agencies to provide services to the community

SAFETY

Police protection is contracted from the Los Angeles County Sheriff's Department and the Los Angeles County Fire Department administers fire protection through the City belong to the County Fire District.

POPULATION – 37,292 PERSONS (2003 ESTIMATE)

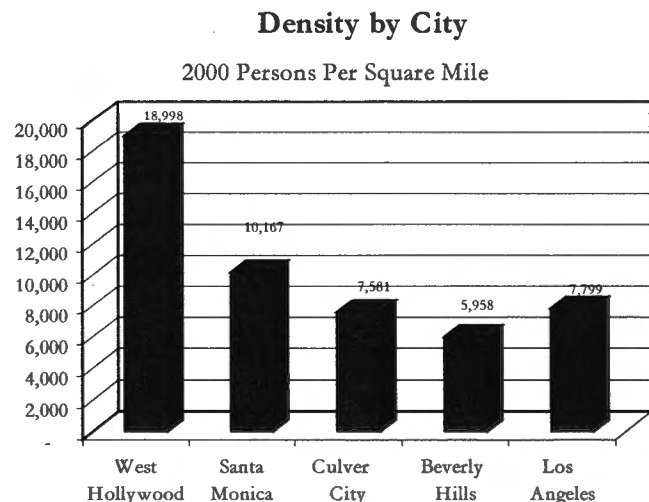
The population of West Hollywood has consistently increased since the City's incorporation. Data from the 2000 Census indicates that West Hollywood's population has remained stable within the past ten years, with a 1.1% decrease between 1990 and 2000. This is also consistent with the 1.2% increase between 1980 and 1990. The area that currently comprises West Hollywood had its greatest increase in the past three decades between 1970 and 1980 when the population grew by 21.3%.



Source: Bureau of the Census, 2000

The City of West Hollywood consists of five census tracts: East Tract, Fairfax Tract, Central Tract, Southwest Tract, and Northwest Tract. The City is denser in the Central and East sections and less dense in the West. The Central Tract is the most dense with 26,199 persons per square mile. The Southwest Tract is the least dense with 10,884 persons per square mile.

West Hollywood is one of the densest cities in the Los Angeles region. The City's overall density of 18,998 persons per square mile is almost twice as much as any other local city. Santa Monica's density is 10,167, Culver City's is 7,581, Beverly Hills' is 5,958 and Los Angeles' is 7,799.



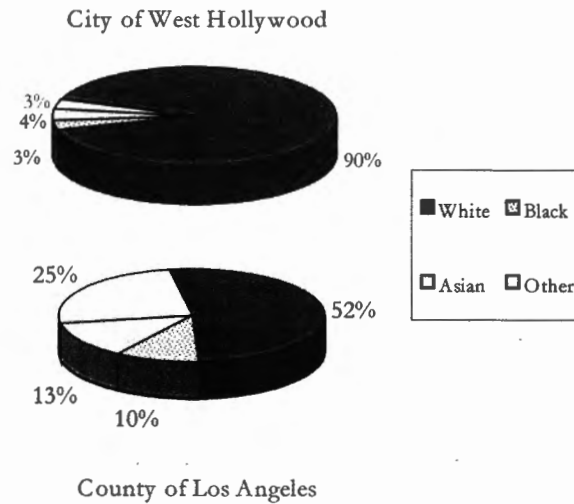
Source: Bureau of the Census, 2000

RACE

The 2000 Census recorded 90% of West Hollywood's residents as White, a much larger share than the County's 52%. Blacks comprise 3% and Asians comprise 4%, while another 3% are other races.

The City has a large Russian community with 15.6% of the residents reporting Russian as their primary ancestry in 1990. Residents of Hispanic origin were reported at 8.4% in 1990. According to the 1999 CACI-Information Decisions Systems Market Profile Report that number has grown to 14.9% in 1999.

2000 Population Characteristics

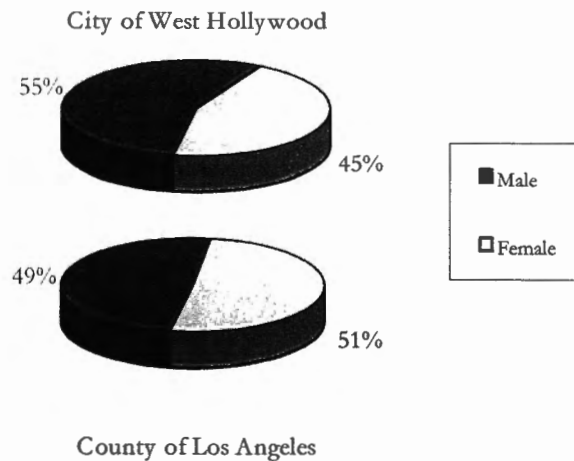


Source: Bureau of the Census, 2000

GENDER & SEXUALORIENTATION

West Hollywood's male to female ratio is 1.12 to 1, according to the 2000 Census. That is slightly higher than the County ratio, which is almost 1 to 1. Over 30% of the City's population is gay/lesbian/bisexual, and 84% of the residents in this category are gay men.

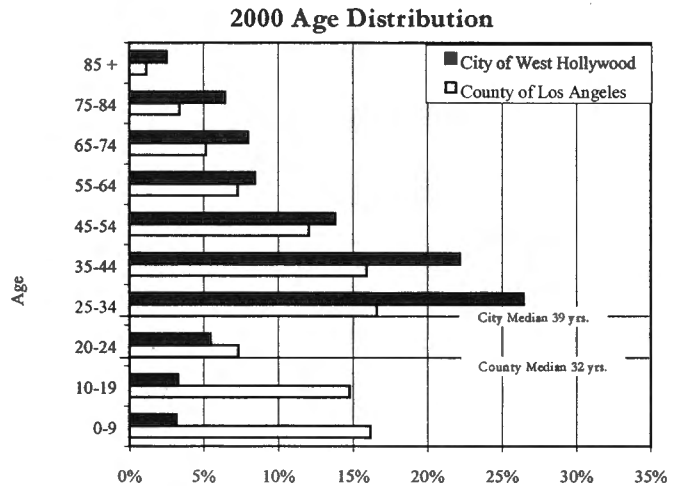
2000 Gender Characteristics



Source: Bureau of the Census, 2000

AGE

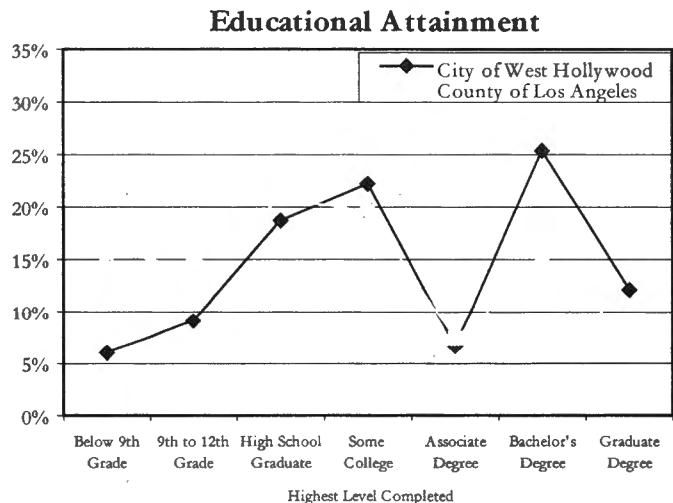
West Hollywood has an aging population, 87% of the residents are age 25 or older. Almost half of the population is comprised of adults age 25 to 44 with the largest portion, 26%, being age 25 to 34. The City's median age of 39 years old far exceeded the County median of 32 years old. The city has a very small population of youth with only 6% of the residents being age 19 or younger.



Source: Bureau of the Census, 2000

EDUCATION

West Hollywood is characterized as a well-educated City in the 1990 Census, with 66% of the residents age 25 or older attending college. 25% stopped after receiving a Bachelor's Degree, while another 12% continued on to receive a Master's Degree. The City's average level of education completed is 13.7 years. Only 15% of the City's residents did not graduate from high school, compared to 30% of the County's residents.

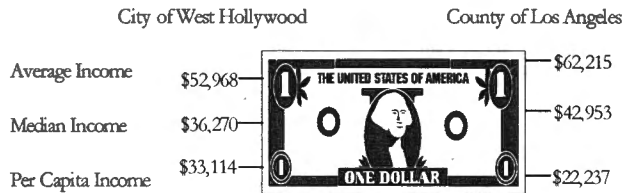


Source: Bureau of the Census, 1990

INCOME

The average and median incomes of City residents in 1999 were \$52,968 and \$36,270 respectively. The County average was \$42,953, while the median was \$22,237. The City's per capita income, however, exceeded that of the County by \$10,877.

1999 Household Income

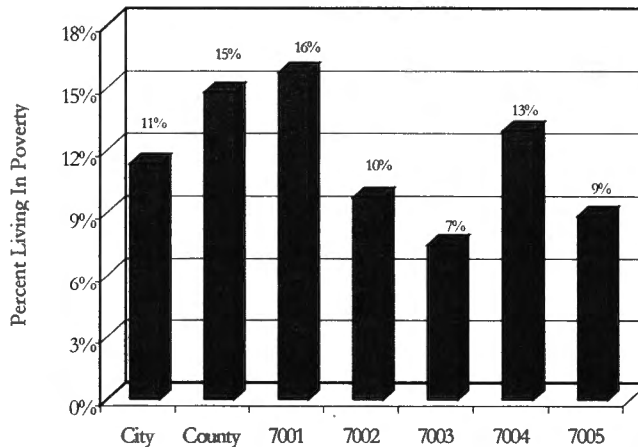


Source: CACHDS Market Profile Report, 1999

POVERTY STATUS

Eleven percent of the residents of the City of West Hollywood reported incomes that were determined to be below the poverty line in 1990. The East Tract, 7001, held the largest share of persons living below the poverty line with 16% of its residents and the Central Tract, 7003, held the smallest share with 7% of its residents reporting qualifying incomes. 15% of the County's residents had incomes that were below the poverty line.

1990 Poverty Status



UNEMPLOYMENT

Unemployment has been decreasing over the past several years. West Hollywood's unemployment rate has been very consistent with that of Los Angeles County and the State of California. On all three levels, unemployment peaked around 1992-1993 and has dropped about 3-3.5% since then. The United States unemployment rate has followed the same trend, but remains about 2% lower than that of the City, County and State.



Source: State of California, Employment Development Department, 2000

SPECIAL HOUSEHOLD NEEDS

West Hollywood is home to a large number of special needs groups. 18% residents are elderly (65 years and older). People living with AIDS/HIV make up 10% of the City's population. Other vulnerable populations include homeless persons, disabled persons, female-headed families with children, and large households.

CONSTRUCTION VALUE & BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30	Construction (B)				Bank Deposits (C)
	Commercial & Office		Residential		
	Number of Permits	Valuation	Number of Permits	Valuation	
1994	145	7,341,009	353	3,749,503	469,636
1995	157	12,855,530	328	4,274,653	442,761
1996	165	10,027,062	398	4,409,956	553,998
1997	137	10,332,401	439	4,571,305	612,898
1998	146	9,419,828	455	5,644,423	598,590
1999	148	11,969,122	504	6,957,106	655,570
2000	292	19,091,701	316	25,722,676	644,269
2001	210	42,620,180	735	13,246,506	709,349
2002	113	20,317,956	480	6,697,711	941,005
2003	142	43,340,139	467	19,472,711	(A)

Notes:

(A) Information was not available.

(B) Provided by Willdan Associates, Inc. for 1994 - 1996

(C) Federal Deposit Insurance Corporation and the Findley Company

PRINCIPAL TAX PAYERS
 JUNE 30, 2003
 (IN THOUSANDS)

	Taxpayer	Type of Business	2002-2003 Assessed Valuation	Percentage of Total Assessed Valuation
1	Pacific Design Center	Retail/Wholesale	\$ 156,994	3.71%
2	Sunset Millenium Holdings	Office Buildings	83,993	1.99%
3	Mondrian Holdings	Hotel	78,859	1.86%
4	BA Studios	Movie Studio	45,083	1.07%
5	Windham Bel Age	Hotel	42,694	1.01%
6	Cedars Sinai Medial Center	Medical Offices	36,480	0.86%
7	City of West Hollywood	Parks & City Hall	28,867	0.68%
8	Arden Realty	Medical Offices	27,967	0.66%
9	RWH Holdings. Inc.	Office Buildings/Hotel	26,376	0.62%
10	Charles Luckman	Office Buildings	21,489	0.51%
			<u>\$ 548,802</u>	<u>12.97%</u>

Source:
 Hinderliter, De Llamas and Associates
 Assessed Valuation: \$4,230,998,702

SCHEDULE OF INSURANCE IN FORCE
AS OF JUNE 30, 2003

GENERAL LIABILITY

SOUTHERN CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
8081 Moody St. La Palma, CA 90623
Policy No. Pooled Insurance
Period July 1, 2002 to June 30, 2003
Coverage \$50,000,000 XS \$20,000 S.I.R

ALL RISK PROPERTY INSURANCE

SOUTHERN CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
8081 Moody St. La Palma, CA 90623
Policy No. US4217
Period January 1, 2003 to January 1, 2004
Coverage Per Occurrence \$100,000,000
Deductible \$5,000

BLANKET FIDELITY BOND PROGRAM

DRIVER ALLIANT INSURANCE
P.O. Box 6450, Newport Beach, CA 92658-6450
Period April 1, 2003 to April 1, 2004
Coverage Per Occurrence \$1,000,000
Deductible \$2,500

WORKER'S COMPENSATION INSURANCE

STATE COMPENSATION INSURANCE FUND
5700 Wilshire Boulevard, Suite 400, Los Angeles, Ca. 90036
Policy No. 1614680-03
Period January 1, 2003 to June 30, 2003

ENVIRONMENTAL POLLUTION LEGAL LIABILITY INSURANCE

SOUTHERN CALIFORNIA JOINT POWERS INSURANCE AUTHORITY
8081 Moody St. La Palma, CA 90623
Period July 1, 2002 to July 1, 2005
Coverage \$120,000,000 for 3 years (California JPIA Limit)
Sub-Limit Per Member \$10,000,000
S.I.R. Per Occurrence \$50,000

Schedule of Insurance - Commercial Property (Continue)

City Hall	Real Property	\$ 7,298,693
8300 Santa Monica Boulevard	Personal Property	2,646,732
West Hollywood, CA. 90069	Rents	1,537,000
	Deductible	5,000
Plummer Park	Real Property	\$ 5,224,415
7377 Santa Monica Boulevard	Personal Property	2,388,889
West Hollywood, CA. 90069	Deductible	5,000
West Hollywood Park	Real Property	\$ 2,664,387
647 San Vicente Blvd.	Personal Property	712,687
West Hollywood, CA. 90069	Rents	150,000
	Deductible	5,000
Werle Building	Real Property	\$ 787,053
626 North Robertson Blvd.	Personal Property	11,405
West Hollywood, CA. 90069	Deductible	5,000
Hart Park	Real Property	\$ 599,081
8341 De Longpre Avenue	Deductible	5,000
West Hollywood, CA. 90069		
Adult Day Health Care	Real Property	\$ 523,073
7362 Santa Monica Boulevard	Deductible	5,000
West Hollywood, CA. 90069		
Mobile Equipment	Personal Property	\$ 291,088
Various Locations	Deductible	1,000
West Hollywood, CA. 90069		
Mobile Equipment	Personal Property	\$ 31,497
CATV Truck/ TV Equipment	Deductible	1,000
West Hollywood, CA. 90069		

Fire Station #7	Real Property	\$ 393,750
954 N. Hancock Avenue	Personal Property	20,058
West Hollywood, CA. 90069	Deductible	5,000
Free Clinic	Real Property	\$ 900,287
619 & 621 N. San Vicente	Deductible	5,000
West Hollywood, CA. 90069		
Municipal Structure II	Real Property	\$ 827,726
8759 Santa Monica Blvd.	Personal Property	159,058
West Hollywood, CA. 90069	Deductible	5,000
Municipal Structure I	Real Property	\$ 3,353,138
8383 Santa Monica Blvd.	Rents	4,425,916
West Hollywood, CA. 90069	Deductible	5,000
Laurel Ave Apartment Building	Real Property	\$ 1,058,999
6 Residential Units	Deductible	5,000
1343-45 Laurel Ave		
West Hollywood, CA 90046-4630		
Kings Road Park	Real Property	\$ 208,571
1000 Kings Road	Deductible	5,000
West Hollywood, CA 90069		
Art in the Open	Personal Property	\$ 45,000
Various Locations	Deductible	5,000
West Hollywood, CA 90038		



City of West Hollywood
California 1984

8300 Santa Monica Blvd.
West Hollywood, California
(3 2 3) 8 4 8 - 6 4 0 0
<http://www.ci.west-hollywood.ca.us>
