



CITY OF WEST HOLLYWOOD

Comprehensive Annual Financial Report

Fiscal Year Ending
June 30, 2018



WEST HOLLYWOOD, CALIFORNIA

Major Initiatives

Making Our Communities Safer

Improving Mobility and Circulation

Maintaining Neighborhood Character

Supporting Vulnerable Communities

Investing in Infrastructure

West Hollywood's residents and visitors are highly engaged with the City on social media. Read tweets about the City on each of the Budget's colorful dividers.

Cover photos: Top left: City Hall Community Plaza, Mural by artist MONCHO1929, Top right: Decision Day, photo by Jon Viscott, Lower left: WeHo Pedals, photo by Jon Viscott, Lower right: *Modern Heroes* Sculpture by Mauro Perucchetti, photo by Tony Coelho

Graphic design: Cover and dividers, Joanne Shannahoff



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

FISCAL YEAR ENDED JUNE 30, 2018

Prepared By The City's:

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

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Introductory



 We're loving the view from here...
good morning West Hollywood!



Top front: West Hollywood City Hall, photo by Jon Viscott, Lower front: *Queer Signs of the Times 1965-2016*, Artist Ruben Esparza, photo by Jon Viscott, Back: City Hall Automated Garage and Community Plaza event, photo by Jon Viscott



CITY OF WEST HOLLYWOOD

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**DEPARTMENT
OF FINANCE
& TECHNOLOGY
SERVICES**

December 26, 2018

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

Subject: Comprehensive Annual Financial Report

Dear Honorable Mayor, City Council, and Citizens of West Hollywood:

It is with great pleasure that we present to you the City of West Hollywood's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of each of the funds used by the City to track its transactions. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

INTERNAL CONTROLS & RESPONSIBILITY

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



INDEPENDENT AUDIT

The City requires an annual audit by independent certified public accountants. White Nelson Diehl Evans LLP, a public accounting firm fully licensed and qualified to perform audits of State and local governments within the State of California, has audited the City's basic financial statements. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditors' report is presented as the first component of the financial section of this report.

SINGLE AUDIT

The federally mandated "Single Audit" is required if the City spends more than the threshold of \$750,000 in federal funds and/or a specific grantor requests that a Single Audit be performed. For fiscal year ended June 30, 2018, these requirements were not met and therefore a Single Audit was not required.

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 (except for the Housing Asset Fund) and enterprise-type funds are included in the annual appropriated budget. The level of budgetary control (expenditures cannot legally exceed the appropriated amount) is set at the department level in the General Fund and the function level in other governmental fund types. Formal budgetary integration is employed as a management control tool. The City maintains an encumbrance accounting system for all governmental-type funds. Encumbrances and appropriations for unfinished capital projects are generally re-appropriated (carried over) to the following fiscal year.

MANAGEMENT DISCUSSION & ANALYSIS

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

PROFILE OF WEST HOLLYWOOD - A BRIEF HISTORY OF CREATIVITY

Spurred by a desire for greater local control, residents of West Hollywood joined together to fight the threat to end rent control under Los Angeles County government. As a result West Hollywood was incorporated as a city in 1984. Centrally located, West Hollywood is bordered by Beverly Hills on the west and Hollywood on the east. West Hollywood has an estimated population of approximately 37,000 within a 1.9 square mile area. The City utilizes a Council/City Manager form of government. The City Manager is responsible for running the day to day operations of the City. Each of the five City Council members is elected at large to serve staggered four-year terms.

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

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 dynamic retail, nightlife, and tourist trade offerings that entice travelers from around the world. West Hollywood has 21 hotels with over 2,400 rooms, many of which offer luxury world-class accommodations. In total, the City hosts over 1.5 million visitors each year, helping it rank among the top 20 in the State in per capita Transient Occupancy Tax (TOT) with other major tourist destinations like San Francisco, Los Angeles, Anaheim, Santa Monica, Beverly Hills, and Palm Springs. Dining is available at more than 260 restaurants and bars, including some of the most famous in the world. Tourists can also shop at more than 280 clothing and jewelry stores, 30 art galleries, and participate in or just observe an eclectic and ever-evolving nightlife centered on the world-famous Sunset Strip and Santa Monica Boulevard “Route 66.” As the home of the Pacific Design Center (PDC) and the surrounding West Hollywood Design District, West Hollywood is acknowledged as the West Coast’s center of interior design, with more than 400 home furnishing, design, and textile businesses.

ECONOMIC CONDITION

Although the focus of this Comprehensive Annual Financial Report is the economic condition of the City at June 30, 2018, the local economy is of such relevance that it is incumbent on us to provide some information in this report. The City of West Hollywood continues to maintain an implied general obligation bond rating of ‘AAA’ with a stable outlook. In spring 2017, Fitch Ratings re-affirmed the City’s AA+ which is the highest possible credit rating for the City’s Public Financing Agency 2016, 2013 and 2009

Series A Lease Revenue Bonds (LRB's). In addition, in December 2017, Moody's Investors Service upgraded the City's bond issuer rating to Aa1 from Aa2.

The City of West Hollywood continues to be a vibrant, livable, and successful community for both its residents and businesses. The City has a fund balance in the General Fund of \$131 million (137% of fiscal year 2017-18 budgeted operating expenditures), including: \$21 million of working reserves (which is consistent with the City's policy of maintaining a General Fund working reserve at 20% of General Fund budget); \$63.3 million in capital project reserves; \$8 million in pension reserves; and \$38.7 million in other reserves. The stable outlook provided by the credit rating agencies, and shared by City management, reflects the expectation that the City will continue to benefit from its diverse revenue base.

Over the last five years the City's transient occupancy tax (hotel tax), sales tax, and property tax revenues steadily increased from their lows during the great recession, which occurred a decade ago. As of June 30, 2018, they had surpassed their pre-recession revenue peaks by 87%, 31%, and 127% respectively. The sales tax base, which is highly diversified given its small geographic area, generated \$16.9 million in 2018. Some of the key sales tax producers in the City include supermarkets, big box retailers, high-end boutique retail stores, numerous restaurants and bars, a luxury automobile dealer, and a variety of furniture and design stores. The City has some of the highest average daily rates and occupancy levels for hotel rooms in the Los Angeles region. In 2018, occupancy and room rates continued to remain high, generating \$24.8 million in transient occupancy tax for the City. Property tax revenues also grew in 2018 to \$23.7 million, due to increasing home prices and sales, as well as continued new construction and development.

Recently, the City took a variety of initiatives that will help increase City revenues, including converting existing static bus shelter advertising to digital, launching the Sunset Spectacular pilot digital billboard, the conversion of some existing static billboards on the Sunset Strip to digital, and the continued monitoring and increasing of City fees based on the 2016 cost of services study. In addition to these items, the City has begun to receive new revenue related to the legalization of cannabis for adult recreational use as well as from collection of transient occupancy taxes from short-term residential rentals.

The City is dedicated to maintaining a balance between the quality of residential life and the desire for continued development. This is evident in its low rental vacancy rates, extremely strong assessed property values, high taxable sales per capita, increase in resources dedicated to public safety services, ongoing commitment to social services programs and extremely high resident quality of life (90% of residents surveyed in the City's 2013 Community Study rated their quality of life as good or excellent). The City will be performing an update to the Community Study in fiscal year 2019.

LONG TERM FINANCIAL PLANNING

The City actively monitors revenue sources for both compliance and economic development. The Department of Finance and Technology Services oversees the fiscal compliance aspects of the City's municipal code. The Department also collaborates with the Economic Development Department to address strategic issues pertaining to the City's transit occupancy tax, sales taxes, and assessment revenues for local business improvement districts.

During periods of strong economic growth, the City typically accumulates significant reserves. By capturing and designating the accumulated reserves the City is able to set aside monies for economic downturns and make strategic investments in City infrastructure, which helps attract and retain development and commercial tenants that improves commercial and residential neighborhoods thus improving the local economy.

The City also conservatively budgets revenue in order to maintain fiscal sustainability and maintain a consistent level of service in the event revenues decrease due to various potential events (economic downturn, unforeseen closure of major taxing entities, natural disaster, etc.). Management believes that an approximate 5-10% excess of actual revenues over original budget amounts is in line with the City's conservative approach to revenue budgeting and will allow the City to continue to be fiscally sustainable for many years to come.

DEBT ADMINISTRATION

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

City Financing

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

Lease Revenue Bonds Series 'B' 2009 - In July 2009, Lease Revenue Bonds Series 'B' 2009 were issued for \$34,780,000 to finance construction of improvements to the City's West Hollywood Park, including a new Public Library, a 90 space underground parking

facility, a 337 space above ground parking facility and a 2.5 acre landscape park expansion. The 2009 Series B was refunded as part of the 2016 Lease Revenue Bond issuance, see below.

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

2016 Lease Revenue Bonds - On June 1, 2016, the 2016 Lease Revenue Bonds were issued for \$85,015,000 to refund the outstanding principal balance of the 2009 Lease Revenue Bonds, Series B, in the amount of \$34,780,000; finance the acquisition and construction of certain public improvements; pay capitalized interest on the 2016 Bonds; and pay the costs of issuing the 2016 Bonds. The City was fortunate to issue the 2016 bonds during a time when interest rates for municipal bonds were at an all-time low. The City's overall interest rate for the 2016 bonds was less than 3% and the City received a \$13.5 million premium on the principal amount of the bonds, which brought the total proceeds to \$98 million.

Former Community Development Commission (now Successor Agency) Financing

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

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

Tax Allocation Bonds Series 'A' 2011 - In March of 2011, Tax Allocation Bonds Series 'A' 2011 were issued for \$30,560,000 to finance redevelopment improvements to Plummer Park, including renovation and construction of buildings; enhancement and addition of green space; and creation of a central park promenade and interactive water feature. On February 1, 2012, all redevelopment agencies in California were dissolved and the City was not allowed to use the proceeds from the 2011 bond issuance. However, in 2015, the City participated in a successful effort to pass new State legislation that would allow the City to use 35% of the 2011 Series A proceeds. In fiscal year 2017, the City received State approval to transfer \$5.6 million of the bonds from the Successor Agency to the former Community Development Commission to be used for affordable housing purposes on the Eastside of the City.

Tax Allocation Bonds Series 'B' 2011 – In March of 2011, Tax Allocation Bonds Series 'B' 2011 were issued for \$9,420,000 to increase, improve or preserve the supply of low- and moderate-income housing within the East Side Redevelopment Project Area. The same State legislation that allowed the City to use 35% of the 2011 Series A proceeds allowed the City to use 100% of the 2011 Series B proceeds; in fiscal year 2018, \$9,276,727 in remaining proceeds were transferred to the City to be used for projects allowed by the bond indenture.

MAJOR ACCOMPLISHMENTS FOR THE YEAR

- Approved the development of a homeless services meter donation program that collects monetary donations for homeless services in the city and acts as an educational campaign for homeless services.
- Developed communications and printed outreach materials for the City's Homeless Initiative including a slate of professionally illustrated 'Homeless, Not Hopeless' graphics, mailers to approximately 4,300 local businesses, an information guide, a 'pocket card' resource guide, and a 'little book' policy document; media was also installed in City bus shelters and bike share kiosks.
- Approved an enabling ordinance authorizing the City's participation in the Clean Power Alliance of Southern California (CPA), formerly the Los Angeles Community Choice Energy (LACCE) program. Membership in CPA allows the City to manage the type of energy provided to its residents and businesses, including the amount of renewable energy provided.
- Strengthened coordination among first responders during major special events and disasters by utilizing a joint command center which includes integrated police, fire and emergency medical services communications.
- Continued a special deployment of crime suppression deputies, including foot and bicycle patrols which strategically target criminal activity such as robberies and burglaries while patrolling the neighborhoods.
- Approved changes to the City's municipal code to reduce the requirements and costs of businesses to obtain extended hours and temporary signs.
- Expanded interactive data tools on the Business Development web page adding access to a database of individual businesses and industry clusters.
- Presented over 45 art events as part of the City's Arts Grant Program consisting of more than 270 performances and approximately 130 original works, providing opportunities for more than 350 artists and serving nearly 7,000 audience members.
- Won various awards including two awards from the American Planning Association – APA Los Angeles and APA California – for excellence with the City's Communications and Community Engagement Strategic Plan.

- Approved an ordinance allowing adult-use, medical, delivery and consumption lounge cannabis businesses. Became the first city in Los Angeles County to allow the sale of adult-use recreational cannabis, and became one of the first cities in the State to adopt regulations permitting cannabis consumption lounges.
- Moody's Investors Service upgraded the City's bond issuer rating from Aa2 to Aa1. High issuer ratings allow the City to access some of the lowest interest rates available in the market and these ratings also make the City's bonds very popular with investors.
- Received California Department of Finance's approval for the transfer of the \$9.3 million of 2011 Series B housing bond proceeds from the Successor Agency to the former West Hollywood Community Development Commission to be used for projects authorized by the bond indenture.
- Adopted a Public Benefits Policy to formalize and provide greater transparency in the determination and review of public benefits for certain development projects.
- Completed the lease up of 49 new inclusionary affordable housing units for low and moderate income households, 33 units at 7141 Santa Monica (the Domain), 8 units at 8350 Santa Monica (the Crown), and 8 units at 8500 Sunset (Sunset/La Cienega). The total inclusionary units in the program are up to 322.
- Completed improvements to the Werle Building, which opened in November 2017.
- Completed and adopted a comprehensive Seismic Retrofit Ordinance for three existing building types: Wood Soft Story Buildings, Non-Ductile Concrete Buildings, and Pre-Northridge Steel Moment Frame Buildings.

VISION 2020 STRATEGIC PLAN

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

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

AWARDS

GFOA Award Program - Comprehensive Annual Financial Report

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West Hollywood for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This is the twenty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We are confident that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility.

GFOA and CSMFO Budget Award Program

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

ACKNOWLEDGMENTS

Preparation of this report was accomplished through the combined efforts of the City's Staff. The following staff deserves special recognition for their contribution to this project: Carlos Corrales – Accounting Manager, Julie Nemes – Revenue Manager, and Karen Bareng – Senior Accountant.

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

Respectfully submitted,



Paul Arevalo
City Manager



Lorena Quijano, CPA, MPA
Director of Finance and Technology
Services

Finance Policies

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

SUMMARY OF POLICIES

- I. We will comply with all the requirements of generally accepted accounting principles (GAAP).
- II. We will maintain a balanced operating budget for all governmental funds, ensuring that ongoing revenues are equal to or greater than ongoing expenditures.
- III. We will require that all proprietary funds be self-supporting.
- IV. We will maintain an appropriated General Fund working reserve equivalent to 20% of the General Fund budget and an appropriated emergency reserve equivalent to 5% of the General Fund budget.
- V. We will assume that normal revenue inflation will go to pay normal inflation expenses. Any new or expanded programs will be required to identify funding sources or will be offset by cost reductions through cutting back or eliminating other programs.
- VI. We will maintain a long-range fiscal perspective through the use of a five-year capital improvement plan and revenue forecast.
- VII. Major capital improvements or acquisitions will be made using long-term financing methods rather than out of operating revenue.
- VIII. We will maintain sound budgeting practices ensuring that service delivery is provided in an efficient and effective manner.
- IX. We will require each appropriation item to include a fiscal impact analysis and be submitted to the Finance & Budget Sub-Committee prior to Council agendaing.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of West Hollywood
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CBO

DIRECTORY OF CITY OFFICIALS

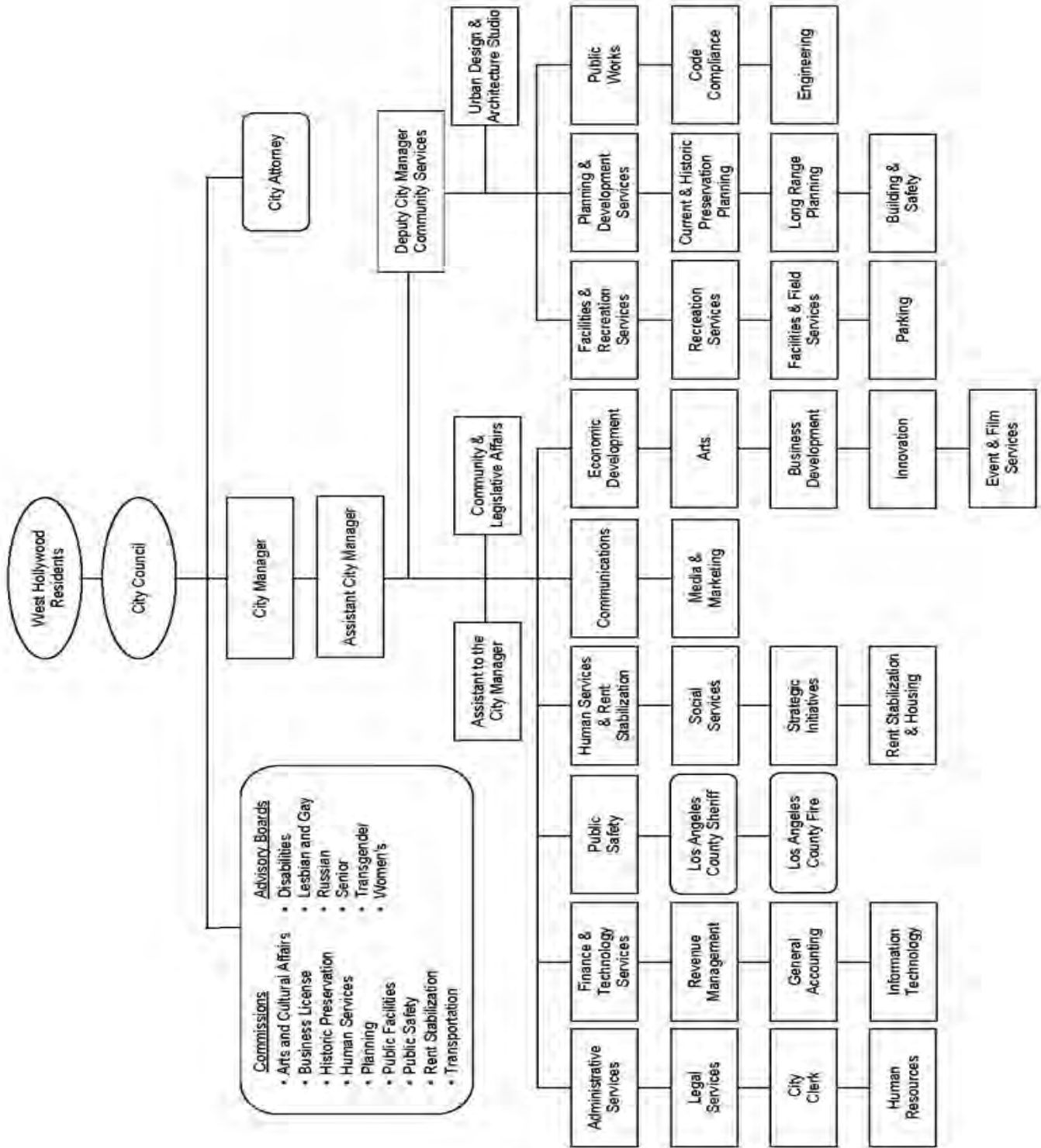
Mayor and City Council

Mayor	<i>John J. Duran</i>
Mayor Pro Tempore	<i>John D'Amico</i>
Council Member	<i>John Heilman</i>
Council Member	<i>Lindsey P. Horvath</i>
Council Member	<i>Lauren Meister</i>

Administration

City Manager	<i>Paul Arevalo</i>
Assistant City Manager	<i>David A. Wilson</i>
Deputy City Manager	<i>Oscar Delgado</i>
City Attorney	<i>Michael Jenkins</i>
City Clerk	<i>Yvonne Quarker</i>
Director of Administrative Services	<i>Christof Schroeder</i>
Director of Communications	<i>Lisa Marie Belsanti</i>
Director of Economic Development	<i>Maribel Louie</i>
Director of Facilities and Recreation Services	<i>Steve Campbell</i>
Director of Human Services and Rent Stabilization	<i>Vacant</i>
Director of Planning and Development Services (Interim)	<i>John Keho</i>
Director of Public Safety	<i>Kristen Cook</i>
Director of Public Works	<i>Vacant</i>
Department of Finance and Technology Services	
Director	<i>Lorena E. Quijano</i>
Accounting Manager	<i>Carlos Corrales</i>
Information Technology Manager	<i>Eugene Tsipis</i>
Revenue Manager	<i>Julie Nemes</i>

CITYWIDE ORGANIZATIONAL CHART



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Financial Section



🐦 Hello #Weho! Loving my new home and my neighborhood! #adaptation #inspired #thankyou



Top front: Bike Day, photo by Jon Viscott, Lower front: Pride Parade, Santa Monica Boulevard, photo by Josh Barash, Back: Edible Parkway Gardening, photo by Jon Viscott

INDEPENDENT AUDITORS' REPORT

City Council Members
City of West Hollywood
West Hollywood, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Hollywood (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Hollywood as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 1 and 16 to the financial statements, the City adopted Governmental Accounting Standards Board's Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The adoption of this standard required retrospective application resulting in a \$2,747,346 reduction of previously reported net position of the governmental activities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios, the schedule of contributions - defined benefit plans, schedule of changes in net OPEB liability and related ratios and schedule of contributions - OPEB, identified as Required Supplementary Information (RSI) in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

White Nelson Dick Evans LLP

Irvine, California
December 26, 2018

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Management's Discussion and Analysis



Completed #publicart #mural for #WestHollywood #CityHall. Thank you @wehoarts greenpublicart!



Top front: Pat York's *Portraits of Artists and Writers*, at WeHo Library, photo by Tony Coelho, Lower front: *The Cube*, an Art on the Outside Exhibit, artist: Manuel Lima, photo by Jon Viscott, Back: *Food-Prints*, an Art on the Outside Exhibit, artists: Brett Snyder, Edward Morris, Sussanah Sayler, photo by Tony Coelho

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of West Hollywood ("City"), we offer readers of the City's Financial Statements this overview and analysis of the financial activities for the fiscal year that ended June 30, 2018. We encourage readers to consider the information presented in this section, Management's Discussion and Analysis (hereafter "MD&A"), in conjunction with additional information furnished in the Letter of Transmittal and the accompanying Basic Financial Statements. Comparative data on the government-wide financial statements is presented in the MD&A only and is included to provide the readers with additional information when reviewing the Financial Statements.

The MD&A is divided into six sections which are briefly described below.

Section 1 – Financial Highlights and Overview of the Financial Statements – The Financial Highlights section provides a brief overview of both the City's Government-Wide financial statements, which include all financial functions of the City (all funds, capital assets, and debt) and the City's General Fund financial statements. The Overview of the Financial Statements provides an introduction to the City's basic financial statements and describes the differences between the Government-Wide Financial Statements (the City as a whole) and the Fund Financial Statements (the most significant funds; not the City as a whole).

Section 2 – Government-Wide Financial Analysis – The Government-Wide Financial Analysis provides an overview of all of the City's financial functions as a whole; it includes all funds, capital assets, and debt (Sections 3 through 5 provide a more detailed analysis of these different functions). The analysis also includes all of the City's Funds, classified as "business-type activities". Business-type activities constitute a small portion of all City Funds and include assessments that are collected by the City (Sewer Funds, Solid Waste Fund, Landscape District Fund, and Street Maintenance Fund). The Government-Wide Financial Statements are required to be presented using the accrual basis of accounting, which is similar to the accounting used in the private sector.

Section 3 – Financial Analysis of the Government's (City) Funds – This section provides a more detailed analysis of the City's funds that use fund accounting, which unlike the private sector, focuses on near-term inflows, outflows and balances of expendable resources. Therefore, this section includes current year available revenues and expenditures for operations, capital outlay and current payments to debt service. Other funds included are the Proprietary Funds and Fiduciary Funds (i.e., the City is the trustee of the funds) which use the accrual basis of accounting.

Section 4 – Major Funds Analysis – This section provides an overview of specific Major Funds of the City; these are determined based on certain financial statements balances and can vary each year, except for the General Fund which will always be considered a Major Fund. In addition to the General Fund, the Debt Funded Capital Projects Fund and the Capital Projects Debt Service Fund are this year's Major Funds.

Since the City's General Fund comprises a large portion of the combined balances of all City funds, the analysis of the General Fund in this section is similar to the analysis of all City Funds shown in Section 3, however, there are differences between the two,

including categories used to group and analyze data; it should be reviewed carefully. Since the General Fund is always considered a Major Fund, this section also includes a Five (5)-Year Trend of the Changes to Fund Balance in the General Fund.

Section 5 – Capital Assets and Debt Administration – This section provides an overview of the City’s capital assets and debt administration. The debt portion also includes the City’s former Redevelopment Agency (“RDA”), though this debt is a responsibility of the Successor Agency to the former RDA (“Successor Agency”), which is a separate legal entity.

Section 6 – Economic Factors and Outlook for Future Years – This section provides Management’s overview and outlook of future economic conditions that effect the City.

Section 1 – Financial Highlights and Overview of the Financial Statements

Financial Highlights

Government-Wide Financial Statements

- Total assets of the City were \$527.2 million, total deferred outflows of resources were \$13.9 million, total liabilities were \$208.3 million, and total deferred inflows of resources were \$3.3 million at June 30, 2018. The assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$329.4 million (*net position*). Of this amount, \$88.2 million (*unrestricted net position*) may be used to meet the City’s ongoing obligations to citizens and creditors. A summary of net position is reflected in Table 1 (page 11).
- For the year ended June 30, 2018, total net position increased by \$21.0 million from the prior year. Total revenues from all sources were \$124.1 million and total expenses for all functions/programs were \$112.4 million. During the year, the City received \$9.3 million of 2011 Series B housing bond proceeds from the Successor Agency, to be used for projects authorized by the bond indenture. The \$9.3 million was reported as extraordinary item. A summary of changes in net position is reflected in Table 2 (page 13).
- Of total revenues, program revenues were \$34.2 million and general revenues were \$89.9 million (Table 2). Program revenues are separated into three categories: Charges for Services, \$26.1 million; Operating Grants and Contributions, \$4.1 million; and Capital Grants and Contributions, \$4.0 million. General revenues are separated into seven categories: Property Taxes, \$25.2 million; Transient Occupancy Taxes, \$24.8 million; Sales Taxes \$18.0 million; Franchise Taxes, \$2.1 million; Business Taxes, \$5.6 million; Use of Money & Property \$13.8 million and Other General Revenue \$0.4 million.

Fund Based Financial Statements

- For fiscal year ended June 30, 2018, total Fund Balance of the General Fund was \$130.9 million, or 136.9 percent of total General Fund expenditures of \$95.6 million; this is reflected in Table 5 and Table 7 (pages 25 and 28). The non-spendable Fund Balance was \$0.05 million. Restricted Balance was \$1.3 million.

Committed Fund Balance was \$24.6 million while assigned Fund Balance was \$101.7 million and unassigned Fund Balance was \$3.3 million.

For the General Fund, actual resources available for appropriation during the year were \$226.5 million; this consists of \$125.2 million in fund balance and \$101.3 million in revenue inflows, which was \$4.2 million more than what was budgeted. Actual revenues exceeded budgeted revenues for the following reasons: The City received approximately \$4.4 million in additional revenues from licenses and permits mainly related to Building and Safety, Planning, and Encroachment fees. These fees are all related to new real estate development projects in the City and are one-time revenues. The real estate market in the Los Angeles area and the City is in the midst of period of strong growth, which has led to an increase in applications for new development projects in the City. In addition, the City received over a million from business license permits-other mainly due to cannabis screening application fees paid during the end of year.

Additionally, the City received approximately \$0.8 million in excess revenues over budgeted amounts from Sales Taxes. The increase can be primarily attributed to the strength of the national, state, and local economies, and specifically increased consumer spending, increased tourism, and improvements to the real estate market.

Revenues did not reach budgeted amounts for the Fines and Forfeitures category due to a decrease in parking fine revenue and a decrease in vehicle-code and photo safety fines. The deficit of revenues below budgeted amounts in this category was approximately \$1.6 million. Parking Fine revenue came in below budget for a various number of reasons, including the increased availability of parking in commercial areas of the City; increased use of ride sharing services, which has reduced the need for parking; and a one-time catch up payment to the State that was offset by these revenues. In addition, Vehicle-code and photo safety fine revenue did not meet budgeted amounts due to delays in the full implementation of the new photo safety system.

Generally, the City conservatively budgets revenue in order to maintain fiscal sustainability and maintain a consistent level of service in the event revenues decrease due to various potential events (economic downturn, unforeseen closure of major taxing entity, etc.). Management believes that an approximately 5-10% excess of actual revenues over budgeted amounts is in line with the City's conservative approach to revenue budgeting and will allow the City to continue to be fiscally sustainable for many years to come.

- Actual charges (outflows) of \$95.6 million were \$23.9 million less than the General Fund budget of \$119.5 million. The majority of the variances were due to the following items which will be carried forward to Fiscal Year 2018-19: \$12.0 million in capital projects that were not completed during the fiscal year; \$2.5 million in remaining funds for New Initiatives that begun in the previous years; and \$1.6 funds that were encumbered for various contracted services that have not yet been completed.

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 comprise three components: 1) *Government-Wide Financial Statements*, 2) *Fund Financial Statements* and 3) *Notes to the Financial Statements*. This report also contains required, other supplementary information and the statistical section in addition to the basic financial statements.

Government-Wide Financial Statements

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

The *Statement of Net Position* (page 37) presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference between these items reported as *net position*. In time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* (pages 38-39) presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods; (e.g., uncollected taxes or earned but unused leaves). *Program Revenues* are revenues that derive directly from the program itself. *General Revenues* are revenues primarily generated from taxes.

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

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

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

Component Units – The City has included several legally separate entities in this report: the West Hollywood Housing Authority (Housing Authority), the West Hollywood Public Facilities Corporation (Public Facilities Corporation), the West Hollywood Public Financing Authority (Public Financing Authority), and the West Hollywood Library Fund (the West Hollywood Library Fund was dissolved on July 29, 2015; the balances reflect the dissolution and transfer of remaining assets

to the City). Although legally separate, these *component units* are important because the City is financially accountable for them.

The *government-wide financial statements* report both the City, as the *primary government*, and the legally separate *component units*. The Housing Authority, Public Facilities Corporation, the Public Financing Authority and the West Hollywood Library Fund are known as *Blended Component Units* and all function for practical purposes, as part of the City, and, therefore, have been included (blended) as an integral part of the primary government.

Fund Based 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 accounting and grantor-related legal requirements; such as using funds for a specific purpose. 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 funds balance sheet and the governmental funds 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-four individual governmental funds. These funds report financial transactions using an accounting method called modified accrual accounting. The General Fund, Debt Funded Capital Projects Fund, and Capital Project Debt Service Fund are considered to be major funds. Information for these major funds is presented separately in the Governmental Funds – Balance Sheet and in the Governmental Funds – Statement of Revenues, Expenditures and Changes in Fund Balances. 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 99 of this report. The City adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each of the funds to

demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 40-46.

Proprietary Funds – *Proprietary funds* are similar to businesses found in the private sector and 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 considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost-reimbursement basis. These funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities, using an accrual basis of accounting.

In fact, the City's *enterprise funds* (a component of proprietary funds) are the same as the business-type activities we report in the *government-wide financial statements* but provide more detail and additional information, such as the statement of cash flows. The City uses *internal service funds* (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities, such as the Information Systems Master Plan Fund. Since these activities predominantly benefit governmental rather than business-type functions, they are included within the governmental activities in the *government-wide financial statements*. The basic proprietary fund financial statements can be found on pages 49-52.

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 Position* separately reports all of the City's fiduciary activities. The City's other financial statements excludes these activities because the City cannot use these assets to finance its operations. However, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on pages 53-54.

Notes to the Financial Statements – Notes provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The *Notes to the Financial Statements* can be found from pages 55-96.

Required Supplementary Information – In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information including the schedule of changes in net pension liability, plan contributions and information concerning the progress in funding its obligation to provide Other Post-Employment Benefits (OPEB) benefits to its employees. Required supplementary information can be found on pages 97-102.

Other Supplementary Information – In addition to the Required Supplementary Information, 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 *Required Supplementary Information* on pages 103-159.

Statistical Section – The Statistical Section is included to provide financial statement users with additional historical perspective, context and detail for use in evaluating the

information contained within the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition. The *Statistical Section* can be found from pages 161-190.

Section 2 – Government-Wide Financial Analysis

This analysis will focus on net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities, as a whole, for fiscal year ended June 30, 2018.

These tables are summarizing the statements located on pages 37-39 that are prepared using the accrual basis of accounting; the preparation of the statements in Section 2 differs from those in Section 3, Government's (City) Funds, which use fund accounting. Management has included comparative data from fiscal year ended June 30, 2017 in its analysis.

Net Position (Table 1)
(in millions)

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 266.8	\$ 259.2	\$ 1.9	\$ 1.5	\$ 268.6	\$ 260.7
Capital assets	248.1	230.1	10.5	10.4	258.6	240.5
Total assets	514.9	489.3	12.3	11.9	527.2	501.2
Deferred Outflows of Resources						
Deferred amounts from pension	13.9	10.2	-	-	13.9	10.2
Liabilities						
Long-term debt outstanding	173.9	169.3	-	-	173.9	169.3
Other liabilities	34.2	26.9	0.2	0.1	34.4	27.0
Total liabilities	208.2	196.2	0.2	0.1	208.4	196.3
Deferred Inflows of Resources						
Deferred amounts from pension	3.3	4.0	-	-	3.3	4.0
Net position						
Net Investment in						
capital assets	173.6	168.0	10.5	10.4	184.1	178.4
Restricted	57.1	43.9	-	-	57.1	43.9
Unrestricted	86.6	87.4	1.6	1.4	88.2	88.8
Total net position	\$ 317.3	\$ 299.3	\$ 12.1	\$ 11.8	\$ 329.4	\$ 311.1

The City's Government-Wide total net position was \$329.4 million, with assets of \$527.2 million, deferred outflows of resources of \$13.9 million, liabilities of \$208.3 million and deferred inflows of resources of \$3.3 million.

The net investment in capital assets of \$184.1 million represents 55.9 percent of the City's total net position. Net investment in capital assets (e.g., infrastructure, land, buildings, machinery and equipment) for this purpose is reduced by any related debt used to acquire those assets that is still outstanding, net of any unused proceeds from debt issuance. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. It should be noted that the resources needed to repay capital-related debt must be secured from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$57.1 million (17.3 percent) represents resources that are subject to external restrictions in how they may be used. There is an increase of \$13.2 million in restricted net position mainly related to the increase in amounts restricted to Special Revenue Funds – Housing Trust. The remaining balance of \$88.2 million (26.8 percent) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors within the program areas.

Changes in Net Position (Table 2) of the City's governmental and business-type activities, as a whole, for fiscal year ended June 30, 2018 is reflected in the following page.

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services	\$ 22.7	\$ 24.1	\$ 3.4	\$ 3.3	\$ 26.1	\$ 27.4
Operating Contributions & Grants	4.1	3.0	-	-	4.1	3.0
Capital Contributions & Grants	4.0	15.9	-	-	4.0	15.9
Sub-total Program Revenues	30.7	43.0	3.4	3.3	34.2	46.3
General Revenues:						
Property taxes	25.2	23.4	-	-	25.2	23.4
Transient occupancy taxes	24.8	22.6	-	-	24.8	22.6
Sales taxes	18.0	17.9	-	-	18.0	17.9
Franchise taxes	2.1	2.2	-	-	2.1	2.2
Business taxes	5.6	3.4	-	-	5.6	3.4
Use of money and property	13.8	12.5	-	-	13.8	12.5
Other	0.4	3.6	-	-	0.4	3.6
Sub-total General Revenues	89.9	85.6	-	-	89.9	85.6
Total Revenues	120.6	128.6	3.4	3.3	124.1	131.9
Expenses						
General Government	\$ 20.4	\$ 22.3	\$ -	\$ -	\$ 20.4	\$ 22.3
Public Safety	23.1	21.8	-	-	23.1	21.8
Public Services	60.8	52.9	-	-	60.8	52.9
Interest on Long-Term Debt	4.9	5.4	-	-	4.9	5.4
Solid Waste	-	-	1.5	1.4	1.5	1.4
Sewer District	-	-	0.4	0.4	0.4	0.4
Landscape	-	-	0.2	0.2	0.2	0.2
Sewer Charge	-	-	0.8	0.7	0.8	0.7
Street Maintenance	-	-	0.2	0.3	0.2	0.3
Total Expenses	109.2	102.4	3.1	2.9	112.4	105.4
Increase (decrease) in Net Position, Before Extraordinary Gains	\$ 11.4	\$ 26.2	\$ 0.3	\$ 0.3	\$ 11.7	\$ 26.6
Extraordinary item	9.3	5.6	-	-	9.3	5.6
Increase (decrease) in Net Position, After Extraordinary Gains	20.7	31.9	0.3	0.3	21.0	32.3
Net Position at July 1	299.3	267.5	11.8	11.4	311.1	278.8
Restatements	(2.7)	-	-	-	(2.7)	-
Net Position, June 30	\$ 317.3	\$ 299.3	\$ 12.1	\$ 11.8	\$ 329.4	\$ 311.1

The government's net position increased \$21.0 million (Table 2), with total revenues of \$124.1 million, total expenses of \$112.4 million and an extraordinary gain of \$9.3 million. The change in Net Position is approximately 6.8 percent of the total Net Position of \$329.4 million. There is a \$2.7 million negative restatement due to implementation of GASB 75 to record the net OPEB liability at the beginning of the year. Program Revenues were \$34.2 million and General Revenues were \$89.9 million. General Revenues fund the net difference between program revenues and expenses.

Program Revenues include the largest single revenue category in the Government-Wide Totals, which was Charges for Services, at \$26.1 million. Other program revenues which are applied directly against the costs of providing these services are Operating Contributions and Grants, and Capital Contributions and Grants, at \$4.1 million and \$4.0 million respectively.

General Revenues include the next three largest categories. Property tax, the second largest single revenue category at \$25.2 million (includes \$5.2 million in Motor Vehicle In-Lieu Funds) is followed by Transient Occupancy Tax at \$24.8 million. The fourth largest revenue source was Sales Tax at \$18.0 million (which includes both the City's portion of sales tax and Countywide transportation dollars provided to the City for specific purposes).

In comparison to the prior fiscal year, the government's total revenues decreased by \$7.8 million. Program revenues decreased by \$12.1 million and General Revenues increased by \$4.3 million. For Program revenues, Charges for Services decreased by \$1.3 million, Operating Grants and Contributions increased \$1.1 million and Capital Grants and Contributions decreased in the amount of \$11.9 million. Charges for Services decreased mainly due to decreases in parking fines of \$2.2 million; however, this decrease is partially offset by increases in traffic mitigation fees of \$1.0 million and rent stabilization fees of \$.04 million. Operating Grants and Contributions increased by \$0.8 million mainly due to the increase in traded MTA funds with other cities (fund trades can vary from year to year, so it is not unusual for these amounts to increase and decrease between years). The decrease in Capital Contributions resulted from the City receiving significant affordable housing in-lieu fees from developers of new housing projects in fiscal year 2017. A smaller number of large projects occurred in fiscal year 2018, which decreased the in-lieu fees paid to the City from \$9.1 million in the prior year to \$3.4 million in the current year.

For General Revenues, the increase of \$4.3 million from the prior year is primarily due to additional revenues from three main sources: Transient Occupancy Taxes increased \$2.2 million, Business Taxes \$2.2 million, and Property Taxes \$1.8 million. The increases in Transient Occupancy Taxes, Business Taxes and Property Taxes is largely due to the strength of the national, state, and local economies resulting in higher consumer spending, increased tourism and a strong real estate market. These increases were partially negated by a \$3.2 million decrease in Other Revenues, which resulted from a large one-time prior-year public benefit payment related to a development agreement.

In fiscal year 2018, the City received \$9.3 million from the Successor Agency for 2011 Series B housing bond proceeds to be used for projects authorized by the bond indenture. This is presented as an extraordinary item.

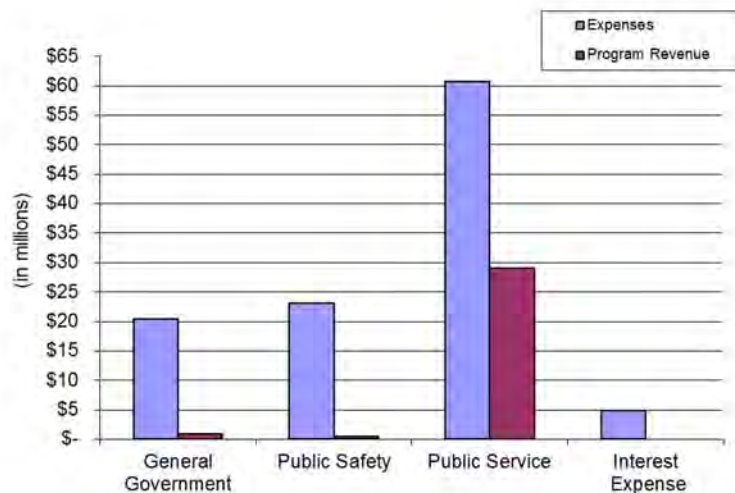
Compared to prior year, the government's total expenses had an increase of \$7.0 million. The top three expense categories continue to be Public Services at \$60.8 million, General Government at \$20.4 million and Public Safety at \$23.1 million. General Government had a net decrease by \$1.9 million which included the reclassification of three divisions (economic development, arts and innovation) from general government to the public services function. Public Safety expenses increased by \$1.3 million, due to expanded efforts to address homelessness and related increases in sheriff costs. Public Services increased by \$7.9 million mainly due to about \$3.0 million related to the reclassification of three divisions in the economic development department from general government to public services; other increases related to facilities and field services by \$0.08 million, increases in community development by \$0.04 million, increases in Measure R and Proposition C expenses by \$0.4 million and other miscellaneous increases.

Governmental Activities

Governmental activities increased the City's *net position* by \$20.7 million (Table 2). The cost of all governmental activities this year was \$109.2 million or 97.2 percent of the *primary government* expenses and was an increase of \$6.8 million from the prior year. As shown in the *Statement of Activities* on pages 38-39, the amount that taxpayers financed through City taxes was \$75.7 million. The other portion of the costs was paid by those who directly benefited from the programs (\$22.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$8.1 million), and by use of money and property and other revenues (\$14.2 million). The City used part of the \$89.9 million in general revenues to cover the remaining "public benefit" portion of governmental activities.

These general revenues are derived mostly from tax revenues (some of which could only be used for certain programs).

Expenses and Program Revenues – Governmental Activities (Graph 1)

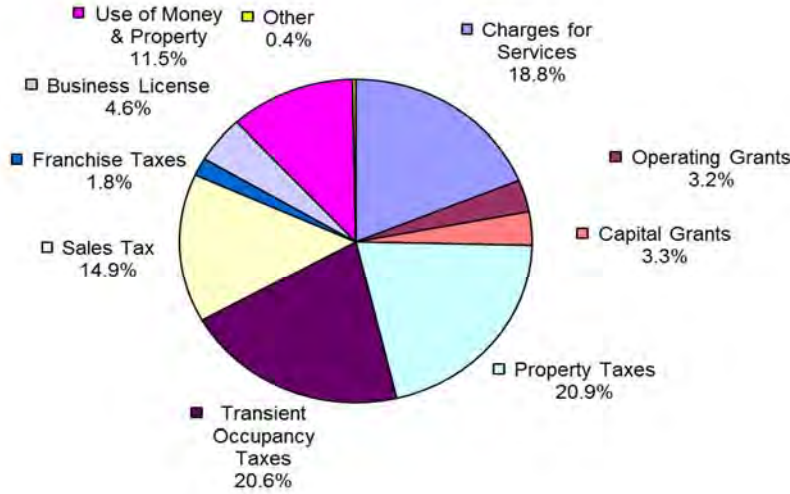


Graph 1 presents the costs of each of the City’s three functions – General Government, Public Safety, Public Service, plus interest on long-term debt as well as the program’s revenues. The net cost (total cost less *program revenues*) is the amount that was paid from *general revenues*.

General Government had expenses of \$20.4 million with program revenues of \$1.0 million, while *Public Safety* had expenses of \$23.1 million with program revenues of \$0.5 million. Expenses in *Public Services* represented \$60.8 million or 54.1 percent of total expenses for Governmental Activities. Of this amount, \$29.3 million was funded by *program revenues* and the remaining \$31.5 million was funded by general revenues. Interest on long-term debt was \$4.9 million which was funded by general revenues. From the prior year, *General Government* decreased by \$1.9 million, *Public Safety* increased by \$1.3 million, and *Public Services* increased by \$7.9 million.

Graph 2 presents revenues by source for Governmental Activities. Similar to the government-wide activities, *Charges for Services* is the largest at \$22.7 million or 18.8 percent. *Charges for Services* consist of Parking Fines at \$7.9 million; Building and Safety revenue at \$4.6 million; Rent Stabilization fees at \$2.2 million; Traffic Mitigation fees at \$2.1 million; Planning Permits revenue at \$2.0 million; Transportation Permits and Licenses at \$1.4 million; Parks & Recreation fees at \$0.5 million, Film Permits at \$0.4 million; Business License and Special Events fees at \$.4 million, Sunset BID fees at \$0.3 million; and other miscellaneous charges for services of \$0.9 million.

Revenues by Source – Governmental Activities (Graph 2)



Other program revenues include operating and capital grants and contributions that together represented 6.5 percent of the total, or \$8.1 million. Operating and capital grants and contributions include \$3.4 million of affordable housing in-lieu fees; \$2.6 million of Metro Traded Funds; \$0.9 million in State Gas Tax, and \$1.2 million in various Federal, State and County Grants.

General Revenues for Governmental Activities are the same as those described above in the Government-Wide totals since there were no Business-Type Activities that had similar revenue categories (Table 2). The four major categories were Property Tax at \$25.2 million; Transient Occupancy Tax at \$24.8 million; Sales Tax at \$18.0 million (all described above), and Use of Money and Property at \$13.8 million. These four sources represented 67.9 percent of the Governmental Activities.

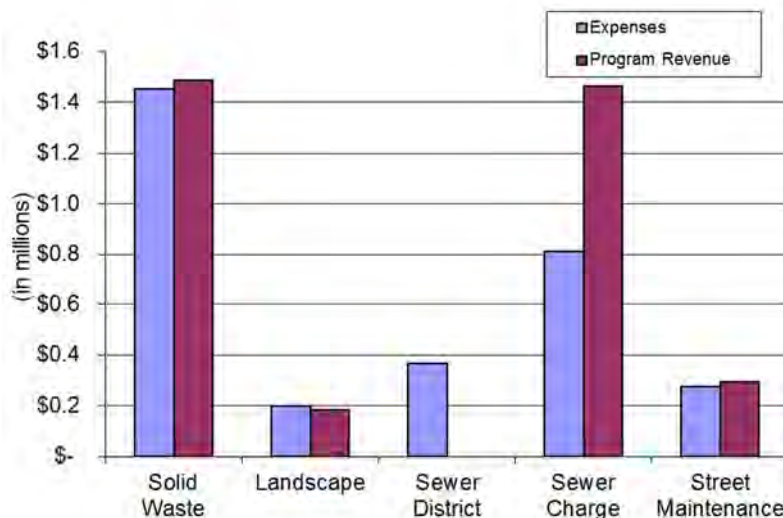
Business-Type Activities

Net position at June 30, 2018, was \$12.1 million, with assets equaling \$12.3 million and liabilities of \$0.2 million. Net investment in capital assets represented the largest portion of net position at 86.8 percent or \$10.5 million. The change in Business-type activities net position was nominal at \$0.3 million in 2018 (Table 2). Similar to government-wide activities, Charges for Services is the largest source of revenues at \$3.4 million or 100 percent for Business-Type activities, while the expenses were \$3.1 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 following two business activities contained the largest fluctuations:

- The Sewer District Fund, which originally contained monies transferred from Los Angeles County when the City was incorporated, was designated to be used for improvements of the underground sewer lines. At this time, the only activity in this fund is depreciation expense on the City's sewer infrastructure.
- Actual program revenues slightly exceeded budgeted program revenues for the Sewer Charge Fund primarily due to the City's conservative budgeting principles. In addition, expenses related to sewer rehabilitation work had been scaled back in previous fiscal years in order to replenish the Fund balance after large expenses in prior years, which is the reason program revenues exceeded expenses this year. The City anticipates that in future years Sewer Charge Fund expenses will increase to equal program revenues.

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



Similar to government-wide activities, *Charges for Services* is the largest source of revenues at \$3.4 million or 100 percent for Business-type Activities.

Section 3 – Financial Analysis of the Government’s (City) Funds

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

Governmental (City) Funds

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

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

Governmental (City) Fund Balances

As of the end of the current fiscal year, governmental funds (pages 40-41) reported combined ending fund balances of \$232.5 million. Fund Balance designations are: Non-Spendable Fund Balance at \$0.05 million; Restricted Fund Balance at \$103.2 million; Committed Fund Balance at \$24.6 million; Assigned Fund Balance at \$101.7 million; and Unassigned Fund Balance at \$2.9 million.

Governmental (City) Revenues

Table 3 presents a summary of all governmental fund revenues for the fiscal year ended June 30, 2018, compared to prior year revenues (note that the General Fund is reflected separately on Table 6).

**Comparison of Governmental Revenues (Table 3)
Fiscal Years 2017-18 and 2016-17**

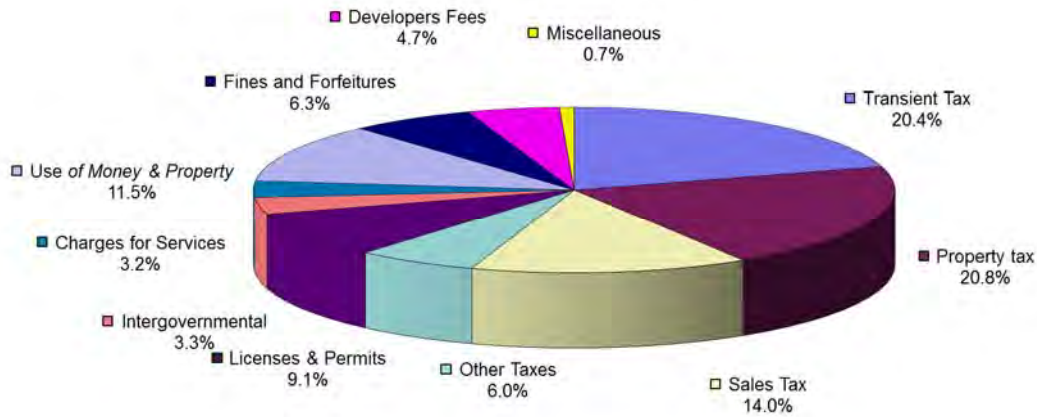
	Amount	% of Total	Amount	% of Total	Variance	% Increase/
	FY 17-18	Revenues	FY 16-17	Revenues	Over/(Under)	(Decrease)
					over last year	over last year
Property tax	\$ 25,206,827	20.8%	\$ 23,428,584	18.2%	\$ 1,778,243	7.6%
Transient Tax	24,775,813	20.4%	22,636,844	17.6%	2,138,969	9.4%
Sales Tax	16,944,964	14.0%	16,242,475	12.6%	702,489	4.3%
Other Taxes	7,391,327	6.1%	6,989,974	5.4%	401,353	5.7%
Licenses & Permits	10,975,684	9.0%	9,515,384	7.4%	1,460,300	15.3%
Intergovernmental	3,975,963	3.3%	4,484,889	3.5%	(508,926)	-11.3%
Charges for Services	3,923,043	3.2%	3,433,732	2.7%	489,311	14.3%
Use of Money & Property	13,988,131	11.5%	12,660,650	9.8%	1,327,481	10.5%
Fines and Forfeitures	7,619,488	6.3%	9,739,057	7.6%	(2,119,569)	-21.8%
Developers Fees	5,640,412	4.6%	10,510,748	8.2%	(4,870,336)	-46.3%
Miscellaneous	900,139	0.7%	9,144,052	7.1%	(8,243,913)	-90.2%
TOTAL	\$ 121,341,791	100.0%	\$ 128,786,389	100.0%	\$ (7,444,598)	-5.8%

Revenues of governmental funds for fiscal year 2017-18 were \$121.3 million, with a decrease of \$7.4 million or 5.8% from the prior fiscal year. Described below are major fluctuations in governmental funds:

- Property Tax Revenue for the current year was \$25.2 million, with an increase of 7.6% over the prior year. Property tax revenue continues to show steady increases due to a combination of factors, including rising property values, increased sales transactions, and the addition of new buildings to the City's property tax roll. The City has a very strong real estate market and typically year-over-year assessed value increases are some of the highest in the County.
- Transient Occupancy Tax (TOT) Revenue for the current year was \$24.8 million, with an increase of 9.4% over the prior year. Transient occupancy tax revenues increased due to growth in tourism region wide and the addition of two new hotels, the Jeremy Hotel and the Kimpton La Peer hotel. In addition, City hotels have seen room rates increases as demand also increased.

- Sales Tax Revenue for the current year was \$16.9 million, increased moderately by \$0.7 million or 4.3% from the prior year. Sales and use taxes increased primarily due to growth in tax revenues generated by restaurants, hotels and bars. In addition, the City approved permits to four existing medical use dispensaries to sell adult-use retail cannabis on a temporary basis starting in January 2018 until the retail application evaluation process is complete in fiscal year 2019.
- Licenses and Permits Revenue for the current year was \$11.0 million with an increase of 15.3% over the prior year. Licenses and permits revenues increased due to one-time cannabis screening application fees and Building and Safety, Planning, and Encroachment fees from new real estate development projects in the City.
- Use of Money & Property for the current year was \$14.0 million, which increased by \$1.3 million or 10.5% from previous year, mainly due to higher interest income earned from investments and revenue received the Sunset Spectacular billboard revenue received during the year of \$0.5 million.
- Fines and Forfeitures for the current year were \$7.6 million, which decreased by \$2.1 million, or 21.8% from the previous year. This decrease is primarily attributed to a reduction in Parking Fine revenue, due to less parking tickets being issued in the City. Parking tickets have been decreasing over the past several years for various reasons, including increased parking availability in the City, increased use of ride-sharing applications (less people are driving into the City in personal cars), and enhanced familiarity with the City's increased parking meter hours.
- Developer Fee Revenue for the current year was \$5.6 million; which decreased by \$4.9 million or 46.3% from previous year. During fiscal year 2017, there were two large development projects that paid affordable housing in-lieu fees for \$9.2 million, which substantially increased the amount of developer fees last year. This year, affordable in-lieu fees were paid by multiple smaller development projects. These fees are one-time payments and are restricted for the development of affordable housing in the City.
- Miscellaneous Revenues for the current year were \$0.9 million, which decreased by \$8.2 million over the prior year. Last year's balance included a one-time \$6.8 million public benefit payment as part of a development agreement, as well as a \$0.3 million insurance retrospective payment. Together, these two payments account for 80% of the change in revenue in this category when compared to last year. For fiscal year 2018, the public benefit payment revenue is only \$0.1 million.

Governmental Fund Revenues – Fiscal Year 2017-18 (Graph 5)



Governmental (City) Expenditures

Table 4 presents a summary of all governmental fund expenditures for the fiscal year ended June 30, 2018, compared to prior year amounts (note that the General Fund is reflected separately on Table 7).

**Comparison of Major Governmental Expenditures (Table 4)
Fiscal Years 2017-18 and 2016-17**

	Amount FY 17-18	% of Total Expenditures	Amount FY 16-17	% of Total Expenditures	Variance Over/(Under) over last year	% Increase/ (Decrease) over last year
General Government	\$ 19,367,175	15.1%	\$ 21,354,765	17.8%	\$ (1,987,590)	-9.3%
Public Safety	22,958,843	17.9%	21,737,444	18.1%	1,221,399	5.6%
Public Services	54,324,031	42.4%	48,947,704	40.8%	5,376,327	11.0%
Total Operating Expenditures	96,650,049	75.5%	92,039,913	76.7%	4,610,136	5.0%
Capital Outlay	22,432,034	17.5%	19,841,533	16.5%	2,590,501	13.1%
Debt Service	8,937,937	7.0%	8,108,495	6.8%	829,442	10.2%
TOTAL	\$ 128,020,020	100.0%	\$ 119,989,941	100.0%	\$ 8,030,079	6.7%

Operating expenditures for 2017-18 were \$96.7 million, an increase of 5.0% or \$4.6 million from the prior fiscal year. General Government decreased by \$2.0 million, while Public Safety and Public Services had a combined increase of \$6.6 million. Described below are major fluctuations in governmental expenditures:

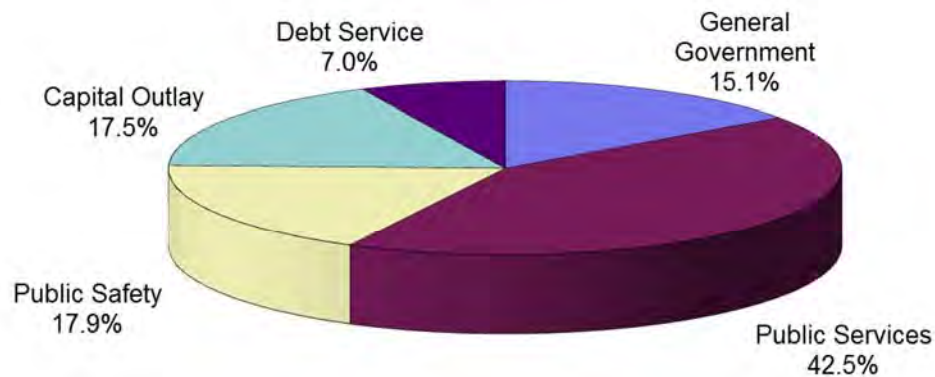
- Public safety expenditures increased by \$1.2 million or 5.6% due to expanded efforts to address homelessness, increases in sheriffs costs due to the annual

cost of living and liability insurance adjustments, additional security ambassadors, and a public survey regarding the Sheriff’s Department.

- Public services expenditures increased by \$5.4 million or 11.0% due to reclassification of three divisions: economic development, arts, and innovation from the general government function to the public services function, increases in staffing levels and personnel costs, expanded use of contractual services for building and safety plan checks and the addition of several new initiatives.
- General government expenditures decreased by \$2.0 million or (9.3%) mainly due to reclassification of three divisions: economic development, arts, and innovation from the general government function to the public services function.
- Capital Outlay expenditures were \$22.4 million, an increase of \$2.6 million from the prior year. The balance this year included the cost of completing the Werle Building and continuation of the capital outlay related to the West Hollywood Park Master Plan Phase II Project.

Graph 6 presents a summary of governmental fund expenditures for the fiscal year ended June 30, 2018 by functions.

Governmental Fund Expenditures – Fiscal Year 2017-18 (Graph 6)



Proprietary Funds

These Funds consist of five non-major Enterprise Funds, along with one Internal Service Fund (pages 49-52). The non-major Enterprise Funds are combined into an aggregate presentation in the Proprietary Funds financial statements. Individual fund data is provided in the form of *combining statements* starting on page 139.

Revenues for Enterprise Funds include assessments and other charges for services. Total operating revenues for all Enterprise Funds are \$3.4 million. Operating expenses for the fiscal year were \$3.1 million. The City also has one Internal Service Fund to allocate the costs of the City’s information systems infrastructure to the various

departments. The interdepartmental charge for services (revenues) in the fiscal year was \$0.6 million with general government expenses of \$0.7 million.

Fiduciary Funds

These Funds account for resources held for the benefit of parties outside the City, in which the City is acting as trustee (pages 53-54). The *Statement of Fiduciary Net Position* reports the activities for which the City has a fiduciary responsibility. The City administers a West Hollywood Tourism Improvement District, previously known as the Hotel Marketing Benefit Zone, which primarily accounts for the receipt of a 3 percent assessment 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. Lastly, the City administers two Business Improvement Districts (BIDs), the Sunset Strip BID and the West Hollywood Design District BID. The City collects the assessments for these business improvement districts and remits the revenue to the entities operating the districts.

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

Section 4 – Major Funds Analysis

Debt Service Funds – Capital Projects Debt Service Fund Analysis

The Capital Projects Debt Service Fund accounts for all financial activity related to the administration of proceeds generated from the issuance of long-term debt. The City has issued Lease Revenue Bonds for the construction of major capital improvement projects including the City's library located at West Hollywood Park, the Automated Parking Structure located at City Hall, and the West Hollywood Park Master Plan Phase II. Principal and interest on the City's Lease Revenue Bonds are paid from General Fund revenues (pages 40-41 and 44-45).

Fund Balance

The fund balance decreased by \$4.6 million during the year and has an ending fund balance of \$56.3 million. The decrease is mainly due to reimbursements to the Debt Funded Capital Projects Fund of \$14.4 million for capital outlay incurred for the West Hollywood Park Master Plan Phase II construction.

Expenditures

The Capital Project Debt Service fund incurred \$8.9 million of expenditures in the current year, mainly due to principal and interest payments related to the City's 2009, 2013 and 2016 Lease Revenue bonds; these bonds are described further in Section 5.

Capital Projects Fund – Debt Funded Capital Projects Fund Analysis

The Debt Funded Capital Projects fund is a major fund and accounts for receipts and disbursements of monies used for the construction of major capital projects in the City. At present, the fund is accounting for the West Hollywood Park Master Plan Phase II. (pages 36-37 and 40-41).

Fund Balance

The fund balance decreased by \$2.6 million during the year and has an ending fund balance of \$0.5 million. The decrease in fund balance is mainly due to lower reimbursements received from Capital Projects Debt Service Fund for capital outlay of \$18.2 million related to West Hollywood Park Master Plan Phase II construction. There are lower reimbursements because there is still available cash from previous reimbursements.

Expenditures

The Debt Funded Capital Projects Fund incurred \$18.2 million of capital expenditures in the current year. The majority of these expenditures are related to the West Hollywood Park Master Plan Phase II construction.

General Fund

The General Fund is the chief operating fund of the City (pages 40-41 and 44-45). The ending fund balance was \$130.9 million, which was an increase of \$5.7 million (Table 5).

Fund Balance

The designations for the General Fund are as follows:

- Non-Spendable Fund Balance was \$0.05 million;
- Restricted Fund Balance was \$1.3 million;
- Committed Fund Balance was \$24.6 million;
- Assigned Fund Balance was \$101.7 million; and lastly
- Unassigned Fund Balance was \$3.3 million.

Table 5 shows the General Fund's opening balance, operating surplus (deficit), restatements, and ending fund balance for the last five years.

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

	FY 17-18	FY 16-17	FY 15-16	FY 14-15	FY 13-14
Fund Balance					
Nonspendable	\$ 53,634	\$ 44,317	\$ 139,575	\$ 35,708	\$ 39,510
Restricted	1,255,006	1,255,006	1,255,006	1,255,006	1,255,006
Committed	24,601,571	27,054,567	18,386,688	12,076,505	11,177,318
Assigned	101,723,037	93,388,888	96,366,054	89,684,697	76,904,392
Unassigned	3,280,327	3,462,047	3,507,708	4,894,121	5,060,905
Total Fund Balance	\$ 130,913,575	\$ 125,204,825	\$ 119,655,032	\$ 107,946,037	\$ 94,437,131
Beginning Balance	\$ 125,204,825	\$ 119,655,032	\$ 107,946,037	\$ 94,437,131	\$ 84,036,073
Operating Surplus /(Deficit)	5,708,750	5,549,793	11,708,995	13,508,906	10,401,058
Ending Balance	\$ 130,913,575	\$ 125,204,825	\$ 119,655,032	\$ 107,946,037	\$ 94,437,131

Revenues

For fiscal year 2017-18, General Fund Revenues and Other Financing Sources were \$101.3 million, a decrease of 1.0 percent from the previous year. General Fund categories are reflected below in Table 6 (note that General Fund categories differ from those reflected in the Government-wide analysis in Table 2 and Table 3).

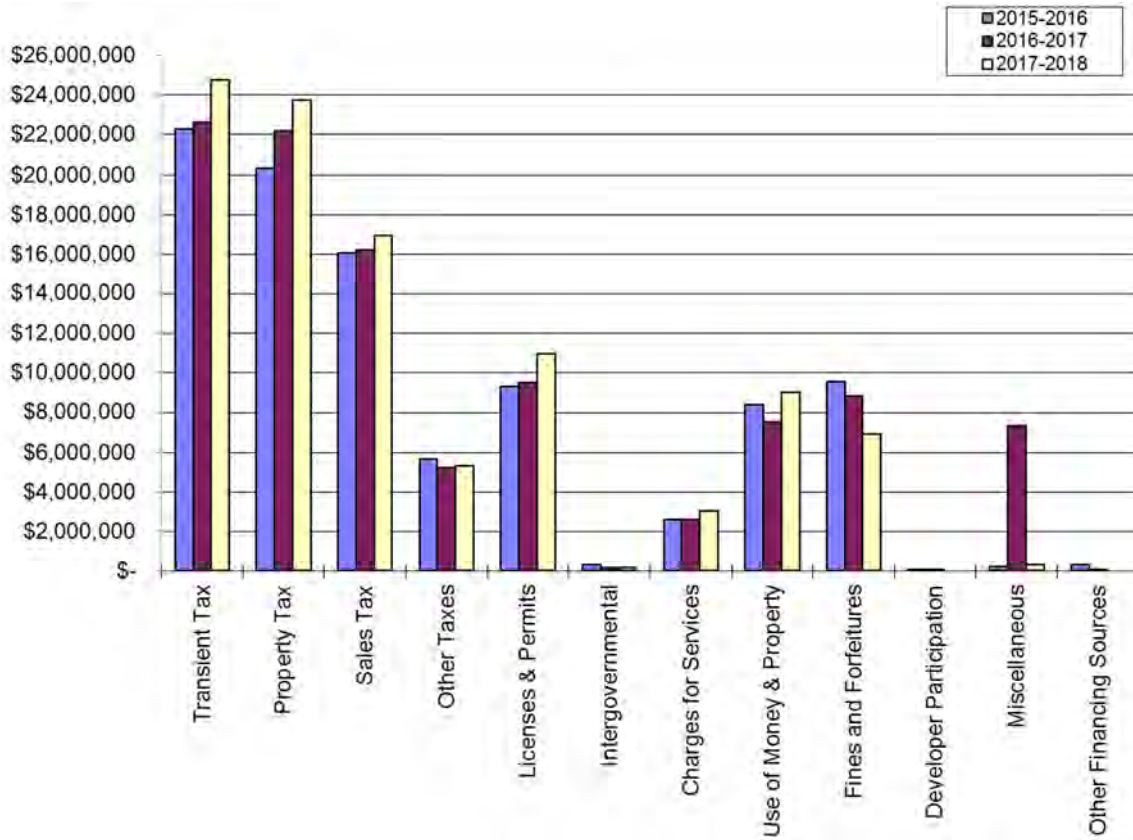
General Fund Revenues and Other Financing Sources (Table 6)
Fiscal Years 2017-18 and 2016-17

	2017-2018	2016-2017	Variance Over/(Under) over last year	% of increase (decrease) over last year	% of total
Transient Tax	\$ 24,775,813	\$ 22,636,844	\$ 2,138,969	9.4%	24.5%
Property Tax	23,745,035	22,180,416	1,564,619	7.1%	23.4%
Sales Tax	16,944,964	16,242,475	702,489	4.3%	16.7%
Other Taxes	5,325,204	5,252,444	72,760	1.4%	5.3%
Licenses & Permits	10,975,684	9,515,384	1,460,300	15.3%	10.8%
Intergovernmental	139,458	156,571	(17,113)	-10.9%	0.1%
Charges for Services	3,078,498	2,612,961	465,537	17.8%	3.0%
Use of Money & Property	9,007,553	7,515,783	1,491,770	19.8%	8.9%
Fines and Forfeitures	6,951,716	8,832,941	(1,881,225)	-21.3%	6.9%
Developer Participation	-	3,185	(3,185)	-100.0%	0.0%
Miscellaneous	321,381	7,328,597	(7,007,216)	-95.6%	0.3%
Other Financing Sources	-	10,380	(10,380)	-100.0%	0.0%
Totals	\$ 101,265,306	\$ 102,287,981	\$ (1,022,675)	-1.0%	100.0%

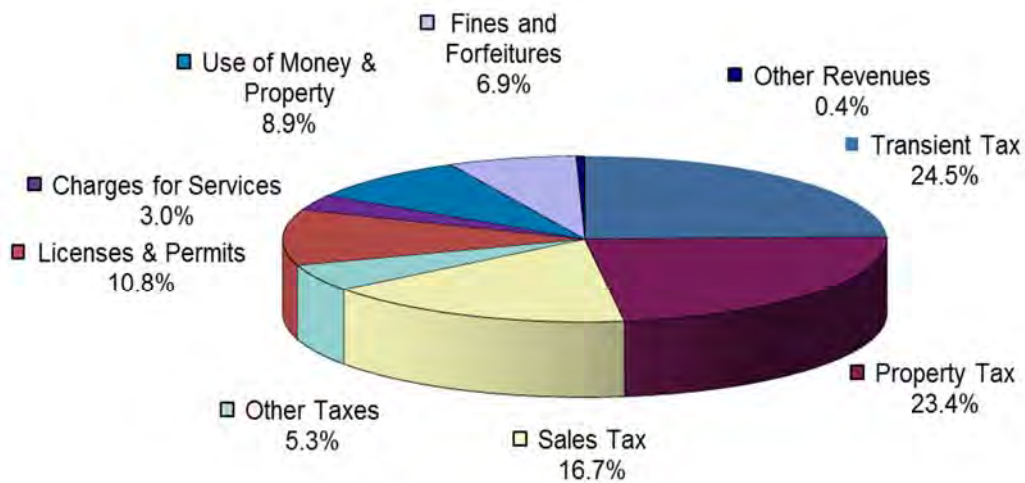
The following are key revenues categories of the General Fund (since the General Fund comprises the largest portion of the City as a whole and governmental funds, the detailed analysis has been already included in Section 3):

- Transient Occupancy Tax Revenue for the current year was \$24.8 million, with an increase of 9.4% over the prior year.
- Property Tax Revenue for the current year was \$23.7 million, with an increase of \$1.6 million or 7.1% over the prior year.
- Sales Tax Revenue for the current year was \$16.9 million, an increase of \$0.7 million or 4.3% from the prior year.
- Licenses and Permits Revenue for the current year was \$11.0 million, or an increase of 15.3% from previous year.
- Use of Money and Property Revenue for the current year was \$9.0 million, or an increase of 19.8% from previous year.
- Fines and Forfeitures Revenue for the current year were \$7.0 million, which decreased by \$1.9 million, or 21.3% from the previous year.
- Miscellaneous Revenue for the current year was \$0.3 million, which decreased by \$7.0 million from the prior year.

**Comparison of General Fund Revenues (Graph 7)
Fiscal Years 2017-18, 2016-17 and 2015-16**



General Fund Revenues - Fiscal Year 2017-18 (Graph 8)



Expenditures

For fiscal year 2017-18, total General Fund expenditures were \$95.6 million, a decrease of 1.2% or \$1.2 million from the prior year. The following are key points and graphs of General Fund expenditures. For detailed information, please refer to pages 44-45.

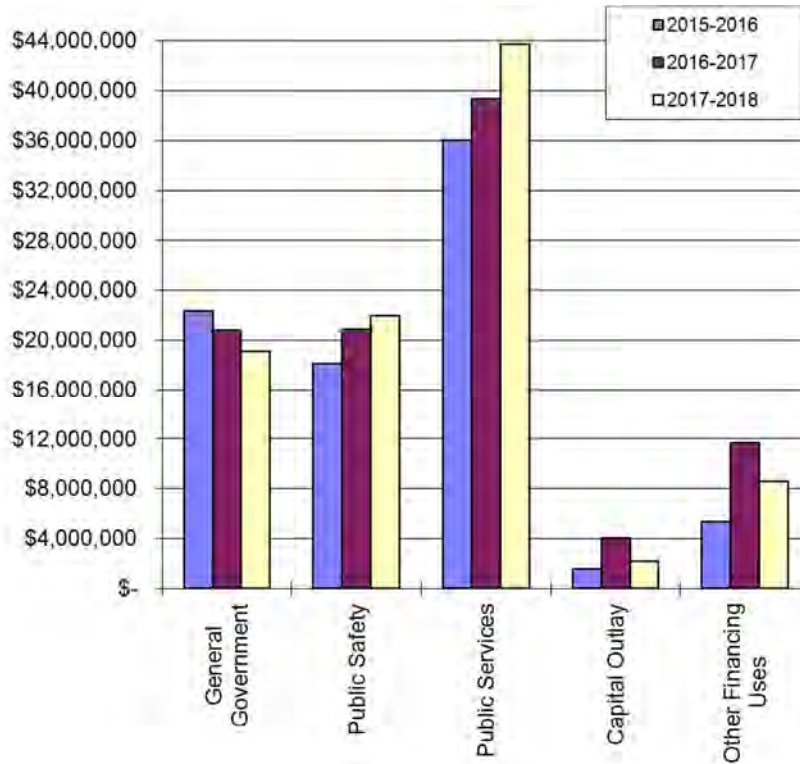
**General Fund Expenditures (Table 7)
Fiscal Years 2017-18 and 2016-17**

	2017-2018	2016-2017	Variance Over/(Under) last year	% of increase (decrease) over last year	% of total
General Government	\$ 19,095,757	\$ 20,830,893	\$ (1,735,136)	-8.3%	20.0%
Public Safety	21,969,562	20,861,793	1,107,769	5.3%	23.0%
Public Services	43,762,818	39,322,384	4,440,434	11.3%	45.8%
Capital Outlay	2,148,601	4,008,495	(1,859,894)	-46.4%	2.2%
Other Financing Uses	8,579,818	11,714,623	(3,134,805)	-26.8%	9.0%
Total Expenditures	\$ 95,556,556	\$ 96,738,188	\$ (1,181,632)	-1.2%	100.0%

Described below are major fluctuations in General Fund expenditures:

- Public Safety expenditures were \$22.0 million, and increased by \$1.1 million or 5.3% from the prior year. The increase is due to expanded efforts to address homelessness, increases in sheriff's costs due to the annual cost of living and liability insurance adjustments, additional security ambassadors, and a public survey regarding the Sheriff's Department.
- Public Service expenditures were \$43.8 million and resulted in an 11.3 percent increase. Public Service is the largest function in the General Fund with the following four major program areas: 1) Facilities and Field Services at \$7.9 million, 2) Social Services at \$6.5 million, 3) Parking Services at \$4.2 million, and 4) Recreation Services at \$4.1 million. The increase is primarily attributed to increases in staffing levels and personnel costs, expanded use of contractual services including building and safety plan checks, and the addition of several new initiatives. In addition, due to the City's reorganization, three divisions (economic development, arts and innovation) were transferred from the general government function to the public services function.

Comparison of General Fund Expenditures (Graph 9)
Fiscal Years 2017-18, 2016-17 and 2015-16



Budgetary Highlights

Over the course of the year, the City Council revised the City budget several times. Budget revisions fall into three categories. The first category includes carry-forward encumbrances and capital projects that are approved shortly after the beginning of the year. The second category includes changes that the Council makes during the mid-year budget process. Finally, the Council approves supplemental appropriations throughout the year based on individual items that are brought forward by various departments. The General Fund budgetary comparison statement is located on page 47; the following are budgetary highlights of the General Fund:

Resources (Inflows)

The General Fund's budgeted amount for *revenues* (resources available for appropriation) had an increase of \$2.0 million between the original budget of \$95.1 million and the final amended budget of \$97.1 million. The increase was due to a \$0.9 million increase in Licenses and Permits, \$0.6 increase in Miscellaneous, and \$0.5 million increase in Taxes. The City did not budget these payments in the original budget because the timing of their receipt was not known. Once the payments were received the revenue budget was increased, and in most cases a corresponding expenditure was increased because most of the funds are for specific public improvement projects.

In total, actual revenues exceeded the final amended budget by \$4.2 million. Actual revenues exceeded budgeted revenues for the following reasons: The City received approximately \$0.6 million in additional revenues related to Building and Safety, Planning, and Encroachment fees. These fees are all related to new real estate development projects in the City and are one-time revenues. The real estate market in the Los Angeles area and the City is in the midst of period of strong growth, which has led to an increase in applications for new development projects in the City. The City also received over one million in additional revenues related to Business License Permit-Other, related to cannabis screening application fees. The City conservatively estimated the number of applications anticipated under the new cannabis ordinance, as this is a new ordinance and a newly regulated business.

Additionally, the City received approximately \$1.1 million in excess revenues over budgeted amounts from various City Taxes and Intergovernmental-state shared sales tax, including Property Taxes, Transient Occupancy Taxes, and Sales Taxes. These increases can be primarily attributed to the strength of the national, state, and local economies, and specifically increased consumer spending, increased tourism, and improvements to the real estate market.

Revenues did not reach budgeted amounts in the Fines and Forfeitures category due to a decrease in parking fine revenue and a one-time decrease in vehicle-code and photo safety fines. The deficit of revenues below budgeted amounts in this category was approximately \$1.6 million. Parking Fine revenue declined for a various number of reasons, including the increased availability of parking in commercial areas of the City and the increased use of ride sharing services, which has reduced the need for parking. Vehicle-code and photo safety fine revenue did not meet budgeted amounts because the installation of a new photo safety system was delayed and led to the non-operation of the cameras for the majority of the year.

Appropriations (Outflows)

The difference between the General Fund's original expenditure budget and the final expenditure budget was an increase of \$24.4 million in appropriations. Major increases from adopted to final budget were due to: increases in capital outlay of \$11.8 million, which includes an increase of \$2.8 million for the Coast Playhouse property improvement, increases of \$3.8 million in design district streetscape projects, an increases of \$2.2 million in major repairs for city buildings, \$0.8 million increase for 1343 Laurel Avenue project, and \$0.5 increase in Beverly Sewer Improvement projects. In addition, general government and public services increased due to the increase in MTA traded funds by \$1.6 million, increases in new initiatives rollovers by \$2.1 million; increases in social services contracts by \$1.2 million; rollovers related to mitigation on the Sunset-La Cienega project of \$0.9 million; building and safety increases due to \$1.4 related to plan checks; and increases in transfers out between capital and debt service funds by \$1.0 million for bond related projects.

Section 5 – Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets (Table 8) for its governmental and business-type activities as of June 30, 2018, is \$258.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure. They are long-term improvement and maintenance programs designed to preserve the City's physical systems and facilities. The programs are broad, and include land and building acquisitions, development of off-street parking, street and sidewalk rehabilitation, sewer reconstruction, public lighting projects, affordable housing development, and park acquisition and renovations. The major capital asset currently under construction is the West Hollywood Park Phase II Project and is reflected below as Construction in Progress. It includes two new dog parks (completed and opened in FY18) and a new Aquatic and Recreation Facility among other improvements. Additional information about the City's capital assets can be found in the Notes to the Financial Statements on pages 70-71.

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

	Governmental Activities		Business-Type Activities		Government-Wide Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 57,841	\$ 57,841	\$ -	\$ -	\$ 57,841	\$ 57,841
Buildings and systems	82,870	80,737	-	-	82,870	80,737
Improvements other than buildings	11,949	11,616	-	-	11,949	11,616
Machinery and Equipment	3,210	3,627	-	-	3,210	3,627
Infrastructure	53,288	51,299	10,476	10,163	63,764	61,463
Leasehold Improvement	431	225	-	-	431	225
Construction in progress	38,510	24,773	-	210	38,510	24,983
Total Capital Assets	\$ 248,099	\$ 230,119	\$ 10,476	\$ 10,373	\$ 258,575	\$ 240,492

Long-Term Debt

At year end, the City had \$173.9 million in outstanding long-term debt for Governmental Activities as reflected in Table 9 below. These consisted of Compensated Absences, Lease Revenue 2009 Series A Bonds, Lease Revenue 2013 Bonds, Lease Revenue 2016 Bonds, Net Pension Liability and Net OPEB Liability.

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

	Governmental Activities			
	2018	2017	Variance Over/(Under) over last year	% of increase (decrease) over last year
Compensated Absences	\$ 4,717.0	\$ 4,368.7	\$ 348.3	8.0%
Lease Revenue - 2009 Series A	6,666.4	8,791.9	(2,125.5)	-24.2%
Lease Revenue - 2013	17,787.5	18,159.8	(372.3)	-2.1%
Lease Revenue - 2016	95,912.9	97,343.0	(1,430.1)	-1.5%
Net Pension Liability	47,125.6	40,614.7	6,510.9	16.0%
Net OPEB Liability	1,728.8	-	1,728.8	100.0%
Total Long-Term Debt	\$ 173,938.2	\$ 169,278.1	\$ 4,660.1	2.8%

Compensated Absences had an increase of \$0.3 million or 8.0 percent increase with an outstanding balance of \$4.7 million at year end due to cost-of-living increases in employee wages, which increased the value of compensated absences, and by employee leaves not taken during the year.

On July 15, 2009, Lease Revenue Bonds Series A were issued for \$22,160,000 to prepay the outstanding principal balance of the 1998 Refunding Certificates of Participation in the amount of \$20,420,000. Also on July 15, 2009, Lease Revenue Bonds Series B were issued in the amount of \$34,780,000 to finance the acquisition, construction and improvements to the City's West Hollywood Park, including a new Public Library, a 90-space underground parking facility, a 337-space above ground parking facility and a 2.5 acre landscape park expansion. Additional information about the City's long-term debt can be found in the *Notes to the Financial Statements* on page 84; Note Number 8.

On September 28, 2013, Lease Revenue Bonds were issued for \$19,155,000 to finance the acquisition and construction of a new city hall automated parking facility and related improvements and finance capital improvements to the Werle Building. Additional information about the City's long-term debt can be found in the *Notes to the Financial Statements* on page 84; Note 8.

On June 1, 2016, Lease Revenue Bonds were issued for \$85,015,000 to finance real property and improvements related to the West Hollywood Park Phase II Master Plan Implementation and Werle Building improvements, and to refinance the outstanding principal balance of the 2009 Taxable Lease Revenue Series B bonds in the amount of \$34,780,000. Additional information about the City's long-term debt can be found in the Notes to the Financial Statements on page 84; Note 8.

On June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68 which requires that the net pension liability be recorded. For the City, the Net Pension Liability is \$47.1 million.

This fiscal year ended June 30, 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75 which requires that the net OPEB liability be recorded. For the City, the Net OPEB Liability is \$1.7 million.

Long-Term Debt - Successor Agency

Due to the dissolution of redevelopment agencies in the State, the following long-term debt is no longer reported as Governmental Activities; Successor Agency activities are now reported with the Private Trust Funds activity. In fiscal year 2017, the City received State approval to transfer \$5.6 million of the 2011 Series A bonds from the Successor Agency to the former Community Development Commission to be used for affordable housing purposes on the Eastside of the City. In fiscal year 2018, the same State legislation that allowed the City to use the 2011 Series A proceeds allowed the City to use 100% of the 2011 Series B proceeds; the proceeds were transferred to the City to be used for projects allowed by the bond indenture. Additional information about the Successor Agency's long-term debt can be found in the Notes to the Financial Statements on page 93; Note 15.

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

	Successor Agency Activities			
	2018	2017	Variance Over/(Under) over last year	% of increase (decrease) over last year
Tax Allocation Bonds - 2011 Series A	\$ 27,380.0	\$ 27,700.0	\$ (320.0)	-1.2%
Tax Allocation Bonds - 2011 Series B	8,044.8	8,082.4	(37.6)	-0.5%
Tax Allocation Refunding Bonds - 2013	8,236.3	8,576.2	(339.9)	-4.0%
Total Long-Term Debt	\$ 43,661.1	\$ 44,358.6	\$ (697.5)	-1.6%

Section 6 – Economic Factors and Outlook for Future Years

Although the focus of this report is based on the economic condition of the City prevailing as of June 30, 2018, there are always local, state, federal and global issues that require consideration in this report and upcoming projections, because of their future economic impact to the City.

During the last fiscal year and the six months that have followed it, the local, regional, State, and federal economies have continued to grow. This is particularly true for the local West Hollywood economy, as tourism spending and hotel occupancy rates continue to remain high. Since the end of the economic downturn eight years ago the City's economy has improved substantially and the City's revenues have increased by over 50 percent. Tourism has led this recovery as the Los Angeles region has seen a record number of tourists over the last several years. The City's transient occupancy tax receipts have increased by nearly 40 percent within the last five years and gross receipts at many of the City's most popular restaurants and bars are at or above pre-recession revenue peaks, leading to increased sales tax revenues for the City. A very strong real estate market in the Los Angeles region has also led to growth in the City, as a number of new real development projects have recently opened, are under construction, or are entitled and going through the plan check process. These new developments have increased property tax revenues in the City, and will lead to further property tax revenues in the future, as well as new business taxes, sales taxes, and transient occupancy taxes. Over the past five years, the value of property in the City has increased by over \$3 billion, and since 2007 the City's assessed value has doubled from \$5.8 billion to \$11.6 billion, substantially outpacing majority of other cities in the state and nation.

However, there are always uncertainties at the state, national, and global level that have the potential to harm the economy; these uncertainties also relate to the impact of the current Administration. For this reason, City staff closely monitors economic indicators and trends, and conservatively budgets city revenues to help buffer against revenue declines that may occur for a variety of reasons, including economic recession.

Over the last decade the State budget has been a major concern, as deficits and cuts to services were frequent. Many of the State's efforts to balance its budget over this time have deeply impacted local governments, for this reason the City will continue to monitor legislative matters and the State budget as it continues to stabilize. While the State is projected to have a surplus during the current year, there is still uncertainty because the State's primary revenue source is personal income taxes which can fluctuate significantly depending on the economy. In addition, the Legislative Analyst's Office has cautioned that the current economic expansion in California is about three years longer than the historical average.

Locally, the forecast for the City of West Hollywood continues to be optimistic. The City, with the use of its Long Range Financial Planning Model, continues to maintain its ability to fund enhanced levels of service for its residents without the need to use

reserves for operations. Management is confident that the City can sustain and build upon its current reserves while satisfying the funding needs of future capital projects and operations. The City's financial standing was further validated by all three major rating agencies assigning high grade issuer credit ratings for the City of West Hollywood. As part of the City's 2016 Lease Revenue Bond issuance, Standard & Poor's and Fitch confirmed their "AA+" issuer credit ratings, with a stable outlook, for the City of West Hollywood. In December 2017, Moody's upgraded the City's issuer rating from Aa2 to Aa1, citing an exceptional financial profile characterized by very strong reserve levels as a rationale for the upgrading.

The City's largest single source of revenue (TOT) has grown an average of 8.9 percent annually over the past ten years and an average of 7.4 percent annually for the past five years as tourism in the region has accelerated; thus increasing room rates and occupancy levels. The City hosts approximately 1.5 million visitors each year, helping it rank among the top 20 in the State in per capita Transient Occupancy Tax (TOT) with other major tourist destinations like San Francisco, Los Angeles, Anaheim, Santa Monica, Beverly Hills, and Palm Springs. It is anticipated that there will be continued growth in TOT in fiscal year 2019 due to the 104-room Kimpton Hotel on La Peer Drive that opened in January 2018 and the anticipated 2019 opening of the west coast flagship location for the new high-end Marriott Edition hotel. Additionally, the 2020 opening of the Pendry Hotel on Sunset Boulevard is anticipated to increase TOT revenues even further in the future.

The City also anticipates that sales tax, property tax, and other revenues will continue to increase as the economy grows and new real estate development projects that are currently under construction in the City are completed and begin attracting new businesses, residents, and visitors. The City has also undertaken a variety of other initiatives that will help in increase City revenues, including converting existing static bus shelter advertising to digital, launching the Sunset Spectacular pilot digital billboard, and converting existing static billboards on the Sunset Strip to digital while also continuing to monitor potential increases in City fees established during the 2016 cost of services study. The passage of Proposition 64 in California legalizing the adult use of recreational cannabis is bringing in new revenues and the City anticipates additional revenue from this source in the future. Specifically, Measure Y will be on the March 2019 ballot; this is a Cannabis Business Tax on gross receipts from the sale of adult-use cannabis and adult-use cannabis products, at a rate of 7.5%. If approved, it is estimated to raise additional revenues of \$5,500,000 annually to be used locally to fund general municipal services in the City such as public safety, street repair, homeless services, pedestrian/bike safety, and parks.

Taking this information into account, the City's adopted General Fund budget for fiscal year 2018-19 continues to reflect pragmatic optimism about the City's financial future. Budget projections for key revenues over the next year are likely to increase as the economic base expands. Higher costs for public safety, housing and social services, wages, retirement and health care counter in significant part the anticipated revenue expansion, however, the City has been able to increase its investment in infrastructure

improvements and expand services, such as public safety, for residents and businesses. The City continues to use its strategic plan, Vision 2020, in guiding its decisions during the budget process.

Contacting the City's Financial Management Staff

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



Basic Financial Statements



🐦 Another gorgeous sunny day in @WehoCity



Top front: West Hollywood Sheriff, photo by Jon Viscott, Lower front: West Hollywood Archival, photo by Tony Coelho, Back: Edible Parkway Gardening, photo by Jon Viscott

CITY OF WEST HOLLYWOOD

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS:			
Cash and investments	\$ 207,934,109	\$ 1,756,413	\$ 209,690,522
Receivables:			
Accounts	2,231,300	24,297	2,255,597
Taxes	2,576,699	-	2,576,699
Notes and loans	546,012	-	546,012
Accrued interest	496,036	4,524	500,560
Internal balances	23,583	(23,583)	-
Prepaid costs	14,634	-	14,634
Deposits	39,000	-	39,000
Due from other governments	4,884,298	96,342	4,980,640
Restricted assets:			
Cash held in escrow	893,058	-	893,058
Cash and investments with fiscal agents	47,145,797	-	47,145,797
Capital assets not being depreciated	96,350,946	-	96,350,946
Capital assets, net of accumulated depreciation	151,747,717	10,476,164	162,223,881
TOTAL ASSETS	514,883,189	12,334,157	527,217,346
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts from OPEB	299,610	-	299,610
Deferred amounts from pension	13,558,912	-	13,558,912
TOTAL DEFERRED INFLOWS OF RESOURCES	13,858,522	-	13,858,522
LIABILITIES:			
Accounts payable	16,413,216	205,648	16,618,864
Accrued liabilities	1,372,959	-	1,372,959
Accrued interest	1,263,153	-	1,263,153
Unearned revenue	7,233,503	-	7,233,503
Deposits payable	7,405,305	19,176	7,424,481
Due to other governments	546,012	-	546,012
Noncurrent liabilities:			
Due within one year	7,649,111	-	7,649,111
Due in more than one year	117,434,724	-	117,434,724
Net pension liability	47,125,622	-	47,125,622
Net OPEB liability	1,728,800	-	1,728,800
TOTAL LIABILITIES	208,172,405	224,824	208,397,229
DEFERRED INFLOWS OF RESOURCES:			
Deferred gain on refunding	1,310,252	-	1,310,252
Deferred amounts from pension	1,971,576	-	1,971,576
TOTAL DEFERRED INFLOWS OF RESOURCES	3,281,828	-	3,281,828
NET POSITION:			
Net investment in capital assets	173,567,439	10,476,164	184,043,603
Restricted for:			
Public services	35,831,523	-	35,831,523
Capital projects	19,999,677	-	19,999,677
Debt service	1,255,006	-	1,255,006
Unrestricted	86,633,833	1,633,169	88,267,002
TOTAL NET POSITION	\$ 317,287,478	\$ 12,109,333	\$ 329,396,811

See accompanying notes to financial statements.

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 20,448,961	\$ 826,678	\$ 146,969	\$ -
Public safety	23,067,735	264,674	217,860	-
Public services	60,796,711	21,563,875	3,687,575	4,027,872
Interest and fiscal charges	4,909,120	-	-	-
Total Governmental Activities	109,222,527	22,655,227	4,052,404	4,027,872
Business-Type Activities:				
Sewer Charge	809,760	1,461,214	-	-
Solid Waste	1,450,793	1,486,636	-	-
Landscape District	197,664	184,551	-	-
Sewer District	365,025	-	-	-
Street Maintenance	272,583	293,682	-	-
Total Business-Type Activities	3,095,825	3,426,083	-	-
Total Primary Government	\$ 112,318,352	\$ 26,081,310	\$ 4,052,404	\$ 4,027,872

General Revenues:

Taxes:

Property taxes, levied for general purposes

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Use of money and property

Other

Total General Revenues

Change in Net Position, before Extraordinary Item

Extraordinary item

Change in Net Position

Net Position - Beginning of Year

Prior-period adjustment (Note 16)

Net Position - Beginning of Year, as restated

Net Position - End of Year

Net (Expenses) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (19,475,314)	\$ -	\$ (19,475,314)
(22,585,201)	-	(22,585,201)
(31,517,389)	-	(31,517,389)
<u>(4,909,120)</u>	<u>-</u>	<u>(4,909,120)</u>
<u>(78,487,024)</u>	<u>-</u>	<u>(78,487,024)</u>
-	651,454	651,454
-	35,843	35,843
-	(13,113)	(13,113)
-	(365,025)	(365,025)
<u>-</u>	<u>21,099</u>	<u>21,099</u>
<u>-</u>	<u>330,258</u>	<u>330,258</u>
<u>(78,487,024)</u>	<u>330,258</u>	<u>(78,156,766)</u>
25,206,827	-	25,206,827
24,775,813	-	24,775,813
17,980,869	-	17,980,869
2,148,729	-	2,148,729
5,581,710	-	5,581,710
13,839,534	10,814	13,850,348
<u>362,095</u>	<u>-</u>	<u>362,095</u>
<u>89,895,577</u>	<u>10,814</u>	<u>89,906,391</u>
11,408,553	341,072	11,749,625
<u>9,276,727</u>	<u>-</u>	<u>9,276,727</u>
<u>20,685,280</u>	<u>341,072</u>	<u>21,026,352</u>
299,349,544	11,768,261	311,117,805
<u>(2,747,346)</u>	<u>-</u>	<u>(2,747,346)</u>
<u>296,602,198</u>	<u>11,768,261</u>	<u>308,370,459</u>
<u>\$ 317,287,478</u>	<u>\$ 12,109,333</u>	<u>\$ 329,396,811</u>

CITY OF WEST HOLLYWOOD

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2018

	General	Capital Projects Fund Debt Funded Capital Projects	Debt Service Fund Capital Projects Debt Service
ASSETS:			
Cash and investments	\$ 145,745,897	\$ 6,203,303	\$ 9,117,254
Receivables:			
Accounts	968,429	558,271	-
Taxes	2,576,699	-	-
Notes and loans	-	-	-
Accrued interest	358,648	-	22,415
Prepaid costs	14,634	-	-
Deposits	39,000	-	-
Due from other governments	3,384,161	-	-
Due from other funds	750,382	-	-
Restricted assets:			
Cash held in escrow	-	893,058	-
Cash and investments with fiscal agents	-	-	47,145,797
TOTAL ASSETS	<u>\$ 153,837,850</u>	<u>\$ 7,654,632</u>	<u>\$ 56,285,466</u>
LIABILITIES:			
Accounts payable	\$ 8,633,704	\$ 5,423,524	\$ -
Accrued liabilities	1,372,959	-	-
Unearned revenues	6,737,583	-	-
Deposits payable	6,169,525	1,146,597	-
Due to other governments	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	<u>22,913,771</u>	<u>6,570,121</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	10,504	558,271	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>10,504</u>	<u>558,271</u>	<u>-</u>
FUND BALANCES:			
Nonspendable:			
Prepaid costs	14,634	-	-
Deposits	39,000	-	-
Restricted:			
Public services	-	-	-
Capital projects	-	526,240	56,285,466
Debt service	1,255,006	-	-
Committed to:			
Emergency contingency	5,176,493	-	-
Continuing appropriations	19,425,078	-	-
Assigned to:			
Self-insurance	5,000,000	-	-
Capital projects	63,300,000	-	-
Future expenditures	4,717,066	-	-
Working reserve	20,705,972	-	-
Unfunded pension costs	8,000,000	-	-
Unassigned	3,280,326	-	-
TOTAL FUND BALANCES	<u>130,913,575</u>	<u>526,240</u>	<u>56,285,466</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 153,837,850</u>	<u>\$ 7,654,632</u>	<u>\$ 56,285,466</u>

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 46,614,659	\$ 207,681,113
704,600	2,231,300
-	2,576,699
546,012	546,012
114,352	495,415
-	14,634
-	39,000
1,500,137	4,884,298
10,000	760,382
-	893,058
-	47,145,797
<u>\$ 49,489,760</u>	<u>\$ 267,267,708</u>
\$ 2,341,399	\$ 16,398,627
-	1,372,959
495,920	7,233,503
89,183	7,405,305
546,012	546,012
760,382	760,382
<u>4,232,896</u>	<u>33,716,788</u>
<u>506,587</u>	<u>1,075,362</u>
<u>506,587</u>	<u>1,075,362</u>
-	14,634
-	39,000
35,324,936	35,324,936
9,775,497	66,587,203
-	1,255,006
-	5,176,493
-	19,425,078
-	5,000,000
-	63,300,000
-	4,717,066
-	20,705,972
-	8,000,000
(350,156)	2,930,170
<u>44,750,277</u>	<u>232,475,558</u>
<u>\$ 49,489,760</u>	<u>\$ 267,267,708</u>

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CITY OF WEST HOLLYWOOD

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

June 30, 2018

Fund balances - total governmental funds		\$ 232,475,558
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of depreciation have not been included as financial resources in governmental fund activity.		248,098,663
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Bonds payable	\$ (107,410,000)	
Unamortized bond premiums	(12,956,769)	
Unamortized gain on refunding	(1,310,252)	
Compensated absences	(4,717,066)	
		(126,394,087)
OPEB-related debt applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. Deferred outflows of resources related to OPEB are only reported in the statement of net position, as the changes in these amounts affect only the government-wide statements for governmental activities.		
Deferred outflows of resources	299,610	
Net OPEB liability	(1,728,800)	
		(1,429,190)
Pension-related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position, as the changes in these amounts affect only the government-wide statements for governmental activities:		
Deferred outflows of resources	13,558,912	
Deferred inflows of resources	(1,971,576)	
Pension liability	(47,125,622)	
		(35,538,286)
Accrued interest payable for the current portion of interest due on bonds is not reported in the governmental funds.		(1,263,153)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		1,075,362
The internal service fund is used by management to charge the costs of certain activities, such as the information system, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net position.		262,611
Net position of governmental activities		<u>\$ 317,287,478</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

For the year ended June 30, 2018

	General	Capital Projects Fund Debt Funded Capital Projects	Debt Service Fund Capital Projects Debt Service
REVENUES:			
Taxes	\$ 70,791,016	\$ -	\$ -
Licenses and permits	10,975,684	-	-
Intergovernmental	139,458	-	-
Charges for services	3,078,498	-	-
Use of money and property	9,007,553	(66,749)	1,618,775
Fines and forfeitures	6,951,716	-	-
Developer participation	-	-	-
Miscellaneous	321,381	310,955	-
TOTAL REVENUES	101,265,306	244,206	1,618,775
EXPENDITURES:			
Current:			
General government	19,095,757	-	-
Public safety	21,969,562	-	-
Public services	43,762,818	-	-
Capital outlay	2,148,601	18,202,416	-
Debt service:			
Principal retirement	-	-	3,415,000
Interest and fiscal charges	-	-	5,522,937
TOTAL EXPENDITURES	86,976,738	18,202,416	8,937,937
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,288,568	(17,958,210)	(7,319,162)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	15,366,827	7,864,950
Transfers out	(8,579,818)	-	(14,376,341)
TOTAL OTHER FINANCING SOURCES (USES)	(8,579,818)	15,366,827	(6,511,391)
NET CHANGE IN FUND BALANCES, BEFORE EXTRAORDINARY ITEM	5,708,750	(2,591,383)	(13,830,553)
EXTRAORDINARY ITEM	-	-	9,276,727
NET CHANGE IN FUND BALANCES	5,708,750	(2,591,383)	(4,553,826)
FUND BALANCES - BEGINNING OF YEAR	125,204,825	3,117,623	60,839,292
FUND BALANCES - END OF YEAR	\$ 130,913,575	\$ 526,240	\$ 56,285,466

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 3,527,915	\$ 74,318,931
-	10,975,684
3,836,505	3,975,963
844,545	3,923,043
3,428,552	13,988,131
667,772	7,619,488
5,640,412	5,640,412
267,803	900,139
18,213,504	121,341,791
271,418	19,367,175
989,281	22,958,843
10,561,213	54,324,031
2,081,017	22,432,034
-	3,415,000
-	5,522,937
13,902,929	128,020,020
4,310,575	(6,678,229)
657,682	23,889,459
(1,283,300)	(24,239,459)
(625,618)	(350,000)
3,684,957	(7,028,229)
-	9,276,727
3,684,957	2,248,498
41,065,320	230,227,060
\$ 44,750,277	\$ 232,475,558

CITY OF WEST HOLLYWOOD

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

For the year ended June 30, 2018

Net change in fund balances - total governmental funds		\$ 2,248,498
Amounts reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded asset disposal and depreciation expense in the current period.</p>		
Capital outlays	\$ 23,087,676	
Depreciation expense	<u>(5,107,882)</u>	17,979,794
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal repayments	3,415,000	
Amortization of deferred charges	46,795	
Amortization of bond premiums/discounts	<u>512,897</u>	3,974,692
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		54,125
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(348,352)
OPEB expense reported in the governmental funds includes the actuarial determined contributions. In the statement of activities, OPEB expense includes the change in the net OPEB liability (asset) and related change in OPEB amounts for deferred outflows of resources.		(234,916)
Pension expense reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.		(2,485,147)
Revenues reported as unavailable revenues in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		(710,711)
The internal service fund is used by management to charge the costs of certain activities, such as the information system, to individual funds. The net revenues (expenses) of the internal service fund is reported with governmental activities.		<u>207,297</u>
Change in net position of governmental activities		<u>\$ 20,685,280</u>

CITY OF WEST HOLLYWOOD

BUDGETARY COMPARISON STATEMENT BY DEPARTMENT
GENERAL FUND

For year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 125,204,825	\$ 125,204,825	\$ 125,204,825	\$ -
Resources (Inflows):				
Taxes	69,145,000	69,645,000	70,791,016	1,146,016
Licenses and permits	5,665,550	6,574,822	10,975,684	4,400,862
Intergovernmental	140,000	140,000	139,458	(542)
Charges for services	3,013,515	3,013,515	3,078,498	64,983
Use of money and property	8,328,750	8,328,750	9,007,553	678,803
Fines and forfeitures	8,528,500	8,528,500	6,951,716	(1,576,784)
Miscellaneous	280,000	848,036	321,381	(526,655)
Amounts Available for Appropriations	<u>220,306,140</u>	<u>222,283,448</u>	<u>226,470,131</u>	<u>4,186,683</u>
Charges to Appropriations (Outflows):				
Current:				
General government:				
City Council	432,550	486,036	357,004	129,032
City Manager	2,148,377	2,399,958	1,980,617	419,341
Communications	2,218,165	2,340,787	2,300,964	39,823
City Attorney	968,000	1,007,000	1,006,457	543
Legal Services	1,182,567	1,184,389	1,051,919	132,470
Administrative Services Administration	388,847	385,847	367,451	18,396
City Clerk	1,367,519	1,377,519	1,311,957	65,562
Human Resources	1,993,753	2,262,389	2,162,952	99,437
Finance Administration	3,060,894	4,112,995	3,195,199	917,796
Revenue Management	1,011,722	2,707,985	2,437,017	270,968
General Accounting	1,340,680	1,340,680	1,201,028	139,652
Information Technology	1,778,812	2,033,625	1,723,192	310,433
Public safety:				
Public Safety Administration	3,006,793	3,172,482	2,941,651	230,831
City Police/Protective Services	19,626,089	19,626,089	19,027,911	598,178
Public services:				
Human Services Administration	773,201	793,859	587,360	206,499
Recreation Services	3,964,729	4,083,740	4,080,381	3,359
Social Services	6,791,132	8,037,613	6,456,796	1,580,817
Housing & Rent Stabilization Administration	2,069,355	2,233,777	2,063,161	170,616
Community Development Administration	1,717,942	3,543,116	1,864,886	1,678,230
Current & Historic Preservation Planning	2,606,774	2,540,451	2,283,272	257,179
Long Range & Mobility Planning	1,554,927	2,939,234	2,060,076	879,158
Building & Safety	1,868,621	3,339,133	2,449,861	889,272
Public Works Administration	917,885	916,136	909,595	6,541
Facilities and Field Services	8,361,451	8,496,410	7,939,144	557,266
Code Compliance	2,074,767	2,075,967	2,005,483	70,484
Parking	4,548,055	4,606,451	4,231,778	374,673
City Engineering	1,330,777	2,101,491	1,537,480	564,011
Arts	1,117,042	1,249,548	1,245,006	4,542
Business Development	492,079	492,079	459,715	32,364
Economic Development	993,564	931,564	530,995	400,569
Innovation & Strategic Initiatives	681,003	926,351	788,488	137,863
Special Events	2,841,772	2,937,850	2,269,341	668,509
Capital outlay	2,353,935	14,181,765	2,148,601	12,033,164
Transfers out	7,517,091	8,579,818	8,579,818	-
Total Charges to Appropriations	<u>95,100,870</u>	<u>119,444,134</u>	<u>95,556,556</u>	<u>23,887,578</u>
Budgetary Fund Balance, June 30	<u>\$ 125,205,270</u>	<u>\$ 102,839,314</u>	<u>\$ 130,913,575</u>	<u>\$ 28,074,261</u>

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CITY OF WEST HOLLYWOOD

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2018

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Information System Master Plan Internal Service Fund
ASSETS:		
CURRENT ASSETS:		
Cash and investments	\$ 1,756,413	\$ 252,996
Receivables:		
Accounts	24,297	-
Accrued interest	4,524	621
Due from other governments	96,342	-
Due from other funds	80,943	-
	<u>1,962,519</u>	<u>253,617</u>
TOTAL CURRENT ASSETS		
NONCURRENT ASSETS:		
Capital assets, net of accumulated depreciation	<u>10,476,164</u>	<u>-</u>
TOTAL NONCURRENT ASSETS		
	<u>10,476,164</u>	<u>-</u>
TOTAL ASSETS		
	<u>12,438,683</u>	<u>253,617</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	205,648	14,589
Deposits payable	19,176	-
Due to other funds	80,943	-
	<u>305,767</u>	<u>14,589</u>
TOTAL CURRENT LIABILITIES		
	<u>305,767</u>	<u>14,589</u>
TOTAL LIABILITIES		
	<u>305,767</u>	<u>14,589</u>
NET POSITION:		
Net investment in capital assets	10,476,164	-
Unrestricted	1,656,752	239,028
	<u>12,132,916</u>	<u>\$ 239,028</u>
TOTAL NET POSITION		
	<u>12,132,916</u>	<u>\$ 239,028</u>
Prior years' accumulated adjustment to reflect the consolidation of the internal service fund activities related to the enterprise funds	(19,306)	
Current year's adjustment to reflect the consolidation of the internal service fund activities related to the enterprise funds	<u>(4,277)</u>	
Net position of business-type activities	<u>\$ 12,109,333</u>	

See accompanying notes to financial statements.

CITY OF WEST HOLLYWOOD

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

For the year ended June 30, 2018

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Information System Master Plan Internal Service Fund
OPERATING REVENUES:		
Sales and service charges	\$ 3,214,849	\$ 599,402
Penalties on assessments	5,363	-
Other fees and charges	205,871	-
	3,426,083	599,402
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
Administration and general	120,488	747,769
Treatment	2,358,095	-
Cost of sales and services	197,664	-
Depreciation expense	415,301	-
	3,091,548	747,769
TOTAL OPERATING EXPENSES		
OPERATING INCOME	334,535	(148,367)
NONOPERATING REVENUES:		
Interest revenue	10,814	1,387
	10,814	1,387
TOTAL NONOPERATING REVENUES		
INCOME (LOSS) BEFORE TRANSFERS	345,349	(146,980)
OTHER FINANCING SOURCES:		
Transfers in	-	350,000
	345,349	203,020
CHANGE IN NET POSITION		
NET POSITION - BEGINNING OF YEAR	11,787,567	36,008
NET POSITION - END OF YEAR	\$ 12,132,916	\$ 239,028
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	\$ (4,277)	
Change in net position - Enterprise Funds	345,349	
Change in net position of business-type activities	\$ 341,072	

See accompanying notes to financial statements.

CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the year ended June 30, 2018

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Nonmajor Enterprise Funds	Information System Master Plan Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 3,412,483	\$ 599,402
Cash paid to suppliers for goods and services	(1,987,489)	(743,980)
Cash paid to employees for services	(556,670)	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>868,324</u>	<u>(144,578)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers from other funds	-	350,000
Repayment received from other funds	20,396	-
Repayment made to other funds	(20,396)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>350,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(518,411)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(518,411)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	8,544	835
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>8,544</u>	<u>835</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	358,457	206,257
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,397,956</u>	<u>46,739</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,756,413</u>	<u>\$ 252,996</u>

(Continued)

CITY OF WEST HOLLYWOOD

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 (CONTINUED)

For the year ended June 30, 2018

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Funds	Information System Master Plan Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 334,535	\$ (148,367)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	415,301	-
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(24,068)	-
Due from other governments	10,468	-
Increase (decrease) in:		
Accounts payable	112,912	3,789
Deposits payable	19,176	-
	\$ 868,324	\$ (144,578)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 868,324	\$ (144,578)

CITY OF WEST HOLLYWOOD

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2018

	Agency Funds	Private-Purpose Trust Funds
ASSETS:		
Cash and investments	\$ 441,703	\$ 536,232
Receivables:		
Accounts	97,911	-
Taxes	618,408	-
Accrued interest	1,097	-
Restricted assets:		
Cash and investments with fiscal agents	-	23,909,002
Capital assets:		
Capital assets, net of accumulated depreciation	-	151,889
	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,159,119</u>	<u>24,597,123</u>
LIABILITIES:		
Accounts payable	\$ 1,159,119	1,810
Accrued interest	-	1,069,304
Due to County	-	471,812
Long-term liabilities:		
Due in one year	-	735,000
Due in more than one year	-	42,926,097
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 1,159,119</u>	<u>45,204,023</u>
NET POSITION:		
Held in trust for other purposes		<u>(20,606,900)</u>
		<u> </u>
TOTAL NET POSITION		<u>\$ (20,606,900)</u>

CITY OF WEST HOLLYWOOD

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the year ended June 30, 2018

	<u>Private-Purpose Trust Funds</u>
ADDITIONS:	
Taxes	\$ 4,013,414
Interest and change in fair value of investments	<u>262,714</u>
TOTAL ADDITIONS	<u>4,276,128</u>
DEDUCTIONS:	
Administrative expenses	150,000
Contractual services	13,502
Transfers to other agencies	76,365
Interest expense	3,227,105
Depreciation expense	3,499
Extraordinary item	<u>9,276,727</u>
TOTAL DEDUCTIONS	<u>12,747,198</u>
CHANGE IN NET POSITION	(8,471,070)
NET POSITION - BEGINNING OF YEAR	<u>(12,135,830)</u>
NET POSITION - END OF YEAR	<u><u>\$ (20,606,900)</u></u>



Notes to Financial Section



🐦 Love it! #genderneutral #bathrooms
#respect #weho #california



Top front: *Modern Heroes* sculpture Mauro Perucchetti, photo by Tony Coelho, Lower front: *Yozmit* at One City One Pride's Art AIDS America exhibit, photo by Tony Coelho, Back: Pride event, photo by Jon Viscott

CITY OF WEST HOLLYWOOD
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

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

Blended Component Units

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

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

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

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

Separate financial statements are not issued for these component units.

Government-Wide and Fund Financial Statements

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

**I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)****Government-Wide and Fund Financial Statements (Continued)**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as general revenues. Certain indirect costs are included in program expenses reported for individual functions and activities.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and private-purpose trust funds 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.

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and 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.

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 Fund are charges to customers for sales and services. Operating expenses for the Enterprise Funds and the Internal Service Fund 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.

The Agency Funds which have no measurement focus, but utilizes the accrual basis for reporting its assets and liabilities.

Fund Classifications

The City reports the following major governmental funds:

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

The Capital Projects Debt Service Fund accounts for all financial activity related to the administration of proceeds generated from the issuance of long-term debt. The City issued Certificates of Participation (COPs) and Lease Revenue Bonds (LRBs) for the acquisition and construction of mixed use parking structures, fire station, homeless shelter, city hall, park renovations and new parking meters. Proceeds from the COPs are recorded in this fund and are transferred to the respective Funds as monies are spent.

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

The Debt Funded Capital Project Fund accounts for the receipt and disbursement of monies used for the construction of the major capital projects, such as mixed use parking facilities, City Hall acquisition, Homeless Shelter, Fire Station No. 7, new parking meters, the West Hollywood Library, City Hall Parking Structure and park improvements, which generally require more than one budgetary cycle to complete. These projects are funded by the General Fund, bond proceeds and donations obtained by the former West Hollywood Library Foundation Fund.

**I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fund Classifications (Continued)

Capital Projects Debt Service Fund (Continued)

The City's fund structure also includes the following fund types:

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

The Capital Project Fund accounts for projects associated with the rehabilitation of Santa Monica Boulevard.

The Enterprise Funds account for operations and maintenance of sewer district, sewer charge, solid waste, landscape district and street maintenance.

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

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

The Private-Purpose Trust Funds account for financial activities and obligations of the Successor Agency Trust for assets and liabilities of the Former Redevelopment Agency and Westside Cities Council of Governments. During fiscal year 2018, Westside Cities Council of Governments was transferred to the City of Beverly Hills.

New Accounting Pronouncements

Current-Year Standards

In fiscal year 2017-2018, the City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses for post-employment benefits other than pension. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively. The result of the implementation of this statement decreased the net position at July 1, 2017, of the governmental activities by \$2,747,346.

GASB 82 - *Pension Issues*, effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the City.

**I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

New Accounting Pronouncements (Continued)

GASB 85 - *Omnibus 2017*, effective for periods beginning after June 15, 2017, and did not impact the City.

GASB 86 - *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017, and did not impact the City.

Pending Accounting Standards

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

- GASB 83 - *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018.
- GASB 84 - *Fiduciary Activities*, effective for periods beginning after December 15, 2018.
- GASB 87 - *Leases*, effective for periods beginning after December 15, 2019.
- GASB 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018.
- GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for periods beginning after December 15, 2019.
- GASB 90 - *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*, effective for periods beginning after December 15, 2018.

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 fair value of the State Treasurer's Investment Pool is based on the stated fair value represented by the Pool.

**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)****Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to / from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means when due, or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 1201 a.m. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

Prepaid Costs

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

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 acquisition 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.

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

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions for employer contributions made after the measurement date of the net pension liability.
- Deferred outflow from pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over 5 years.
- Deferred outflow from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to OPEB for employer contributions made after the measurement date of the net OPEB liability.
- Deferred outflow from OPEB resulting from the difference in projected and actual earnings on investments of the OPEB plan fiduciary net position. This amount is amortized over 5 years.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflow from unavailable revenues, which is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source, which is grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)****Deferred Outflows/Inflows of Resources (Continued)**

- Deferred gain on refunding that resulted from the difference in the carrying value of refunded debt and the reacquisition price. This amount is shown as deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred inflow from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation time accrued is transferable from one year to the next with the exception that no more than 360 to 380 hours (depending on the bargaining unit) of vacation time may be carried over to the next year. Employees may exchange unused vacation time for monetary compensation provided that they have taken at least two weeks of earned vacation in the prior year.

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

**I. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)****Compensated Absences (Continued)**

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-Employment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability (asset) and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the City's OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Obligations

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

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

Fund Balance Classifications

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

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

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

Fund Balance Classifications (Continued)

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

Committed - The portion of fund balance that is subject to self-imposed constraints on spending due to the formal action of the highest level of decision-making authority (the City Council). By resolution, the City Council approved for the General Fund to commit 20% and 5% of its fund balance for continuing appropriations and emergency contingency, respectively.

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

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

Net Position

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

General Budget Policies

The City Council approves a bi-annual budget submitted by the City Manager. Public hearings are conducted prior to its adoption by the City Council. Supplemental appropriations, where required during the period, are also approved by the City Council. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The budget is prepared on a GAAP basis. Budgets are adopted for all funds except for the Housing Asset Special Revenue Fund. The budget period is the same as the fiscal period. The legal level of budgetary control is the department level for the General Fund and the function level for the other governmental fund types. During the year, several supplementary appropriations were necessary.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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 and are included in either an assigned or restricted 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.

Deficit Fund Balances or Net Position

The following funds contained deficit fund balances or net position at June 30, 2018:

	<u>Amount</u>
Other Governmental Special Revenue Funds:	
Gas Tax	\$ (118,183)
Sunset Mitigation	(20,010)
CDBG	(203,463)
Public Access Corporation	(8,500)
Nonmajor Enterprise Fund:	
Street Maintenance	(41,042)

For CDBG, monies were received after the recognition period had passed. Therefore, revenues were deferred as of June 30, 2018, and will be recognized in fiscal year 2019. The City expects to eliminate the remaining deficits from future revenues or transfers from the general fund.

3. CASH AND INVESTMENTS

Cash and Investments

As of June 30, 2018, cash and investments were reported in the accompanying financial statements as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental activities	\$ 207,934,109	\$ 48,038,855	\$ 255,972,964
Business-type activities	1,756,413	-	1,756,413
Fiduciary funds	977,935	23,909,002	24,886,937
	<u> </u>	<u> </u>	<u> </u>
Total cash and investments	<u>\$ 210,668,457</u>	<u>\$ 71,947,857</u>	<u>\$ 282,616,314</u>

3. CASH AND INVESTMENTS (CONTINUED)

Cash and Investments (Continued)

Cash and investments held by the City at June 30, 2018, consisted of the following:

Petty cash	\$ 1,300
Deposits with financial institutions	5,093,080
Investments	<u>277,521,934</u>
 Total cash and investments	 <u>\$ 282,616,314</u>

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

Investments Authorized by the City’s Investment Policy

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

1. Demand deposits in any Federal Deposit Insurance Corporation (FDIC) insured institution.
2. Los Angeles County Investment Pool (LACIP) administered by the Treasurer and Tax Collector of Los Angeles County.
3. The Local Agency Investment Fund (LAIF) administered by the Treasurer of the State of California.
4. Investment in Joint Powers Authorities The City may invest in investment joint powers authorities provided that the City is a member, that the pool provides comprehensive, timely, monthly reports which include transaction listings, reports gains and losses, provides market values for securities, provides a quality rating for investment securities, takes delivery of securities prior to payment, third-party safekeeping of all investments, for whom an audit is conducted annually by an independent authority other than the local agency’s internal auditors, the weighted average maturity of not greater than two years, and that leveraging be not more than 25% of the portfolio.
5. Certificates of Deposit with a maturity of two years or less and fully insured by the Federal Deposit Insurance Corporation up to the limit established under the Investment Guidelines.
6. Securities issued by the US government which mature in two years or less up to the limit established under the Investment Guidelines.
7. Money Market Savings Accounts, provided that no deposit made pursuant to this paragraph in any one institution shall exceed the amount insured by the Federal Deposit Insurance Corporation.

The City shall not invest more than the lesser of \$3,000,000 or 15% of all deposits in investment instruments with a life that exceeds one year.

3. CASH AND INVESTMENTS (CONTINUED)**Investments Authorized by Debt Agreements**

Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the City's investment policy. The list below identifies the investment types that are authorized for investments held by the bond trustee:

1. Federal Securities.
2. Bonds, debentures, notes or other evidence of indebtedness of the following Federal Agencies US Export-Import Bank, Farmers Home Administration, Federal Financing Bank, Federal Housing Administration, General Services Administration, GNMA, US Maritime Administration, US public housing notes and bonds of the US Department of HUD.
3. Bonds, debentures, notes or other evidence of indebtedness of the following Federal Agencies FHLB, FNMA, FHLMC, SLMA, Resolution Funding Corporation, Farm Credit System.
4. Money Market Funds.
5. Certificates of Deposit secured by collateral.
6. Certificates of Deposit, savings accounts, deposit accounts or money market deposits which are FDIC insured.
7. Investment Agreements.
8. Commercial Papers.
9. State and Local Bonds.
10. Federal Funds or Bankers' Acceptances with a maximum term of one year.
11. Repurchase Agreements.
12. Pre-refunded Municipal Bonds.
13. Local Agency Investment Fund of the State of California.

There are no restrictions regarding the maximum percentage allowed per investment type nor regarding the maximum investment in one issuer.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising for interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

3. CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk (Continued)

As of June 30, 2018, the City had the following investments and original maturities:

Investment Type	Remaining Maturity (in Years) <hr/> Less Than 1 Year
California Local Agency Investment Fund	\$ 46,577,075
Los Angeles County Investment Pool	159,890,063
Cash with Fiscal Agents:	
California Local Agency Investment Fund	5,199,299
Money Market Mutual Funds	65,855,497
	<u>\$ 277,521,934</u>

Disclosures Relating to Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal policy relating to a specific deposit or investment risk. As of June 30, 2018, the City’s investments in external investment pools are unrated and money market mutual funds are rated AAA.

Concentration of Credit Risk

The City’s investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. With respect to concentration risk, as of June 30, 2018, the City has not invested more than 5% of its total investments in anyone issuer. Investments guaranteed by the US government and investments in mutual funds and external investment pools are excluded from this requirement.

Custodial Credit Risk

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

3. *CASH AND INVESTMENTS (CONTINUED)*

Custodial Credit Risk (Continued)

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California, as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository is considered to be held for, and in the name of, the local governmental.

At June 30, 2018, the carrying amount of the City's deposits was \$5,093,080 and the bank balance was \$8,284,304, which is insured and collateralized under California law. The \$3,191,224 difference represents outstanding checks and other reconciling items. The City's deposits were covered by FDIC insurance or collateralized as required by California law.

Investment in State Investment Pool

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

Investment in County Investment Pool

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

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements), inputs are quoted price of similar assets in active markets (Level 2 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The City's investments in the California Local Agency Investment Fund, the Los Angeles County Investment Pool and money market mutual funds are not subject to the fair value hierarchy.

4. HOUSING LOANS RECEIVABLE

The City has established the Citywide Affordable Housing Trust Fund and the Housing Asset Fund, which are accounted for as special revenue funds to assist nonprofit housing and community development corporations in preserving and expanding the supply of low and moderate income housing in the City of West Hollywood. Loans in the amount of \$33,174,442 were outstanding at June 30, 2018, to qualified developers and properties at annual interest rates ranging from 3% to 6%.

All principal and interest payments on the loans are payable 30 years from the date of the loans. For certain loans included above, the City will forgive and waive all amounts due under the loans if at the date of expiration the borrowers have performed under the terms of related agreements. The loans are offset by an allowance for forgiveness, as the City does not expect repayment.

5. CAPITAL ASSETS

A summary of changes in the Governmental Activities capital assets at June 30, 2018, is as follows:

	Balance at July 1, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 57,840,989	\$ -	\$ -	\$ -	\$ 57,840,989
Construction in progress	24,773,256	18,231,525	(4,494,824)	-	38,509,957
Total capital assets, not being depreciated	<u>82,614,245</u>	<u>18,231,525</u>	<u>(4,494,824)</u>	<u>-</u>	<u>96,350,946</u>
Capital assets, being depreciated:					
Buildings	96,764,376	4,078,617	-	-	100,842,993
Improvements other than buildings	14,164,385	616,301	-	-	14,780,686
Machinery and equipment	10,460,269	247,190	(263,359)	-	10,444,100
Furniture and fixtures	1,813,879	181,620	-	-	1,995,499
Office equipment	1,644,908	-	-	-	1,644,908
Leasehold improvements	225,342	280,893	-	-	506,235
Infrastructure	99,918,590	3,946,354	-	-	103,864,944
Total capital assets, being depreciated	<u>224,991,749</u>	<u>9,350,975</u>	<u>(263,359)</u>	<u>-</u>	<u>234,079,365</u>
Less accumulated depreciation for:					
Buildings	(16,027,381)	(1,945,638)	-	-	(17,973,019)
Improvements other than buildings	(2,548,101)	(283,809)	-	-	(2,831,910)
Machinery and equipment	(7,171,269)	(578,187)	263,359	-	(7,486,097)
Furniture and fixtures	(1,520,306)	(248,872)	-	-	(1,769,178)
Office equipment	(1,600,867)	(18,152)	-	-	(1,619,019)
Leasehold improvements	-	(75,114)	-	-	(75,114)
Infrastructure	(48,619,201)	(1,958,110)	-	-	(50,577,311)
Total accumulated depreciation	<u>(77,487,125)</u>	<u>(5,107,882)</u>	<u>263,359</u>	<u>-</u>	<u>(82,331,648)</u>
Total capital assets, being depreciated, net	<u>147,504,624</u>	<u>4,243,093</u>	<u>-</u>	<u>-</u>	<u>151,747,717</u>
Total governmental activities capital assets, net	<u>\$ 230,118,869</u>	<u>\$ 22,474,618</u>	<u>\$ (4,494,824)</u>	<u>\$ -</u>	<u>\$ 248,098,663</u>

5. **CAPITAL ASSETS (CONTINUED)**

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

General government	\$ 439,447
Public safety	108,892
Public services	<u>4,559,543</u>
Total depreciation expense	<u><u>\$ 5,107,882</u></u>

A summary of changes in the Business-type Activities capital assets at June 30, 2018, is as follows:

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2018</u>
Business-Type Activities:				
Capital assets, not being depreciated:				
Construction in progress	<u>\$ 209,835</u>	<u>\$ -</u>	<u>\$ (209,835)</u>	<u>\$ -</u>
Capital assets, being depreciated:				
Machinery and equipment	32,183	-	-	32,183
Office equipment	34,734	-	-	34,734
Infrastructure	<u>21,073,678</u>	<u>728,246</u>	<u>-</u>	<u>21,801,924</u>
Total capital assets, being depreciated	<u>21,140,595</u>	<u>728,246</u>	<u>-</u>	<u>21,868,841</u>
Less accumulated depreciation for:				
Machinery and equipment	(32,183)	-	-	(32,183)
Office equipment	(34,734)	-	-	(34,734)
Infrastructure	<u>(10,910,459)</u>	<u>(415,301)</u>	<u>-</u>	<u>(11,325,760)</u>
Total accumulated depreciation	<u>(10,977,376)</u>	<u>(415,301)</u>	<u>-</u>	<u>(11,392,677)</u>
Capital assets, being depreciated, net	<u>10,163,219</u>	<u>312,945</u>	<u>-</u>	<u>10,476,164</u>
Total business-type activities capital assets, net	<u><u>\$ 10,373,054</u></u>	<u><u>\$ 312,945</u></u>	<u><u>\$ (209,835)</u></u>	<u><u>\$ 10,476,164</u></u>

5. CAPITAL ASSETS (CONTINUED)

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

Nonmajor Enterprise Funds:	
Sewer District	\$ 365,025
Sewer Charge	<u>50,276</u>
Total depreciation expense	<u><u>\$ 415,301</u></u>

6. RETIREMENT PLANS

General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Plans, an agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five (5) years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

6. RETIREMENT PLANS (CONTINUED)

General Information about the Pension Plans (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Prior to <u>January 1, 2013</u>	On or After <u>January 1, 2013</u>
Hire date		
Benefit formula	2.7%@55	2%@62
Benefit vesting schedule	5 Years of service	5 Years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates:		
Normal cost rate	9.95%	6.25%
Payment of unfunded liability	\$ 2,585,749	\$ -

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms for the Plans:

Inactive employees or beneficiaries	
currently receiving benefits	103
Inactive employees entitled to but	
not yet receiving benefits	181
Active employees	<u>211</u>
Total	<u><u>495</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS's annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

6. RETIREMENT PLANS (CONTINUED)

Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2016, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Mortality rate table	(2)
Post-retirement benefit income	(3)

(1) Varies by entry age and service.

(2) The probabilities of mortality are derived using CalPERS's membership data for all funds. The mortality table used was developed based on CalPERS's specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report.

(3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

6. RETIREMENT PLANS (CONTINUED)**Net Pension Liability (Continued)**Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B and C funds), expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11-60 years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

6. RETIREMENT PLANS (CONTINUED)**Net Pension Liability (Continued)**

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

6. RETIREMENT PLANS (CONTINUED)**Changes in Net Pension Liability**

The changes in the net pension liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	<u>\$ 140,321,109</u>	<u>\$ 99,706,365</u>	<u>\$ 40,614,744</u>
Changes in the Year:			
Service cost	4,297,782	-	4,297,782
Interest on the total pension liability	10,695,997	-	10,695,997
Differences between expected and actual experience	(554,770)	-	(554,770)
Changes in assumptions	9,675,762	-	9,675,762
Changes in benefit terms	-	-	-
Plan to plan resource movement	-	-	-
Contributions - employer	-	4,749,262	(4,749,262)
Contribution - employee (paid by employer)	-	-	-
Contributions - employee	-	1,806,932	(1,806,932)
Net investment income	-	11,194,909	(11,194,909)
Administrative expense	-	(147,210)	147,210
Benefit payments, including refunds of employee contributions	<u>(3,993,245)</u>	<u>(3,993,245)</u>	<u>-</u>
Net Changes	<u>20,121,526</u>	<u>13,610,648</u>	<u>6,510,878</u>
Balance at June 30, 2017	<u><u>\$ 160,442,635</u></u>	<u><u>\$ 113,317,013</u></u>	<u><u>\$ 47,125,622</u></u>

6. RETIREMENT PLANS (CONTINUED)

Changes in Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for the Plan, calculated using the discount rate of the Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 71,308,164
Current Discount Rate	7.15%
Net Pension Liability	\$ 47,125,622
1% Increase	8.15%
Net Pension Liability	\$ 27,314,506

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the City recognized pension expense of \$7,431,952. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 4,925,060	\$ -
Differences between expected and actual experience	-	(1,251,180)
Change in assumptions	7,194,797	(720,396)
Net differences between projected and actual earnings on plan investments	<u>1,439,055</u>	<u>-</u>
Total	<u>\$ 13,558,912</u>	<u>\$ (1,971,576)</u>

6. RETIREMENT PLANS (CONTINUED)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources of \$4,925,060 that are related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 1,286,535
2020	3,511,854
2021	2,665,139
2022	(801,252)
2023	-
Thereafter	-

Payable to the Pension Plan

At June 30, 2018, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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

General Information about the OPEB Plan

Plan Description

The City has established the City of West Hollywood Retiree Medical Benefit Plan, an agent-multiple employer defined benefit retiree health-care plan. The plan provides a lifetime benefit of \$200 per month toward the health insurance premiums of all employees who retire from employment with the City and who elect to buy insurance through CalPERS. All employees are vested after five years of employment and must reach the age of 50 and qualify for CalPERS retirement in order to receive these benefits. The plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreement between the City and the bargaining units. The plan does not issue a separate report. All transactions are included within the financial statements of the City of West Hollywood. During the fiscal year ended June 30, 2015, the City entered into an agreement with California Employers' Retiree Benefit Trust (CERBT) to prefund the City's OPEB liability.

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

General Information about the OPEB Plan (Continued)

Employees Covered

As of the June 30, 2017, actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

Inactive employees, spouses or beneficiaries currently receiving benefits	52
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-
Active employees	<u>225</u>
 Total	 <u><u>277</u></u>

Contributions

Contribution requirements are established by City policy and may be amended by the City Council. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the City’s cash contributions were \$99,600 in premium payments and the estimated implicit subsidy was \$128,310, resulting in total payment of \$299,610.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability as of June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.12%
Inflation	2.75%
Projected Salary Increase	2.88%
Expected Long-Term Investment Rate of Return	6.12%
Health-Care Cost Trend Rates	Pre-Medicare 7.0% trending down to 3.84%,
Pre-Retirement Turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

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

Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2017, valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The asset class percentages are taken from the current composition of CERBT, and the expected yields are taken from a recent CalPERS publication for the pension fund:

<u>Asset Class</u>	<u>New Strategic Allocation</u>
CEBRT	
Global Equity	24.00%
Fixed Income	39.00%
TIPS	26.00%
REITs	8.00%
Commodities	<u>3.00%</u>
Total	<u><u>100.00%</u></u>

Discount Rate

The discount rate used to measure the total OPEB liability is 6.12%. This is the expected long-term rate of return on City assets using investment strategy 3 within the California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

7. OTHER POST-EMPLOYMENT BENEFITS (OPEB) RETIREMENT PLAN (CONTINUED)**Changes in the Net OPEB Liability**

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2016 (Measurement Date)	\$ 5,773,335	\$ 4,363,516	\$ 1,409,819
Changes in the Year:			
Service cost	344,580	-	344,580
Interest on the total OPEB liability	367,919	-	367,919
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	215,545	(215,545)
Net investment income	-	180,142	(180,142)
Administrative expenses	-	(2,169)	2,169
Benefit payments	(215,545)	(215,545)	-
Net Changes	496,954	177,973	318,981
Balance at June 30, 2017 (Measurement Date)	\$ 6,270,289	\$ 4,541,489	\$ 1,728,800

Change of Assumptions

There was no change of assumptions.

Change of Benefit Terms

There was no change of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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

Changes in the Net OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate for the Plan, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 5.12%	Discount Rate 6.12%	1% Increase 7.12%
Net OPEB Liability	\$ 2,424,443	\$ 1,728,800	\$ 1,134,449

Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using health-care cost trend rates that are one percentage point lower (6.00% - pre-Medicare and 5.00% - Medicare) or one percentage point higher (8.00% pre-Medicare and 7.00% - Medicare) than current health-care cost trend rates:

	1% Decrease Pre-Medicare 6% decreasing to 2.84% Medicare 5% decreasing to 2.84%	Current Health-Care Cost Trend Rates Pre-Medicare 7% decreasing to 3.84% Medicare 6% decreasing to 3.84%	1% Increase Pre-Medicare 8% decreasing to 4.84% Medicare 7% decreasing to 4.84%
Net OPEB Liability	\$ 1,127,495	\$ 1,728,800	\$ 2,537,876

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$462,826. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 227,910	\$ -
Differences between actual and expected experience	-	-
Change in assumptions	-	-
Differences between projected and actual earnings	71,700	-
Total	\$ 299,610	\$ -

The net difference between projected and actual earnings on plan investments is amortized over a five-year period.

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

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

An amount of \$227,910, which is reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ 17,925
2020	17,925
2021	17,925
2022	17,925
2023	-
Thereafter	-

Payable to the OPEB Plan

At June 30, 2018, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

8. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the governmental activities for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Lease Revenue Bonds:						
2009 Series A	\$ 8,565,000	\$ -	\$ (2,070,000)	\$ 6,495,000	\$ 2,185,000	\$ 4,310,000
Less: Unamortized						
original issue premium	226,891	-	(55,494)	171,397	-	171,397
2013 Series	17,970,000	-	(365,000)	17,605,000	380,000	17,225,000
Add: Unamortized						
original issue premium	189,779	-	(7,299)	182,480	-	182,480
2016 Series	84,290,000	-	(980,000)	83,310,000	1,010,000	82,300,000
Add: Unamortized						
original issue premium	13,052,996	-	(450,103)	12,602,893	-	12,602,893
Accrued employee benefits	4,368,714	4,128,285	(3,779,934)	4,717,065	4,074,111	642,954
Total	\$ 128,663,380	\$ 4,128,285	\$ (7,707,830)	\$ 125,083,835	\$ 7,649,111	\$ 117,434,724

8. LONG-TERM LIABILITIES (CONTINUED)**2009 Lease Revenue Bonds, Series A**

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

Interest will be payable semiannually. Interest rates range from 2.0% to 5.0%, with maturity dates starting February 2010 and ending February 2021. Principal payments range from \$1,390,000 to \$2,310,000. At June 30, 2018, the total principal outstanding was \$6,495,000.

The following is a schedule, by years, of future debt service payments for the 2009 Lease Revenue Bonds, Series A as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 2,185,000	\$ 324,750	\$ 2,509,750
2020	2,310,000	215,500	2,525,500
2021	2,000,000	100,000	2,100,000
Total	<u>\$ 6,495,000</u>	<u>\$ 640,250</u>	<u>\$ 7,135,250</u>

2013 Lease Revenue Bonds

On September 28, 2013, the West Hollywood Public Financing Authority issued \$19,155,000 of 2013 Lease Revenue Bonds to finance the acquisition and construction of certain public capital improvements and pay the costs of issuing the 2013 Bonds. The bonds consist of \$8,795,000 of serial bonds with annual maturity dates from April 1, 2014 through April 1, 2033, with interest rates ranging from 3.000% to 5.000%, term bonds of \$4,225,000 with an interest rate of 5.170% maturing April 1, 2038 and term bonds of \$5,405,000 with an interest rate of 5.270% maturing April 1, 2043. Interest is payable semiannually beginning April 2014. At June 30, 2018, the total principal outstanding was \$17,605,000.

8. LONG-TERM LIABILITIES (CONTINUED)**2013 Lease Revenue Bonds (Continued)**

The following is a schedule, by years, of future debt service payments for the 2013 Lease Revenue Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 380,000	\$ 873,506	\$ 1,253,506
2020	395,000	858,306	1,253,306
2021	410,000	842,506	1,252,506
2022	425,000	826,106	1,251,106
2023	450,000	804,856	1,254,856
2024 - 2028	2,600,000	3,664,281	6,264,281
2029 - 2033	3,315,000	2,949,831	6,264,831
2034 - 2038	4,225,000	2,039,281	6,264,281
2039 - 2043	5,405,000	858,694	6,263,694
Total	<u>\$ 17,605,000</u>	<u>\$ 13,717,367</u>	<u>\$ 31,322,367</u>

2016 Lease Revenue Bonds

On June 1, 2016, the West Hollywood Public Financing Authority issued \$85,015,000 of 2016 Lease Revenue Bonds to currently refund the outstanding principal balance of the 2009 Lease Revenue Bonds, Series B in the amount of \$34,780,000, finance the acquisition and construction of certain public capital improvements, pay capitalized interest on the 2016 Bonds and pay the costs of issuing the 2016 Bonds. At June 30, 2018, the 2009 Lease Revenue Bonds, Series B had an outstanding balance of \$34,780,000 and will be fully redeemed on February 1, 2019.

Interest is payable semiannually and interest rates range from 2.0% to 5.0%, with maturity dates starting April 2017 and ending April 2046. Principal payments range from \$725,000 to \$4,135,000. At June 30, 2018, the total principal outstanding was \$83,310,000.

The net carrying amount of the old debt exceeded the reacquisition price by \$1,403,842. This is being amortized over the 23 years. The City refunded the 2009 Bonds to reduce its total debt service payments over 23 years by \$13,498,634 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$6,766,197.

8. LONG-TERM LIABILITIES (CONTINUED)**2016 Lease Revenue Bonds (Continued)**

The following is a schedule, by years, of future debt service payments for the 2016 Lease Revenue Bonds as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 1,010,000	\$ 3,637,850	\$ 4,647,850
2020	1,045,000	3,597,450	4,642,450
2021	1,340,000	3,555,650	4,895,650
2022	3,515,000	3,502,050	7,017,050
2023	3,695,000	3,326,300	7,021,300
2024 - 2028	15,270,000	13,960,500	29,230,500
2029 - 2033	14,700,000	10,490,750	25,190,750
2034 - 2038	18,580,000	6,517,100	25,097,100
2039 - 2043	14,935,000	3,366,300	18,301,300
2044 - 2046	9,220,000	747,200	9,967,200
Total	<u>\$ 83,310,000</u>	<u>\$ 52,701,150</u>	<u>\$ 136,011,150</u>

Accrued Employee Benefits

The City's policies relating to compensated absences are described in Note 1 of the notes to financial statements. The accrued employee benefits are normally liquidated by the General Fund. The outstanding balance at June 30, 2018, was \$4,717,065.

9. UNEARNED REVENUE

In fiscal year 2017-18, the City received developer deposits, permit fees, rent stabilization fees and taxi-related fees. These are recorded as unearned revenue in the General Fund in the amount of \$6,737,583, along with various other unearned revenues of \$495,920; total unearned revenue recorded by the City for the year ended was \$7,233,503. These unearned amounts will be reported as revenue as they are earned. The remaining unearned revenue in the General Fund and other funds includes grant monies received but not yet earned and other revenues collected in advance.

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2018, was as follows:

Due To/From Other Funds

<u>Receivable Funds</u>	<u>Payables Funds</u>	<u>Amount</u>
General Fund	Other Governmental Funds:	
	Public Access Corporation	
	Special Revenue Fund	\$ 7,207
	Community Development Block Grant	
	Special Revenue Fund	428,907
	Sunset Strip BID	
	Special Revenue Fund	203,025
	Gas Tax	
	Special Revenue Fund	111,243
Other Governmental Funds:		
Measure R	Special Grants	
Special Revenue Fund	Special Revenue Fund	<u>10,000</u>
		<u>\$ 760,382</u>

The due to General Fund of \$750,382 was a result of temporary deficit cash balances in the Other Governmental Funds.

The due to Measure R of \$10,000 in Other Governmental Funds was a result of reimbursement of grant funds to be made in fiscal year 2018-2019 from the Special Grants Fund.

10. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONTINUED)

Transfers In/Out

Transfers In	Transfers Out	Amount
Major Funds:		
Capital Projects Debt Service Fund	General Fund	\$ 6,591,650
	Other Governmental Funds:	
	Parking Improvement	
	Special Revenue Fund	1,273,300
Debt Funded Capital Projects Fund	General Fund	1,062,728
	Capital Projects Debt Service Fund	14,304,099
Other Governmental Funds:		
Measure R	Other Governmental Funds:	
Special Revenue Fund	Special Grants	
Sunset Strip Business Improvement	Special Revenue Fund	10,000
District Special Revenue Fund	General Fund	575,440
Parking Improvement		
Special Revenue Fund	Capital Projects Debt Service Fund	72,242
Internal Service Funds:		
Innovation & Technology Fund	General Fund	<u>350,000</u>
		<u>\$ 24,239,459</u>

The General Fund and Capital Projects Debt Service Fund transferred \$1,062,728 and \$14,304,099, respectively, to the Debt Funded Capital Projects Fund to fund the Werle Building capital expenditures and capital expenses related to West Hollywood Park Phase II.

The General Fund and Parking Improvement Special Revenue Fund transferred \$6,591,650 and \$1,273,300, respectively, to the Capital Projects Debt Service Fund to fund debt service payments.

The Special Grants Special Revenue Fund transferred \$10,000 to the Measure R Special Revenue Fund to reimburse Measure R for PARSAC grants.

The General Fund transferred \$575,440 to the Sunset Strip Business Improvement District Special Revenue Fund for tenant improvements at Werle Building.

The Capital Projects Debt Service Fund transferred \$72,242 to the Parking Improvement Special Revenue Fund for capital expenditures related to the City Hall Parking Garage.

The General Fund also transferred \$350,000 to the Innovation & Technology Internal Service Fund to subsidize operations.

11. RISK MANAGEMENT

The City is a member of the Public Agency Risk Sharing Authority of California (PARSAC), a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers' compensation and property claims. Under the program, the City has a \$100,000 general liability and \$50,000 workers' compensation retention limit, similar to a deductible with PARSAC being responsible for losses above that amount up to \$1 million. PARSAC has additional coverage of \$34 million in excess of its \$1 million retention limit through affiliated risk management authorities. PARSAC also provides \$1 billion aggregate per occurrence property coverage to its members with such coverage provided by purchased insurance.

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

PARSAC covers workers' compensation claims up to its self-insurance limit of \$500,000. The Local Agency Workers' Compensation Excess Pool provides excess coverage to statutory limits. The City pays an annual premium to PARSAC and may share in any surplus revenues or may be required to pay additional assessments based upon PARSAC's operating results. Financial statements of PARSAC may be obtained from its administrative office located at 1525 Response Road, Suite One, Sacramento, California 95815; www.parsac.org or by calling (916) 927-7727.

Claims and lawsuits have been filed against the City in the normal course of business; certain pending lawsuits against the City seek monetary damages. As the likelihood of a judgment being awarded has not yet been determined, no accrual of this amount has been reflected in the financial statements. It is reasonably possible that the City may be liable for claims not to exceed \$100,000. In the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2017-18.

12. COMMITMENTS

Contractual Commitments

The City has entered into a contract with the Los Angeles County Sheriff's Department to provide law enforcement services in the City of West Hollywood. Approximately \$19,128,000 was paid for these services in fiscal year 2017-18.

12. COMMITMENTS (CONTINUED)

Contractual Commitments (Continued)

The following material construction commitments existed at June 30, 2018:

Contractor	Contract Amount	Expenditures to Date as of June 30, 2018	Remaining Commitments	Special Revenue Fund
Unitronics	\$ 2,640,000	\$ 1,080,000	\$ 1,560,000	Parking Improvements
Sinianian Development Inc.	79,429,600	22,931,937	56,497,663	Capital Projects
West Coast Arborists Inc.	4,027,000	552,016	3,474,984	Capital Projects

Encumbrances

At June 30, 2018, there were encumbrances of \$6,809,453 in the General Fund, \$58,475,569 in the Capital Projects Debt Service Fund and \$2,055,413 in the other governmental funds.

13. LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES

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

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

In September 2015, the Legislature passed and the Governor signed SB 107, which made additional changes to the Dissolution Act.

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

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

13. LEGISLATION AFFECTING CALIFORNIA REDEVELOPMENT AGENCIES (CONTINUED)

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

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

Provisions included in the SB 107 allowed the City, as Successor Agency to the West Hollywood Community Development Commission, to use Series B housing bond proceeds for projects authorized by the bond indenture. During fiscal year 2017, the Successor Agency transferred 2011 Series B housing bond proceeds of \$5,647,427 to the City to reimburse the Capital Projects Debt Service Fund for project costs related to the projects authorized by the bond indenture. During the current fiscal year, the Successor Agency transferred 2011 Series B housing bond proceeds of \$9,276,727 to the City to reimburse the Capital Projects Debt Service Fund for project costs related to the projects authorized by the bond indenture. This is reported in the accompanying statements as an extraordinary item.

In the current and future fiscal years, the Successor Agency will only be allocated revenue from the County of Los Angeles in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the Dissolved RDA until all enforceable obligations of the Dissolved RDA have been paid in full and all assets have been liquidated.

14. SUCCESSOR AGENCY DISCLOSURES

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

Cash and Investments

Cash and investments reported in the combining statement of fiduciary net position private-purpose trust funds consisted of the following:

Cash and investments pooled with the City	\$ 536,232
Cash and investments with fiscal agents	<u>23,909,002</u>
Total cash and investments	<u><u>\$ 24,445,234</u></u>

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**Capital Assets**

	Balance at July 1, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
Capital Assets:					
Capital assets, being depreciated:					
Land improvements	\$ 174,920	\$ -	\$ -	\$ -	\$ 174,920
Less accumulated depreciation for:					
Land improvements	(19,532)	(3,499)	-	-	(23,031)
 Total capital assets, being depreciated, net	<u>\$ 155,388</u>	<u>\$ (3,499)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,889</u>

Long-Term Liabilities

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Long-Term Liabilities:						
Tax Allocation Bonds:						
2011 Series A	\$ 27,700,000	\$ -	\$ (320,000)	\$ 27,380,000	\$ 330,000	\$ 27,050,000
2011 Series B	8,635,000	-	(60,000)	8,575,000	60,000	8,515,000
Less: Unamortized original issue discount	(552,622)	-	22,404	(530,218)	-	(530,218)
2013 Tax Allocation Refunding Bonds, Series A	8,335,000	-	(325,000)	8,010,000	345,000	7,665,000
Add: Unamortized original issue premium	241,236	-	(14,921)	226,315	-	226,315
 Total	<u>\$ 44,358,614</u>	<u>\$ -</u>	<u>\$ (697,517)</u>	<u>\$ 43,661,097</u>	<u>\$ 735,000</u>	<u>\$ 42,926,097</u>

Prior to the dissolution, the City pledged a portion of the tax increment revenue that it received as security for tax allocation bonds it has issued. These bonds were to provide financing for various capital projects. Total principal and interest remaining on the debt is \$97,673,570 with annual debt service requirements as indicated below. For the current year, the total property tax revenue recognized by the City and Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was \$4,013,414 and the debt service obligation on the bonds was \$3,931,613.

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2018, follows:

2011 Tax Allocation Bonds, Series A

In March 2011, the West Hollywood Community Development Commission issued \$30,560,000 Eastside Redevelopment Project 2011 Tax Allocation Bonds, Series A for the purpose of financing redevelopment activities. The bonds consist of \$4,625,000 of serial bonds with annual maturity dates from September 1, 2011 through September 1, 2021, with interest rates ranging from 2.000% to 6.250%; term bonds of \$2,415,000 with an interest rate of 7.000% maturing September 1, 2026; term bonds of \$3,400,000 with an interest rate of 7.250% maturing September 1, 2031; and term bonds of \$20,120,000 with an interest rate of 7.500% maturing September 1, 2042. Interest is payable semiannually beginning September 1, 2011. At June 30, 2018, the total principal outstanding was \$27,380,000.

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**Long-Term Liabilities (Continued)**2011 Tax Allocation Bonds, Series A (Continued)

The following is a schedule, by years, of future debt service payments for the 2011 Tax Allocation Bonds, Series A as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 330,000	\$ 2,001,512	\$ 2,331,512
2020	350,000	1,981,938	2,331,938
2021	370,000	1,960,337	2,330,337
2022	395,000	1,936,893	2,331,893
2023	420,000	1,909,850	2,329,850
2024 - 2028	2,585,000	9,047,138	11,632,138
2029 - 2033	3,645,000	7,939,263	11,584,263
2034 - 2038	7,635,000	5,961,938	13,596,938
2039 - 2043	11,650,000	2,310,750	13,960,750
Total	<u>\$ 27,380,000</u>	<u>\$ 35,049,619</u>	<u>\$ 62,429,619</u>

2011 Tax Allocation Bonds, Series B

In March 2011, the West Hollywood Community Development Commission issued \$9,420,000 of Eastside Redevelopment Project 2011 Tax Allocation Bonds, Series B for the purpose of financing redevelopment activities. The bonds consist of \$1,125,000 of serial bonds with annual maturity dates from September 1, 2011 through September 1, 2021, with interest rates ranging from 3.000% to 8.500%; term bonds of \$525,000 with an interest rate of 9.250% maturing September 1, 2026; term bonds of \$815,000 with an interest rate of 9.500% maturing September 1, 2031; and term bonds of \$6,955,000 with an interest rate of 9.500% maturing September 1, 2042. Interest is payable semiannually beginning September 1, 2011. At June 30, 2018, the total principal outstanding was \$8,575,000.

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**Long-Term Liabilities (Continued)**2011 Tax Allocation Bonds, Series B (Continued)

The following is a schedule, by years, of future debt service payments for the 2011 Tax Allocation Bonds, Series B as of June 30, 2018:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 60,000	\$ 807,225	\$ 867,225
2020	65,000	802,300	867,300
2021	75,000	796,606	871,606
2022	80,000	790,113	870,113
2023	85,000	782,781	867,781
2024 - 2028	575,000	3,770,363	4,345,363
2029 - 2033	890,000	3,429,975	4,319,975
2034 - 2038	2,490,000	2,698,950	5,188,950
2039 - 2043	4,255,000	1,083,238	5,338,238
Total	<u>\$ 8,575,000</u>	<u>\$ 14,961,551</u>	<u>\$ 23,536,551</u>

2013 Tax Allocation Refunding Bonds, Series A

In December 2013, the Successor Agency to the West Hollywood Community Development Commission issued \$9,370,000 of East Side Redevelopment Tax Allocation Refunding Bonds, Series A for the purpose for refunding the outstanding balance of the Eastside Redevelopment Project 2003 Tax Allocation Bonds, Series A. The entire issuance was purchased by County of Los Angeles Redevelopment Refunding Authority. The bonds consist of \$6,675,000 of serial bonds with annual maturity dates from September 1, 2014 through September 1, 2029, with interest rates ranging from 3.000% to 5.000% and term bonds of \$2,595,000 with an interest rate of 5.000% maturing September 1, 2033. Interest is payable semiannually beginning September 1, 2014. At June 30, 2018, the total principal outstanding was \$8,010,000.

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

14. SUCCESSOR AGENCY DISCLOSURES (CONTINUED)**Long-Term Liabilities (Continued)**2013 Tax Allocation Refunding Bonds, Series A (Continued)

The following is a schedule, by years, of future debt service payments for the 2013 Tax Allocation Refunding Bonds, Series A as of June 30, 2018:

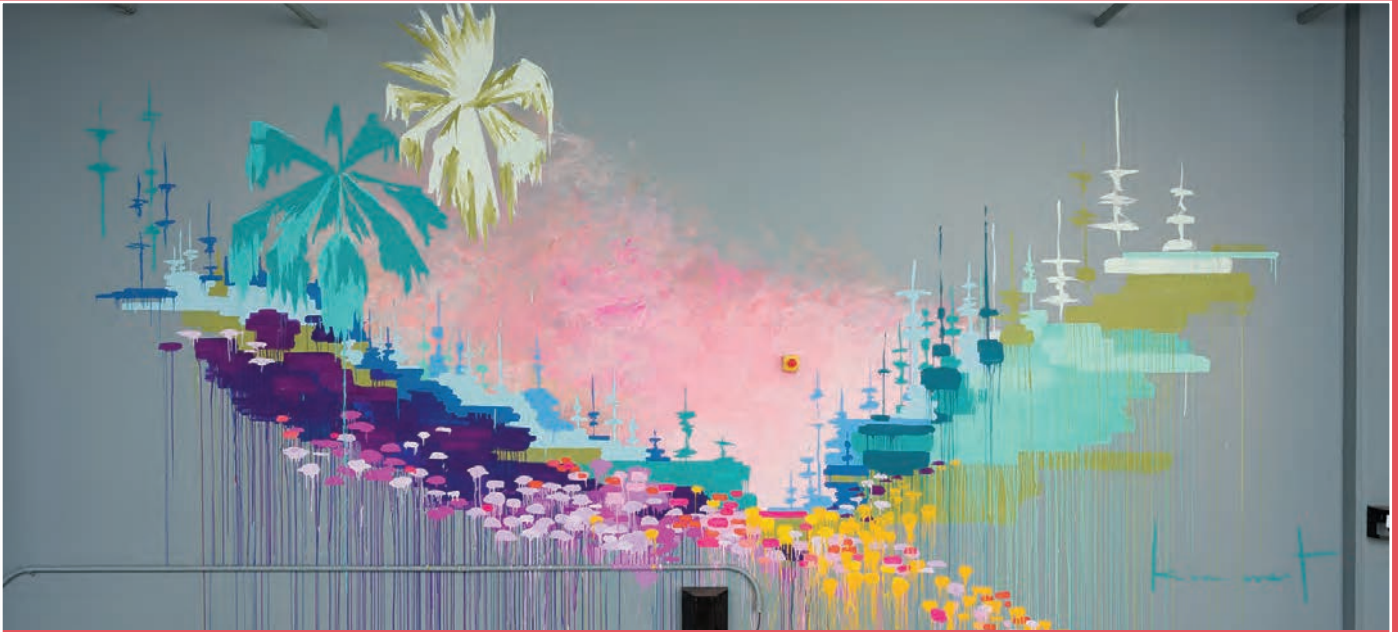
Year Ending June 30,	Principal	Interest	Total
2019	\$ 345,000	\$ 379,150	\$ 724,150
2020	360,000	361,525	721,525
2021	380,000	343,025	723,025
2022	400,000	323,525	723,525
2023	420,000	303,025	723,025
2024 - 2028	2,390,000	1,204,069	3,594,069
2029 - 2033	3,020,000	563,594	3,583,594
2034	695,000	17,375	712,375
Total	<u>\$ 8,010,000</u>	<u>\$ 3,495,288</u>	<u>\$ 11,505,288</u>

15. SUBSEQUENT EVENTS

Events occurring after June 30, 2018, have been evaluated for possible adjustments to the financial statements or disclosure as of December 26, 2018, which is the date these financial statements were available to be issued.

16. RESTATEMENT OF NET POSITION/FUND BALANCES

The beginning balance of net position in the Government-Wide Financial Statements as of July 1, 2017, has been restated for the implementation of GASB 75 to record the net OPEB liability at the beginning the year. The net effect of implementation resulted in the reduction of the Governmental Activities beginning net position of \$2,747,346.



Required Supplementary Information



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Top front: *Untitled* by Kim West, mural in Automated Parking Garage, photo by Tony Coelho, Lower front: Dancers in West Hollywood, photo by Joshua Barash, Back: LA Marathon at Rainbow Crosswalk, photo by Jon Viscott

SCHEDULES RELATED TO PENSION AND OPEB RETIREMENT PLANS

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SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal Year	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:				
Service cost	\$ 4,297,782	\$ 3,797,578	\$ 3,731,187	\$ 3,727,364
Interest on total pension liability	10,695,997	9,965,778	9,303,597	8,686,093
Differences between expected and actual experience	(554,770)	(1,019,659)	(1,107,374)	-
Changes in assumptions	9,675,762	-	(2,521,383)	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(3,993,245)	(3,630,140)	(3,154,574)	(2,816,524)
Net Change in Total Pension Liability	20,121,526	9,113,557	6,251,453	9,596,933
Total Pension Liability - Beginning of Year	140,321,109	131,207,552	124,956,099	115,359,166
Total Pension Liability - End of Year (a)	\$ 160,442,635	\$ 140,321,109	\$ 131,207,552	\$ 124,956,099
Plan Fiduciary Net Position:				
Contributions - employer	\$ 4,749,262	\$ 4,364,184	\$ 4,068,260	\$ 3,844,786
Contributions - employee	1,806,932	1,745,598	1,709,766	1,951,930
Plan to plan resource movement	-	-	(9,485)	-
Net investment income	11,194,909	530,674	2,065,984	13,430,248
Administrative expense	(147,210)	(58,967)	(108,929)	-
Benefit payments	(3,993,245)	(3,630,140)	(3,154,574)	(2,816,524)
Net Change in Plan Fiduciary Net Position	13,610,648	2,951,349	4,571,022	16,410,440
Plan Fiduciary Net Position - Beginning of Year	99,706,365	96,755,016	92,183,994	75,773,554
Plan Fiduciary Net Position - End of Year (b)	\$ 113,317,013	\$ 99,706,365	\$ 96,755,016	\$ 92,183,994
Net Pension Liability - Ending (a)-(b)	\$ 47,125,622	\$ 40,614,744	\$ 34,452,536	\$ 32,772,105
Plan fiduciary net position as a percentage of the total pension liability	70.63%	71.06%	73.74%	73.77%
Covered payroll	\$ 22,564,088	\$ 22,071,252	\$ 20,512,704	\$ 20,793,935
Net pension liability as percentage of covered payroll	208.85%	184.02%	167.96%	157.60%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

*Fiscal year 2015 was the first year of implementation; therefore, four years are shown.

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PLAN

Last Ten Fiscal Years*

Fiscal year	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarially determined contribution	\$ 4,925,060	\$ 4,727,517	\$ 4,485,362	\$ 4,063,914
Contributions in relation to the actuarially determined contributions	<u>(4,925,060)</u>	<u>(4,727,517)</u>	<u>(4,485,362)</u>	<u>(4,063,914)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 22,680,261	\$ 22,564,088	\$ 22,071,252	\$ 20,512,704
Contributions as a percentage of covered payroll	21.72%	20.95%	20.32%	19.81%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service and type of employment**
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years for the 2.7%@55, and 52 years for the 2%@62
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.**

* Fiscal year 2015 was the first year of implementation; therefore, four years are shown

** The valuation for June 30, 2012, 2013, 2014 and 2015 (applicable to fiscal years ended June 30, 2015, 2016, 2017 and 2018, respectively) included the same actuarial assumptions

*** The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15-Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014 and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017 and 2018, respectively).

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	6/30/2018
Measurement date	6/30/2017
Total OPEB Liability:	
Service cost	\$ 344,580
Interest on total OPEB liability	367,919
Benefit payments	(215,545)
Net Change in Total OPEB Liability	496,954
Total OPEB Liability - Beginning of Year	5,773,335
Total OPEB Liability - End of Year (a)	6,270,289
Plan Fiduciary Net Position:	
Contributions - employer	215,545
Net investment income	180,142
Administrative expenses	(2,169)
Benefit payments	(215,545)
Net Change in Plan Fiduciary Net Position	177,973
Plan Fiduciary Net Position - Beginning of Year	4,363,516
Plan Fiduciary Net Position - End of Year (b)	4,541,489
Net OPEB Liability - Ending (a)-(b)	\$ 1,728,800
Plan fiduciary net position as a percentage of the total OPEB liability	72.43%
Covered employee payroll	\$ 24,562,742
Net OPEB liability as percentage of covered - employee payroll	7.04%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

SCHEDULE OF CONTRIBUTIONS - OPEB

Last Ten Fiscal Years*

	<u>6/30/2018</u>
Actuarially determined contribution	\$ 215,545
Contributions in relation to the actuarially determined contributions	<u>(227,910)</u>
Contribution deficiency (excess)	<u>\$ (12,365)</u>
Covered payroll	\$ 25,268,921
Contributions as a percentage of covered - employee payroll	0.90%

Notes to Schedule:

Valuation Date 6/30/2017

Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age normal, level percent of pay
Amortization method	Closed period, level percent of pay
Amortization period	20 years
Inflation	2.75%
Salary increases	2.875%
Healthcare trend rates	Pre-Medicare 7.00%, trending down to 3.84%
	Medicare 6.00%, trending down to 3.84%
Investment rate of return	6.12%
Mortality	CalPERS Rates
Retirement rates	CalPERS Rates

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

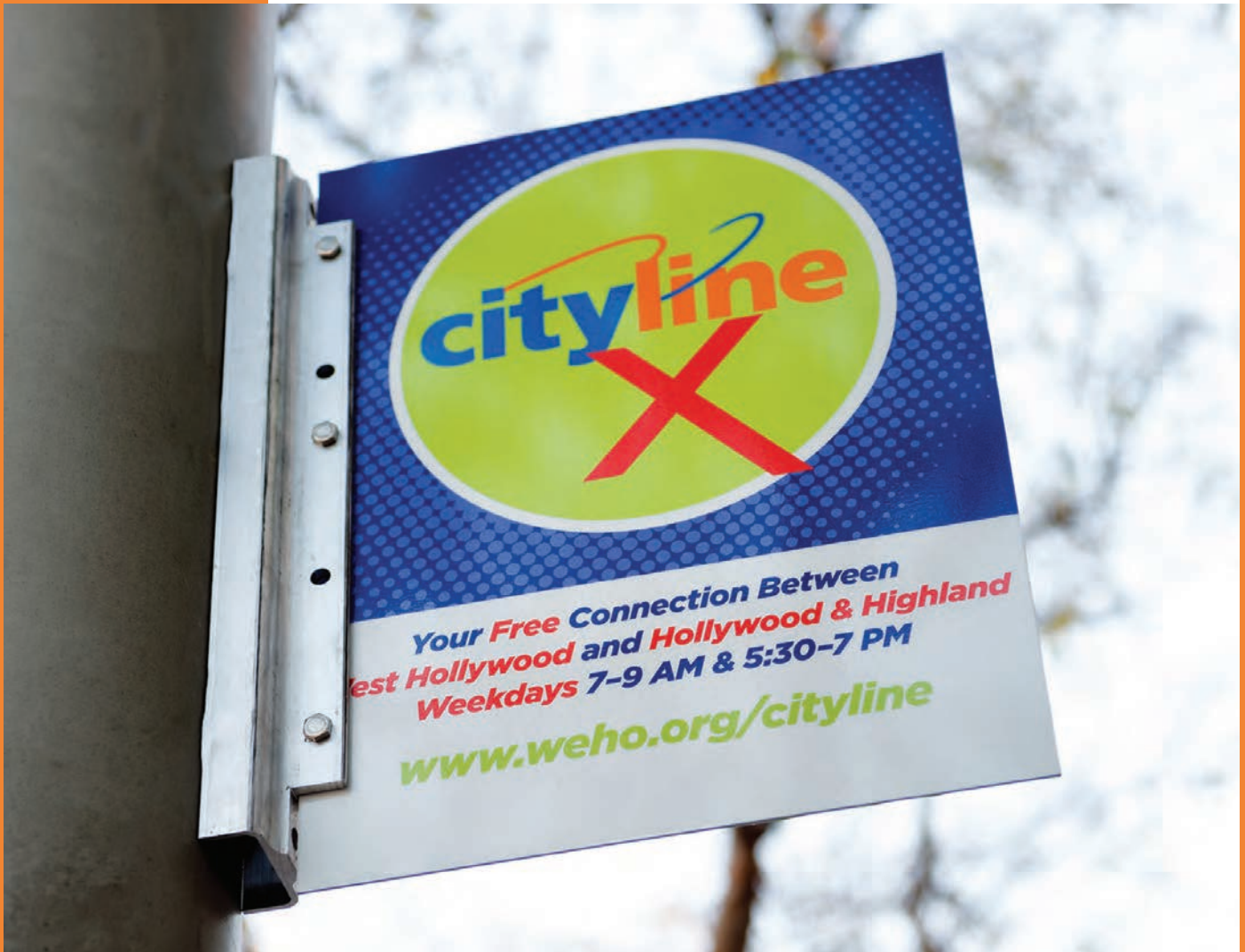


Supplementary Information



AGING IN PLACE
AGING IN COMMUNITY

🐦 Thanks @WehoCity for hearing my concerns re CityLineX signage, wayfinding, lighting, safety, and headways



COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

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SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for a specified purpose. The City of West Hollywood has the following Special Revenue Funds:

Special Grants Fund

This fund is used to account for various grants the City receives that are restricted for a specific purpose, but do not warrant a separate fund for each grant.

Proposition “A” Fund

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

Proposition “C” Fund

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

Measure “R” Fund

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

Gas Tax Fund

Street and Highway Code sections 2106, 2107 and 2107.5 provide apportionment of certain monies from the State Highway Fund between the cities and counties; the City shares in proportion to its population. These funds must be used exclusively for the purposes of extensive maintenance, right-of-way or construction of streets which are major thoroughfares or collector streets.

RMRA

The City began to use the revenue from Road Maintenance and Rehabilitation Program in fiscal year 2018 to expand road repairs projects throughout the City. It increased various fuel and motor vehicle registration taxes which will provide an allocation of transportation taxes to local agencies. It was created to address deferred maintenance on the state highway system local street and road systems and other transportation uses.

Air Quality Improvement Fund

Assembly Bill 2766 authorized a fee on motor vehicle registrations to fund programs to reduce mobile source air pollution. The South Coast Air Quality Management District (AQMD) administers the program, which distributes forty cents of every dollar collected to the cities based on population. Additional grant funds may also be available from AQMD.

Traffic Fund

Fees imposed on developers and Federal Grants provide revenues to this fund, which are used to improve traffic flow in the City.

Public Beautification and Art Fund

City Ordinance requires the developer of new projects to either install an art object as 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 for other art related activities.

Park Development Fund (Quimby Act)

The State Government Code authorizes the City to have developers either dedicate land or pay fees to provide open space and park amenities in the City.

City Lighting Fund

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

Public Access Corporation Fund

This Fund receives 1.0% of the Franchise Fees paid to the General Fund by the local cable company. The money is restricted to the use of the community channel 36 operation.

Parking Improvement Fund

Revenue for this fund comes from predetermined amount of parking meter collections, allocated parking fines and exactions from the developers of commercial and residential projects. These funds will be used for construction of parking structures.

Permit Parking Fund

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

Community Development Block Grant Fund (CDBG)

This US 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.

Measure “M” Fund

This revenue is derived from a voter approved increase of 0.5% on sales tax within the County of Los Angeles. Measure M authorized the Los Angeles County Traffic Improvement Plan to improve freeway traffic flow or traffic safety, repair potholes, sidewalk repairs, repave local streets, earthquake retrofit bridges, synchronize signals and expand rail, subways and bus systems. Funds will be initially used for studies and planning related to the proposed Metro rail services.

Housing Trust Fund

This fund is used to account for the fees paid by developers of residential properties, as required by City Ordinance. The fees are used to create affordable housing, which includes long-term loans to non-profit developers to provide housing to low-income residents. Loans issued by the dissolved former redevelopment agency have been transferred to this fund.

Housing Asset Fund

This fund is used to account for funds transferred to the housing successor and funds generated by housing assets. This fund includes loans and grants made to nonprofit developers to provide housing to low-income residents.

Sunset Strip Business Improvement District Fund

Created in 2002, the Sunset Strip Business Improvement District is an assessment district that improves the business and neighboring residential environment on Sunset Blvd. through security, street maintenance, public outreach and marketing. Businesses located on Sunset Blvd. from Doheny Road on the west to a half block west of Havenhurst Drive on the east are assessed if they fall within a qualifying category: nightclubs, bars, adult businesses, hotels, restaurants and other, which includes liquor stores/convenience stores with liquor; valet parking services; and retail stores. This fund is used to account for the annual assessments and expenditures within the District.

CAPITAL PROJECTS FUNDS

Santa Monica Boulevard Fund

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

Debt Funded Capital Projects Fund - Major Fund

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

DEBT SERVICE FUNDCapital Projects Debt Service Fund - Major Fund

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

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

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS

June 30, 2018

	Special Revenue Funds			
	Special Grants	Proposition A	Proposition C	Measure R
ASSETS:				
Cash and investments	\$ 607,811	\$ 2,048,588	\$ 1,024,367	\$ 458,306
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Accrued interest	1,479	5,030	2,514	1,126
Due from other governments	817,442	375,778	-	-
Due from other funds	-	-	-	10,000
TOTAL ASSETS	\$ 1,426,732	\$ 2,429,396	\$ 1,026,881	\$ 469,432
LIABILITIES:				
Accounts payable	\$ 66,555	\$ 554,740	\$ 70,526	\$ 104,870
Unearned revenues	257,189	-	-	-
Deposits payable	-	-	-	1,717
Due to other governments	-	-	-	-
Due to other funds	10,000	-	-	-
TOTAL LIABILITIES	333,744	554,740	70,526	106,587
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenues	303,124	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	303,124	-	-	-
FUND BALANCES (DEFICIT):				
Restricted:				
Public services	789,864	1,874,656	956,355	362,845
Capital projects	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES (DEFICIT)	789,864	1,874,656	956,355	362,845
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,426,732	\$ 2,429,396	\$ 1,026,881	\$ 469,432

Special Revenue Funds (Continued)

Gas Tax	RMRA	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act	City Lighting
\$ -	\$ 134,201	\$ 141,091	\$ 1,168,539	\$ 2,442,096	\$ 2,678,573	\$ 3,009,969
-	-	-	-	-	-	3,376
-	-	-	-	-	-	-
56	-	346	2,874	6,006	6,586	7,403
13,217	31,202	11,859	-	-	-	35,406
-	-	-	-	-	-	-
<u>\$ 13,273</u>	<u>\$ 165,403</u>	<u>\$ 153,296</u>	<u>\$ 1,171,413</u>	<u>\$ 2,448,102</u>	<u>\$ 2,685,159</u>	<u>\$ 3,056,154</u>
\$ 16,480	\$ -	\$ -	\$ 22,801	\$ 833,170	\$ 5,850	\$ 71,050
-	-	-	-	89,251	-	-
3,733	-	-	-	-	-	-
-	-	-	-	-	-	-
111,243	-	-	-	-	-	-
<u>131,456</u>	<u>-</u>	<u>-</u>	<u>22,801</u>	<u>922,421</u>	<u>5,850</u>	<u>71,050</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	165,403	153,296	1,148,612	1,525,681	2,679,309	2,985,104
-	-	-	-	-	-	-
(118,183)	-	-	-	-	-	-
<u>(118,183)</u>	<u>165,403</u>	<u>153,296</u>	<u>1,148,612</u>	<u>1,525,681</u>	<u>2,679,309</u>	<u>2,985,104</u>
<u>\$ 13,273</u>	<u>\$ 165,403</u>	<u>\$ 153,296</u>	<u>\$ 1,171,413</u>	<u>\$ 2,448,102</u>	<u>\$ 2,685,159</u>	<u>\$ 3,056,154</u>

(Continued)

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

June 30, 2018

	<u>Special Revenue Funds (Continued)</u>		
	<u>Public Access Corporation</u>	<u>Parking Improvement</u>	<u>Permit Parking</u>
ASSETS:			
Cash and investments	\$ -	\$ 5,021,248	\$ 962,044
Receivables:			
Accounts	-	207,044	-
Notes and loans	-	-	-
Accrued interest	-	12,346	2,384
Due from other governments	-	-	-
Due from other funds	-	-	-
TOTAL ASSETS	<u><u>\$ -</u></u>	<u><u>\$ 5,240,638</u></u>	<u><u>\$ 964,428</u></u>
LIABILITIES:			
Accounts payable	\$ 1,293	\$ 421,584	\$ 71,110
Unearned revenues	-	137,037	-
Deposits payable	-	51,704	-
Due to other governments	-	-	-
Due to other funds	7,207	-	-
TOTAL LIABILITIES	<u>8,500</u>	<u>610,325</u>	<u>71,110</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenues	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT):			
Restricted:			
Public services	-	-	-
Capital projects	-	4,630,313	893,318
Unassigned	(8,500)	-	-
TOTAL FUND BALANCES (DEFICIT)	<u>(8,500)</u>	<u>4,630,313</u>	<u>893,318</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ -</u></u>	<u><u>\$ 5,240,638</u></u>	<u><u>\$ 964,428</u></u>

Special Revenue Funds (Continued)					Capital Projects Fund	
CDBG	Measure M	Housing Trust	Housing Asset	Sunset Strip Business Improvement District	Santa Monica Boulevard	Total Other Governmental Funds
\$ -	\$ 375,481	\$ 22,190,788	\$ 79,545	\$ -	\$ 4,272,012	\$ 46,614,659
-	-	18,937	29,515	445,728	-	704,600
546,012	-	-	-	-	-	546,012
-	923	54,577	195	-	10,507	114,352
215,233	-	-	-	-	-	1,500,137
-	-	-	-	-	-	10,000
<u>\$ 761,245</u>	<u>\$ 376,404</u>	<u>\$ 22,264,302</u>	<u>\$ 109,255</u>	<u>\$ 445,728</u>	<u>\$ 4,282,519</u>	<u>\$ 49,489,760</u>
\$ 3,388	\$ -	\$ 66,150	\$ -	\$ 24,388	\$ 7,444	\$ 2,341,399
-	-	-	-	12,443	-	495,920
8,820	-	-	-	-	23,209	89,183
546,012	-	-	-	-	-	546,012
203,025	-	-	-	428,907	-	760,382
<u>761,245</u>	<u>-</u>	<u>66,150</u>	<u>-</u>	<u>465,738</u>	<u>30,653</u>	<u>4,232,896</u>
<u>203,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,587</u>
<u>203,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>506,587</u>
-	376,404	22,198,152	109,255	-	-	35,324,936
-	-	-	-	-	4,251,866	9,775,497
(203,463)	-	-	-	(20,010)	-	(350,156)
<u>(203,463)</u>	<u>376,404</u>	<u>22,198,152</u>	<u>109,255</u>	<u>(20,010)</u>	<u>4,251,866</u>	<u>44,750,277</u>
<u>\$ 761,245</u>	<u>\$ 376,404</u>	<u>\$ 22,264,302</u>	<u>\$ 109,255</u>	<u>\$ 445,728</u>	<u>\$ 4,282,519</u>	<u>\$ 49,489,760</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

For the year ended June 30, 2018

	Special Revenue Funds			
	Special Grants	Proposition A	Proposition C	Measure R
REVENUES:				
Taxes	\$ -	\$ 670,081	\$ 553,739	\$ 416,299
Intergovernmental	614,621	2,247,959	-	-
Charges for services	-	-	-	-
Use of money and property	3,917	20,380	6,505	5,466
Fines and forfeitures	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	30,269	-	-
TOTAL REVENUES	<u>618,538</u>	<u>2,968,689</u>	<u>560,244</u>	<u>421,765</u>
EXPENDITURES:				
Current:				
General government	5,773	-	42,645	-
Public safety	217,860	-	-	-
Public services	368,738	3,559,141	285,889	617,634
Capital outlay	-	-	41,526	33,826
TOTAL EXPENDITURES	<u>592,371</u>	<u>3,559,141</u>	<u>370,060</u>	<u>651,460</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>26,167</u>	<u>(590,452)</u>	<u>190,184</u>	<u>(229,695)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	10,000
Transfers out	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCES	16,167	(590,452)	190,184	(219,695)
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>773,697</u>	<u>2,465,108</u>	<u>766,171</u>	<u>582,540</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 789,864</u>	<u>\$ 1,874,656</u>	<u>\$ 956,355</u>	<u>\$ 362,845</u>

Special Revenue Funds (Continued)

Gas Tax	RMRA	Air Quality Improvement	Traffic	Public Beautification and Art	Quimby Act	City Lighting
\$ -	\$ -	\$ 45,767	\$ -	\$ -	\$ -	\$ 1,332,698
768,306	165,403	-	-	-	-	6,895
-	-	-	-	-	-	-
3,563	-	1,398	4,001	15,214	17,757	18,706
-	-	-	-	-	-	-
-	-	-	1,139,151	241,467	645,723	-
-	-	-	-	-	-	-
<u>771,869</u>	<u>165,403</u>	<u>47,165</u>	<u>1,143,152</u>	<u>256,681</u>	<u>663,480</u>	<u>1,358,299</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,103,885	-	27,546	168,341	150,970	-	629,056
74,748	-	-	89,073	-	10,550	15,483
<u>1,178,633</u>	<u>-</u>	<u>27,546</u>	<u>257,414</u>	<u>150,970</u>	<u>10,550</u>	<u>644,539</u>
<u>(406,764)</u>	<u>165,403</u>	<u>19,619</u>	<u>885,738</u>	<u>105,711</u>	<u>652,930</u>	<u>713,760</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(406,764)</u>	<u>165,403</u>	<u>19,619</u>	<u>885,738</u>	<u>105,711</u>	<u>652,930</u>	<u>713,760</u>
288,581	-	133,677	262,874	1,419,970	2,026,379	2,271,344
<u>\$ (118,183)</u>	<u>\$ 165,403</u>	<u>\$ 153,296</u>	<u>\$ 1,148,612</u>	<u>\$ 1,525,681</u>	<u>\$ 2,679,309</u>	<u>\$ 2,985,104</u>

CITY OF WEST HOLLYWOOD

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

For the year ended June 30, 2018

	Special Revenue Funds (Continued)		
	Public Access Corporation	Parking Improvement	Permit Parking
REVENUES:			
Taxes	\$ 132,069	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	522,115	-
Use of money and property	140	2,237,254	898,658
Fines and forfeitures	-	667,772	-
Developer participation	-	215,692	-
Miscellaneous	570	188,512	-
TOTAL REVENUES	<u>132,779</u>	<u>3,831,345</u>	<u>898,658</u>
EXPENDITURES:			
Current:			
General government	154,897	68,103	-
Public safety	-	-	-
Public services	-	2,327,820	855,121
Capital outlay	-	523,228	-
TOTAL EXPENDITURES	<u>154,897</u>	<u>2,919,151</u>	<u>855,121</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(22,118)</u>	<u>912,194</u>	<u>43,537</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	72,242	-
Transfers out	-	(1,273,300)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(1,201,058)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(22,118)	(288,864)	43,537
FUND BALANCES (DEFICITS) - BEGINNING OF YEAR	<u>13,618</u>	<u>4,919,177</u>	<u>849,781</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ (8,500)</u>	<u>\$ 4,630,313</u>	<u>\$ 893,318</u>

Special Revenue Funds (Continued)					Capital Projects Fund	
CDBG	Measure M	Housing Trust	Housing Asset	Sunset Strip Business Improvement District	Santa Monica Boulevard	Total Other Governmental Funds
\$ -	\$ 377,262	\$ -	\$ -	\$ -	\$ -	\$ 3,527,915
33,321	-	-	-	-	-	3,836,505
-	-	-	-	322,430	-	844,545
-	(858)	150,584	828	20	45,019	3,428,552
-	-	-	-	-	-	667,772
-	-	3,398,379	-	-	-	5,640,412
-	-	18,937	29,515	-	-	267,803
<u>33,321</u>	<u>376,404</u>	<u>3,567,900</u>	<u>30,343</u>	<u>322,450</u>	<u>45,019</u>	<u>18,213,504</u>
-	-	-	-	-	-	271,418
-	-	-	-	771,421	-	989,281
33,321	-	320,319	-	113,432	-	10,561,213
<u>203,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,089,120</u>	<u>2,081,017</u>
<u>236,784</u>	<u>-</u>	<u>320,319</u>	<u>-</u>	<u>884,853</u>	<u>1,089,120</u>	<u>13,902,929</u>
<u>(203,463)</u>	<u>376,404</u>	<u>3,247,581</u>	<u>30,343</u>	<u>(562,403)</u>	<u>(1,044,101)</u>	<u>4,310,575</u>
-	-	-	-	575,440	-	657,682
-	-	-	-	-	-	(1,283,300)
-	-	-	-	575,440	-	(625,618)
<u>(203,463)</u>	<u>376,404</u>	<u>3,247,581</u>	<u>30,343</u>	<u>13,037</u>	<u>(1,044,101)</u>	<u>3,684,957</u>
<u>-</u>	<u>-</u>	<u>18,950,571</u>	<u>78,912</u>	<u>(33,047)</u>	<u>5,295,967</u>	<u>41,065,320</u>
<u>\$ (203,463)</u>	<u>\$ 376,404</u>	<u>\$ 22,198,152</u>	<u>\$ 109,255</u>	<u>\$ (20,010)</u>	<u>\$ 4,251,866</u>	<u>\$ 44,750,277</u>

CITY OF WEST HOLLYWOOD

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

SPECIAL GRANTS SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 773,697	\$ 773,697	\$ 773,697	\$ -
Resources (Inflows):				
Intergovernmental	1,718,194	2,187,685	614,621	(1,573,064)
Use of money and property	-	-	3,917	3,917
Amounts Available for Appropriations	<u>2,491,891</u>	<u>2,961,382</u>	<u>1,392,235</u>	<u>(1,569,147)</u>
Charges to Appropriations (Outflows):				
Current:				
General government	-	5,773	5,773	-
Public safety	210,000	217,860	217,860	-
Public services	286,509	630,816	368,738	262,078
Capital outlay	1,221,685	3,873,923	-	3,873,923
Transfers out	-	10,000	10,000	-
Total Charges to Appropriations	<u>1,718,194</u>	<u>4,738,372</u>	<u>602,371</u>	<u>4,136,001</u>
Budgetary Fund Balance, June 30	<u>\$ 773,697</u>	<u>\$ (1,776,990)</u>	<u>\$ 789,864</u>	<u>\$ 2,566,854</u>

CITY OF WEST HOLLYWOOD

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

PROPOSITION A SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,465,108	\$ 2,465,108	\$ 2,465,108	\$ -
Resources (Inflows):				
Taxes	665,000	665,000	670,081	5,081
Intergovernmental	1,668,333	3,918,333	2,247,959	(1,670,374)
Use of money and property	8,000	8,000	20,380	12,380
Miscellaneous	32,000	32,000	30,269	(1,731)
Amounts Available for Appropriations	<u>4,838,441</u>	<u>7,088,441</u>	<u>5,433,797</u>	<u>(1,654,644)</u>
Charges to Appropriations (Outflows):				
Current:				
Public services	3,899,971	3,978,975	3,559,141	419,834
Capital outlay	80,000	358,453	-	358,453
Total Charges to Appropriations	<u>3,979,971</u>	<u>4,337,428</u>	<u>3,559,141</u>	<u>778,287</u>
Budgetary Fund Balance, June 30	<u>\$ 858,470</u>	<u>\$ 2,751,013</u>	<u>\$ 1,874,656</u>	<u>\$ (876,357)</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

PROPOSITION C SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 766,171	\$ 766,171	\$ 766,171	\$ -
Resources (Inflows):				
Taxes	560,000	560,000	553,739	(6,261)
Charges for services	-	-	-	-
Use of money and property	1,000	1,000	6,505	5,505
Amounts Available for Appropriations	<u>1,327,171</u>	<u>1,327,171</u>	<u>1,326,415</u>	<u>(756)</u>
Charges to Appropriations (Outflows):				
Current:				
General government	44,000	44,000	42,645	1,355
Public services	462,153	462,153	285,889	176,264
Capital outlay	<u>269,367</u>	<u>441,528</u>	<u>41,526</u>	<u>400,002</u>
Total Charges to Appropriations	<u>775,520</u>	<u>947,681</u>	<u>370,060</u>	<u>577,621</u>
Budgetary Fund Balance, June 30	<u>\$ 551,651</u>	<u>\$ 379,490</u>	<u>\$ 956,355</u>	<u>\$ 576,865</u>

CITY OF WEST HOLLYWOOD

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

MEASURE R SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 582,540	\$ 582,540	\$ 582,540	\$ -
Resources (Inflows):				
Taxes	415,000	415,000	416,299	1,299
Use of money and property	1,000	1,000	5,466	4,466
Transfers in	-	10,000	10,000	-
Amounts Available for Appropriations	<u>998,540</u>	<u>1,008,540</u>	<u>1,014,305</u>	<u>5,765</u>
Charges to Appropriations (Outflows):				
Current:				
Public services	741,167	750,722	617,634	133,088
Capital outlay	<u>125,000</u>	<u>360,174</u>	<u>33,826</u>	<u>326,348</u>
Total Charges to Appropriations	<u>866,167</u>	<u>1,110,896</u>	<u>651,460</u>	<u>459,436</u>
Budgetary Fund Balance, June 30	<u>\$ 132,373</u>	<u>\$ (102,356)</u>	<u>\$ 362,845</u>	<u>\$ 465,201</u>

CITY OF WEST HOLLYWOOD

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

GAS TAX SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 288,581	\$ 288,581	\$ 288,581	\$ -
Resources (Inflows):				
Intergovernmental	796,000	796,000	768,306	(27,694)
Use of money and property	4,000	4,000	3,563	(437)
Amounts Available for Appropriations	<u>1,088,581</u>	<u>1,088,581</u>	<u>1,060,450</u>	<u>(28,131)</u>
Charges to Appropriations (Outflows):				
Current:				
Public services	1,142,467	1,262,091	1,103,885	158,206
Capital outlay	300,000	666,848	74,748	592,100
Total Charges to Appropriations	<u>1,442,467</u>	<u>1,928,939</u>	<u>1,178,633</u>	<u>750,306</u>
Budgetary Fund Balance, June 30	<u>\$ (353,886)</u>	<u>\$ (840,358)</u>	<u>\$ (118,183)</u>	<u>\$ 722,175</u>

CITY OF WEST HOLLYWOOD

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

RMRA SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	200,000	200,000	165,403	(34,597)
Amounts Available for Appropriations	200,000	200,000	165,403	(34,597)
Budgetary Fund Balance, June 30	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 165,403</u>	<u>\$ (34,597)</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 133,677	\$ 133,677	\$ 133,677	\$ -
Resources (Inflows):				
Taxes	45,000	45,000	45,767	767
Use of money and property	1,000	1,000	1,398	398
Amounts Available for Appropriations	<u>179,677</u>	<u>179,677</u>	<u>180,842</u>	<u>1,165</u>
Charges to Appropriations (Outflows):				
Current:				
Public services	52,500	52,500	27,546	24,954
Capital outlay	-	178,879	-	178,879
Total Charges to Appropriations	<u>52,500</u>	<u>231,379</u>	<u>27,546</u>	<u>203,833</u>
Budgetary Fund Balance, June 30	<u>\$ 127,177</u>	<u>\$ (51,702)</u>	<u>\$ 153,296</u>	<u>\$ 204,998</u>

CITY OF WEST HOLLYWOOD

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

TRAFFIC SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 262,874	\$ 262,874	\$ 262,874	\$ -
Resources (Inflows):				
Use of money and property	2,500	2,500	4,001	1,501
Developer participation	25,000	25,000	1,139,151	1,114,151
Amounts Available for Appropriations	290,374	290,374	1,406,026	1,115,652
Charges to Appropriations (Outflows):				
Current:				
Public services	174,237	198,154	168,341	29,813
Capital outlay	185,000	574,627	89,073	485,554
Total Charges to Appropriations	359,237	772,781	257,414	515,367
Budgetary Fund Balance, June 30	\$ (68,863)	\$ (482,407)	\$ 1,148,612	\$ 1,631,019

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

PUBLIC BEAUTIFICATION AND ART SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,419,970	\$ 1,419,970	\$ 1,419,970	\$ -
Resources (Inflows):				
Use of money and property	2,000	2,000	15,214	13,214
Developer participation	50,000	50,000	241,467	191,467
Amounts Available for Appropriations	1,471,970	1,471,970	1,676,651	204,681
Charges to Appropriations (Outflows):				
Current:				
Public services	225,500	240,761	150,970	89,791
Capital outlay	-	70,000	-	70,000
Total Charges to Appropriations	225,500	310,761	150,970	159,791
Budgetary Fund Balance, June 30	\$ 1,246,470	\$ 1,161,209	\$ 1,525,681	\$ 364,472

CITY OF WEST HOLLYWOOD

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

QUIMBY ACT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,026,379	\$ 2,026,379	\$ 2,026,379	\$ -
Resources (Inflows):				
Use of money and property	2,500	2,500	17,757	15,257
Developer participation	50,000	50,000	645,723	595,723
Amounts Available for Appropriations	2,078,879	2,078,879	2,689,859	610,980
Charges to Appropriations (Outflows):				
Capital outlay	175,000	724,285	10,550	713,735
Total Charges to Appropriations	175,000	724,285	10,550	713,735
Budgetary Fund Balance, June 30	<u>\$ 1,903,879</u>	<u>\$ 1,354,594</u>	<u>\$ 2,679,309</u>	<u>\$ 1,324,715</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

CITY LIGHTING SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,271,344	\$ 2,271,344	\$ 2,271,344	\$ -
Resources (Inflows):				
Taxes	1,199,500	1,199,500	1,332,698	133,198
Intergovernmental	6,500	6,500	6,895	395
Use of money and property	5,000	5,000	18,706	13,706
Amounts Available for Appropriations	<u>3,482,344</u>	<u>3,482,344</u>	<u>3,629,643</u>	<u>147,299</u>
Charges to Appropriations (Outflows):				
Current:				
Public services	734,000	747,933	629,056	118,877
Capital outlay	200,000	2,851,173	15,483	2,835,690
Total Charges to Appropriations	<u>934,000</u>	<u>3,599,106</u>	<u>644,539</u>	<u>2,954,567</u>
Budgetary Fund Balance, June 30	<u>\$ 2,548,344</u>	<u>\$ (116,762)</u>	<u>\$ 2,985,104</u>	<u>\$ 3,101,866</u>

CITY OF WEST HOLLYWOOD

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

PUBLIC ACCESS CORPORATION SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 13,618	\$ 13,618	\$ 13,618	\$ -
Resources (Inflows):				
Taxes	150,000	150,000	132,069	(17,931)
Use of money and property	250	250	140	(110)
Miscellaneous	500	500	570	70
Amounts Available for Appropriations	<u>164,368</u>	<u>164,368</u>	<u>146,397</u>	<u>(17,971)</u>
Charges to Appropriations (Outflows):				
Current:				
General government	<u>155,852</u>	<u>155,852</u>	<u>154,897</u>	<u>955</u>
Total Charges to Appropriations	<u>155,852</u>	<u>155,852</u>	<u>154,897</u>	<u>955</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ 8,516</u>	<u>\$ 8,516</u>	<u>\$ (8,500)</u>	<u>\$ (17,016)</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

PARKING IMPROVEMENT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,919,177	\$ 4,919,177	\$ 4,919,177	\$ -
Resources (Inflows):				
Charges for services	275,000	275,000	522,115	247,115
Use of money and property	2,282,500	2,282,500	2,237,254	(45,246)
Fines and forfeitures	950,000	950,000	667,772	(282,228)
Developer participation	350,000	350,000	215,692	(134,308)
Miscellaneous	-	-	188,512	188,512
Transfers in	-	72,242	72,242	-
Amounts Available for Appropriations	<u>8,776,677</u>	<u>8,848,919</u>	<u>8,822,764</u>	<u>(26,155)</u>
Charges to Appropriations (Outflows):				
Current:				
General government	71,959	71,959	68,103	3,856
Public services	2,261,000	2,642,339	2,327,820	314,519
Capital outlay	184,300	1,993,709	523,228	1,470,481
Transfers out	1,273,300	1,273,300	1,273,300	-
Total Charges to Appropriations	<u>3,790,559</u>	<u>5,981,307</u>	<u>4,192,451</u>	<u>1,788,856</u>
Budgetary Fund Balance, June 30	<u>\$ 4,986,118</u>	<u>\$ 2,867,612</u>	<u>\$ 4,630,313</u>	<u>\$ 1,762,701</u>

CITY OF WEST HOLLYWOOD

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

PERMIT PARKING SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 849,781	\$ 849,781	\$ 849,781	\$ -
Resources (Inflows):				
Use of money and property	919,000	919,000	898,658	(20,342)
Amounts Available for Appropriations	1,768,781	1,768,781	1,748,439	(20,342)
Charges to Appropriations (Outflows):				
Current:				
Public services	1,053,839	1,143,274	855,121	288,153
Total Charges to Appropriations	1,053,839	1,143,274	855,121	288,153
Budgetary Fund Balance, June 30	<u>\$ 714,942</u>	<u>\$ 625,507</u>	<u>\$ 893,318</u>	<u>\$ 267,811</u>

CITY OF WEST HOLLYWOOD

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

COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Intergovernmental	259,095	236,784	33,321	(203,463)
Amounts Available for Appropriations	259,095	236,784	33,321	(203,463)
Charges to Appropriations (Outflows):				
Current:				
Public services	38,864	33,321	33,321	-
Capital outlay	220,231	203,463	203,463	-
Total Charges to Appropriations	259,095	236,784	236,784	-
Budgetary Fund Balance (Deficit), June 30	\$ -	\$ -	\$ (203,463)	\$ (203,463)

CITY OF WEST HOLLYWOOD

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

MEASURE M SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	550,000	550,000	377,262	(172,738)
Use of money and property	2,000	2,000	(858)	(2,858)
Amounts Available for Appropriations	<u>552,000</u>	<u>552,000</u>	<u>376,404</u>	<u>(175,596)</u>
Charges to Appropriations (Outflows):				
Current:				
General government	50,000	50,000	-	50,000
Public services	500,000	500,000	-	500,000
Total Charges to Appropriations	<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>
Budgetary Fund Balance, June 30	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 376,404</u>	<u>\$ 374,404</u>

CITY OF WEST HOLLYWOOD

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

HOUSING TRUST SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 18,950,571	\$ 18,950,571	\$ 18,950,571	\$ -
Resources (Inflows):				
Use of money and property	50,000	50,000	150,584	100,584
Developer participation	1,000,000	1,000,000	3,398,379	2,398,379
Miscellaneous	-	-	18,937	18,937
	<u>20,000,571</u>	<u>20,000,571</u>	<u>22,518,471</u>	<u>2,517,900</u>
Amounts Available for Appropriations				
Charges to Appropriations (Outflows):				
Current:				
Public services	511,166	571,166	320,319	250,847
	<u>511,166</u>	<u>571,166</u>	<u>320,319</u>	<u>250,847</u>
Total Charges to Appropriations				
Budgetary Fund Balance, June 30	<u>\$ 19,489,405</u>	<u>\$ 19,429,405</u>	<u>\$ 22,198,152</u>	<u>\$ 2,768,747</u>

CITY OF WEST HOLLYWOOD

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

SUNSET STRIP BUSINESS IMPROVEMENT DISTRICT SPECIAL REVENUE FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ (33,047)	\$ (33,047)	\$ (33,047)	\$ -
Resources (Inflows):				
Charges for services	301,500	317,932	322,430	4,498
Use of money and property	-	-	20	20
Transfers in	575,440	575,440	575,440	-
Amounts Available for Appropriations	843,893	860,325	864,843	4,518
Charges to Appropriations (Outflows):				
Current:				
Public safety	771,413	771,421	771,421	-
Public services	105,528	121,952	113,432	8,520
Total Charges to Appropriations	876,941	893,373	884,853	8,520
Budgetary Fund Balance (Deficit), June 30	\$ (33,048)	\$ (33,048)	\$ (20,010)	\$ 13,038

CITY OF WEST HOLLYWOOD

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

SANTA MONICA BOULEVARD CAPITAL PROJECTS FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 5,295,967	\$ 5,295,967	\$ 5,295,967	\$ -
Resources (Inflows):				
Use of money and property	40,000	40,000	45,019	5,019
Amounts Available for Appropriations	5,335,967	5,335,967	5,340,986	5,019
Charges to Appropriations (Outflows):				
Capital outlay	250,000	1,395,656	1,089,120	306,536
Total Charges to Appropriations	250,000	1,395,656	1,089,120	306,536
Budgetary Fund Balance, June 30	\$ 5,085,967	\$ 3,940,311	\$ 4,251,866	\$ 311,555

CITY OF WEST HOLLYWOOD

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

DEBT FUNDED CAPITAL PROJECTS FUND - MAJOR FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance (Deficit), July 1	\$ 3,117,623	\$ 3,117,623	\$ 3,117,623	\$ -
Resources (Inflows):				
Use of money and property	-	-	(66,749)	(66,749)
Miscellaneous	221,437	221,437	310,955	89,518
Transfers in	-	15,366,827	15,366,827	-
Amounts Available for Appropriations	<u>3,339,060</u>	<u>18,705,887</u>	<u>18,728,656</u>	<u>22,769</u>
Charges to Appropriations (Outflows):				
Current:				
Capital outlay	-	85,700,822	18,202,416	67,498,406
Total Charges to Appropriations	<u>-</u>	<u>85,700,822</u>	<u>18,202,416</u>	<u>67,498,406</u>
Budgetary Fund Balance, June 30	<u>\$ 3,339,060</u>	<u>\$ (66,994,935)</u>	<u>\$ 526,240</u>	<u>\$ 67,521,175</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

CAPITAL PROJECTS DEBT SERVICE FUND - MAJOR FUND

For the year ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 60,839,292	\$ 60,839,292	\$ 60,839,292	\$ -
Resources (Inflows):				
Use of money and property	916,025	916,025	1,618,775	702,750
Extraordinary item	-	9,276,727	9,276,727	-
Transfers in	7,864,950	7,864,950	7,864,950	-
Amounts Available for Appropriations	<u>69,620,267</u>	<u>78,896,994</u>	<u>79,599,744</u>	<u>702,750</u>
Charges to Appropriations (Outflows):				
Debt service:				
Principal retirement	3,415,000	3,415,000	3,415,000	-
Interest and fiscal charges	5,527,494	5,527,494	5,522,937	4,557
Transfers out	-	14,376,341	14,376,341	-
Total Charges to Appropriations	<u>8,942,494</u>	<u>23,318,835</u>	<u>23,314,278</u>	<u>4,557</u>
Budgetary Fund Balance, June 30	<u>\$ 60,677,773</u>	<u>\$ 55,578,159</u>	<u>\$ 56,285,466</u>	<u>\$ 707,307</u>

***NONMAJOR ENTERPRISE FUNDS
(PROPRIETARY FUNDS)***Enterprise Funds

The following enterprise funds are used to account for the provision of goods and services, primarily to the public at large, on a user charge basis.

Sewer District Fund

The Sewer District Fund was transferred from the County of Los Angeles when the City took over the Sewer District. Use of this fund is designated for the improvement of the underground sewer lines.

Sewer Charge Fund

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

Solid Waste Fund

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

Landscape District Fund

An assessment is levied on the lots and parcels of property within the designated Landscape Maintenance District. Collection and distribution of the assessment is done by the County of Los Angeles. The revenue generated in this fund is used for maintenance, operation and servicing of boulevard median and parkways within the District.

Street Maintenance Fund

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

CITY OF WEST HOLLYWOOD
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS

June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Sewer District	Sewer Charge	Solid Waste
ASSETS:			
CURRENT ASSETS:			
Cash and investments	\$ -	\$ 1,165,195	\$ 454,825
Receivables:			
Accounts	-	17,094	673
Accrued interest	-	2,865	1,323
Due from other governments	-	41,308	43,139
Due from other funds	-	-	80,943
TOTAL CURRENT ASSETS	-	1,226,462	580,903
NONCURRENT ASSETS:			
Capital assets, net of accumulated depreciation	6,785,387	3,690,777	-
TOTAL NONCURRENT ASSETS	6,785,387	3,690,777	-
TOTAL ASSETS	6,785,387	4,917,239	580,903
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	-	179,262	-
Deposits payable	-	19,176	-
Due to other funds	33,559	-	-
TOTAL CURRENT LIABILITIES	33,559	198,438	-
TOTAL LIABILITIES	33,559	198,438	-
NET POSITION:			
Net investment in capital assets	6,785,387	3,690,777	-
Unrestricted	(33,559)	1,028,024	580,903
TOTAL NET POSITION	\$ 6,751,828	\$ 4,718,801	\$ 580,903

Business-Type Activities
Enterprise Funds (Continued)

Landscape District	Street Maintenance	Total
\$ 136,393	\$ -	\$ 1,756,413
6,365	165	24,297
336	-	4,524
3,385	8,510	96,342
-	-	80,943
<u>146,479</u>	<u>8,675</u>	<u>1,962,519</u>
-	-	10,476,164
-	-	10,476,164
<u>146,479</u>	<u>8,675</u>	<u>12,438,683</u>
24,053	2,333	205,648
-	-	19,176
-	47,384	80,943
<u>24,053</u>	<u>49,717</u>	<u>305,767</u>
<u>24,053</u>	<u>49,717</u>	<u>305,767</u>
-	-	10,476,164
<u>122,426</u>	<u>(41,042)</u>	<u>1,656,752</u>
<u>\$ 122,426</u>	<u>\$ (41,042)</u>	<u>\$ 12,132,916</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

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

For the year ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Sewer District	Sewer Charge	Solid Waste
OPERATING REVENUES:			
Sales and service charges	\$ -	\$ 1,254,352	\$ 1,482,782
Penalties on assessments	-	991	3,854
Other fees and charges	-	205,871	-
TOTAL OPERATING REVENUES	-	1,461,214	1,486,636
OPERATING EXPENSES:			
Administration and general	-	36,331	59,825
Treatment	-	722,977	1,389,359
Cost of sales and services	-	-	-
Depreciation expense	365,025	50,276	-
TOTAL OPERATING EXPENSES	365,025	809,584	1,449,184
OPERATING INCOME (LOSS)	(365,025)	651,630	37,452
NONOPERATING REVENUES:			
Interest revenue	-	6,887	2,332
TOTAL NONOPERATING REVENUES	-	6,887	2,332
CHANGE IN NET POSITION	(365,025)	658,517	39,784
NET POSITION - BEGINNING OF YEAR	7,116,853	4,060,284	541,119
NET POSITION - END OF YEAR	\$ 6,751,828	\$ 4,718,801	\$ 580,903

Business-Type Activities
Enterprise Funds (Continued)

Landscape District	Street Maintenance	Total
\$ 184,434	\$ 293,281	\$ 3,214,849
117	401	5,363
-	-	205,871
184,551	293,682	3,426,083
-	24,332	120,488
-	245,759	2,358,095
197,664	-	197,664
-	-	415,301
197,664	270,091	3,091,548
(13,113)	23,591	334,535
1,595	-	10,814
1,595	-	10,814
(11,518)	23,591	345,349
133,944	(64,633)	11,787,567
\$ 122,426	\$ (41,042)	\$ 12,132,916

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

For the year ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Sewer District	Sewer Charge	Solid Waste
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers and users	\$ -	\$ 1,446,265	\$ 1,494,307
Cash paid to suppliers for goods and services	-	(419,285)	(1,246,606)
Cash paid to employees for services	-	(195,313)	(202,578)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	831,667	45,123
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Repayment received from other funds	-	-	20,396
Repayment made to other funds	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	-	-	20,396
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	-	(518,411)	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	-	(518,411)	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	-	5,291	1,746
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	5,291	1,746
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	318,547	67,265
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	-	846,648	387,560
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ -	\$ 1,165,195	\$ 454,825

Business-Type Activities
Enterprise Funds (Continued)

Landscape District	Street Maintenance	Total
\$ 176,915	\$ 294,996	\$ 3,412,483
(205,777)	(115,821)	(1,987,489)
-	(158,779)	(556,670)
(28,862)	20,396	868,324
-	-	20,396
-	(20,396)	(20,396)
-	(20,396)	-
-	-	(518,411)
-	-	(518,411)
1,507	-	8,544
1,507	-	8,544
(27,355)	-	358,457
163,748	-	1,397,956
<u>\$ 136,393</u>	<u>\$ -</u>	<u>\$ 1,756,413</u>

(Continued)

CITY OF WEST HOLLYWOOD
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 (CONTINUED)

For the year ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Sewer District	Sewer Charge	Solid Waste
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (365,025)	\$ 651,630	\$ 37,452
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	365,025	50,276	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	-	(16,865)	(673)
Due from other governments	-	1,916	8,344
Increase (decrease) in:			
Accounts payable	-	125,534	-
Deposits payable	-	19,176	-
	<u>-</u>	<u>19,176</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 831,667</u>	<u>\$ 45,123</u>

Business-Type Activities
Enterprise Funds (Continued)

Landscape District	Street Maintenance	Total
\$ (13,113)	\$ 23,591	\$ 334,535
-	-	415,301
(6,365)	(165)	(24,068)
(1,271)	1,479	10,468
(8,113)	(4,509)	112,912
<u>-</u>	<u>-</u>	<u>19,176</u>
<u>\$ (28,862)</u>	<u>\$ 20,396</u>	<u>\$ 868,324</u>

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FIDUCIARY FUNDS
AGENCY FUNDS

West Hollywood Design District – Agency

This is a business improvement district formed in 1996 to market and promote the area as a premier designation for art, design restaurants, boutiques and specialty retail. Businesses located between Santa Monica Boulevard and Beverly Boulevard, between Doheny Drive and La Cienega Boulevard are assessed based on the category in which their business falls. Assessments are a combination of a base assessment (determined by category of business) and a sliding scale assessment (based on annual gross sales).

West Hollywood Tourism Improvements District - Agency

The West Hollywood Tourism Improvement District was established in 2013 (previously the Hotel Marketing Benefit Zone) to promote the City of West Hollywood as a destination and to develop a thriving visitor market. This fund accounts for the receipt of 3% of the Transient Occupancy Tax (hotel tax) collected by the City on behalf of West Hollywood Marketing Corporation (known as Visit West Hollywood). This receipt of 3% assessment is granted to the WHMC to use to advertise the City as a travel destination and convention site.

SUCCESSOR AGENCY PRIVATE-PURPOSE TRUST FUNDS

Housing Capital Improvements

This fund accounts for project cost including the structuring of previous bond issues. Monies are transferred into this Fund as payments are made from the Obligation Payment Fund; that Fund receives property tax monies from the Los Angeles County, based on the approved ROPS, which are used for payment of long-term debt and any remaining obligations.

Non-Housing Capital Improvements

This fund accounts for bond proceeds issued for Plummer Park improvements. Monies are transferred into this Fund as payments are made from the Obligation Payment Fund; that Fund receives property tax monies from the Los Angeles County, based on the approved ROPS, which are used for payment of long-term debt and any remaining obligations.

Successor Agency Administration

This fund accounts for administrative obligations specified on the EOPS/ROPS of the dissolved redevelopment agency; monies are transferred into this Fund as payments are made from the Obligation Payment Fund; that Fund receives property tax monies from the Los Angeles County, based on the approved ROPS, which are used for payment of long-term debt and any remaining obligations.

Successor Agency Debt Service Fund

This fund is used to account for the accumulation of resources and the payment of principal and interest on long-term debt issued to finance projects in the Eastside Redevelopment Project Area. Monies are transferred into this Fund as payments are made from the Obligation Payment Fund; that Fund receives property tax monies from the Los Angeles County, based on the approved ROPS, which are used for payment of long-term debt and any remaining obligations.

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Obligation Payment Fund

This fund was created by the legislation (34170.5(a)) to take in allocations from The Redevelopment Property Tax Trust Fund administered by Los Angeles County Auditor - Controller County. These monies will be used to pay obligations specified on the ROPS of the dissolved redevelopment agency. Monies received are transferred during the year to the respective Successor Agency fund.

Successor Agency Debt Service Fund

This fund is used to account for the accumulation of resources and the payment of principal and interest on long-term debt issued to finance projects in the Eastside Redevelopment Project Area. Currently, resources consist of property tax monies received from the Los Angeles County, based on the approved ROPS, which are used for payment of long-term debt and any remaining obligations.

***WESTSIDE CITIES COUNCIL OF GOVERNMENTS
PRIVATE-PURPOSE TRUST FUND***

Westside Cities Council of Governments

This fund is used to account for the monies received and spent related to the Westside Cities Council of Governments (WSCCOG) Trust Fund. WSCCOG is a joint powers authority created by the cities of Beverly Hills, Culver City, Santa Monica, West Hollywood and Los Angeles and the County of Los Angeles to voluntarily engage in regional and cooperative planning and coordination of government services.

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF ASSETS AND LIABILITIES
ALL AGENCY FUNDS

June 30, 2018

	West Hollywood Design District	West Hollywood Tourism Improvement District	Total
ASSETS			
Cash and investments	\$ 462	\$ 441,241	\$ 441,703
Receivables:			
Accounts	93,094	4,817	97,911
Taxes	-	618,408	618,408
Accrued interest	-	1,097	1,097
TOTAL ASSETS	<u>\$ 93,556</u>	<u>\$ 1,065,563</u>	<u>\$ 1,159,119</u>
LIABILITIES			
Accounts payable	<u>\$ 93,556</u>	<u>\$ 1,065,563</u>	<u>\$ 1,159,119</u>
TOTAL LIABILITIES	<u>\$ 93,556</u>	<u>\$ 1,065,563</u>	<u>\$ 1,159,119</u>

CITY OF WEST HOLLYWOOD

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS

For the year ended June 30, 2018

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
WEST HOLLYWOOD DESIGN DISTRICT				
ASSETS:				
Cash	\$ -	\$ 110,554	\$ (110,092)	\$ 462
Receivables:				
Accounts	72,840	135,024	(114,770)	93,094
TOTAL ASSETS	<u>\$ 72,840</u>	<u>\$ 245,578</u>	<u>\$ (224,862)</u>	<u>\$ 93,556</u>
LIABILITIES:				
Accounts payable	\$ 72,028	\$ 354,166	\$ (332,638)	\$ 93,556
Due to other funds	812	-	(812)	-
TOTAL LIABILITIES	<u>\$ 72,840</u>	<u>\$ 354,166</u>	<u>\$ (333,450)</u>	<u>\$ 93,556</u>
WEST HOLLYWOOD TOURISM IMPROVEMENT DISTRICT				
ASSETS:				
Cash and investments	\$ 451,460	\$ 6,138,069	\$ (6,148,288)	\$ 441,241
Receivables:				
Taxes	504,209	623,226	(504,210)	623,225
Accrued interest	676	1,097	(676)	1,097
TOTAL ASSETS	<u>\$ 956,345</u>	<u>\$ 6,762,392</u>	<u>\$ (6,653,174)</u>	<u>\$ 1,065,563</u>
LIABILITIES:				
Accounts payable	\$ 956,345	\$ 12,402,270	\$ (12,293,052)	\$ 1,065,563
TOTAL LIABILITIES	<u>\$ 956,345</u>	<u>\$ 12,402,270</u>	<u>\$ (12,293,052)</u>	<u>\$ 1,065,563</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS:				
Cash and investments	\$ 451,460	\$ 6,248,623	\$ (6,258,380)	\$ 441,703
Receivables:				
Accounts	72,840	135,024	(114,770)	93,094
Taxes	504,209	623,226	(504,210)	623,225
Accrued interest	676	1,097	(676)	1,097
TOTAL ASSETS	<u>\$ 1,029,185</u>	<u>\$ 7,007,970</u>	<u>\$ (6,878,036)</u>	<u>\$ 1,159,119</u>
LIABILITIES:				
Accounts payable	\$ 1,028,373	\$ 12,756,436	\$ (12,625,690)	\$ 1,159,119
Due to other funds	812	-	(812)	-
TOTAL LIABILITIES	<u>\$ 1,029,185</u>	<u>\$ 12,756,436</u>	<u>\$ (12,626,502)</u>	<u>\$ 1,159,119</u>

CITY OF WEST HOLLYWOOD

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

June 30, 2018

	Successor Agency Private-Purpose Trust Funds	Westside Cities Council of Governments Private-Purpose Trust Fund	Total Private-Purpose Trust Funds
ASSETS:			
Cash and investments	\$ 536,232	\$ -	\$ 536,232
Restricted assets:			
Cash and investments with fiscal agents	23,909,002	-	23,909,002
Capital assets:			
Capital assets, net of accumulated depreciation	151,889	-	151,889
TOTAL ASSETS	24,597,123	-	24,597,123
LIABILITIES:			
Accounts payable	1,810	-	1,810
Accrued interest	1,069,304	-	1,069,304
Due to County	471,812	-	471,812
Long-term liabilities:			
Due in one year	735,000	-	735,000
Due in more than one year	42,926,097	-	42,926,097
TOTAL LIABILITIES	45,204,023	-	45,204,023
NET POSITION:			
Held in trust for other purposes	(20,606,900)	-	(20,606,900)
TOTAL NET POSITION	\$ (20,606,900)	\$ -	\$ (20,606,900)

CITY OF WEST HOLLYWOOD

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

For the year ended June 30, 2018

	Successor Agency Private-Purpose Trust Funds	Westside Cities Council of Governments Private-Purpose Trust Fund	Total Private-Purpose Trust Funds
ADDITIONS:			
Taxes	\$ 4,013,414	\$ -	\$ 4,013,414
Interest and change in fair value of investments	262,216	498	262,714
TOTAL ADDITIONS	4,275,630	498	4,276,128
DEDUCTIONS:			
Administrative expenses	150,000	-	150,000
Contribution to the City	-	-	-
Contractual services	-	13,502	13,502
Transfers to other agencies	-	76,365	76,365
Interest expense	3,227,105	-	3,227,105
Depreciation expense	3,499	-	3,499
Extraordinary item	9,276,727	-	9,276,727
TOTAL DEDUCTIONS	12,657,331	89,867	12,747,198
CHANGE IN NET POSITION	(8,381,701)	(89,369)	(8,471,070)
NET POSITION - BEGINNING OF YEAR	(12,225,199)	89,369	(12,135,830)
NET POSITION - END OF YEAR	\$ (20,606,900)	\$ -	\$ (20,606,900)

CITY OF WEST HOLLYWOOD

COMBINING SCHEDULE OF FIDUCIARY NET POSITION
ALL SUCCESSOR AGENCY PRIVATE-PURPOSE TRUST FUNDS

June 30, 2018

	Housing Capital Improvements	Non-Housing Capital Improvements	Successor Agency Administration
ASSETS:			
Cash and investments	\$ -	\$ -	\$ 469,567
Restricted assets:			
Cash and investments with fiscal agents	767,757	-	-
Capital assets:			
Capital assets, net of accumulated depreciation	-	151,889	-
TOTAL ASSETS	<u>767,757</u>	<u>151,889</u>	<u>469,567</u>
LIABILITIES:			
Accounts payable	-	-	1,810
Accrued interest	-	-	-
Due to County	-	-	472,085
Long-term liabilities:			
Due in one year	60,000	-	-
Due in more than one year	8,285,953	-	-
TOTAL LIABILITIES	<u>8,345,953</u>	<u>-</u>	<u>473,895</u>
NET POSITION:			
Held in trust for other purposes	<u>(7,578,196)</u>	<u>151,889</u>	<u>(4,328)</u>
TOTAL NET POSITION	<u>\$ (7,578,196)</u>	<u>\$ 151,889</u>	<u>\$ (4,328)</u>

Obligation Payment Fund	Successor Agency Debt Services Fund	Total
\$ 66,665	\$ -	\$ 536,232
2,344,571	20,796,674	23,909,002
<u>-</u>	<u>-</u>	<u>151,889</u>
<u>2,411,236</u>	<u>20,796,674</u>	<u>24,597,123</u>
-	-	1,810
-	1,069,304	1,069,304
(273)	-	471,812
-	675,000	735,000
<u>-</u>	<u>34,640,144</u>	<u>42,926,097</u>
<u>(273)</u>	<u>36,384,448</u>	<u>45,204,023</u>
<u>2,411,509</u>	<u>(15,587,774)</u>	<u>(20,606,900)</u>
<u>\$ 2,411,509</u>	<u>\$ (15,587,774)</u>	<u>\$ (20,606,900)</u>

CITY OF WEST HOLLYWOOD: COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WEST HOLLYWOOD

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
ALL SUCCESSOR AGENCY PRIVATE-PURPOSE TRUST FUNDS

For the year ended June 30, 2018

	Housing Capital Improvements	Non-Housing Capital Improvements	Successor Agency Administration
ADDITIONS:			
Taxes	\$ -	\$ -	\$ -
Transfers from other funds	871,725	-	150,000
Other	-	-	-
Interest and change in fair value of investments	9,107	-	(4,328)
TOTAL ADDITIONS	880,832	-	145,672
DEDUCTIONS:			
Administrative expenses	-	-	150,000
Interest expense	823,304	-	-
Depreciation expense	-	3,499	-
Transfers to other funds	-	-	-
Extraordinary item	-	-	-
TOTAL DEDUCTIONS	823,304	3,499	150,000
CHANGE IN NET POSITION	57,528	(3,499)	(4,328)
NET POSITION - BEGINNING OF YEAR	(7,635,724)	155,388	-
NET POSITION - END OF YEAR	<u>\$ (7,578,196)</u>	<u>\$ 151,889</u>	<u>\$ (4,328)</u>

Obligation Payment Fund	Successor Agency Debt Services Fund	Total
\$ 4,013,414	\$ -	\$ 4,013,414
-	3,065,364	4,087,089
-	-	-
2,369	255,068	262,216
<u>4,015,783</u>	<u>3,320,432</u>	<u>8,362,719</u>
-	-	150,000
-	2,403,801	3,227,105
-	-	3,499
4,087,089	-	4,087,089
-	9,276,727	9,276,727
<u>4,087,089</u>	<u>11,680,528</u>	<u>16,744,420</u>
(71,306)	(8,360,096)	(8,381,701)
<u>2,482,815</u>	<u>(7,227,678)</u>	<u>(12,225,199)</u>
<u>\$ 2,411,509</u>	<u>\$ (15,587,774)</u>	<u>\$ (20,606,900)</u>

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Statistical Section



 The sun always shines a little brighter in #WestHollywood.



Top front: Emmy - 2015 Public Service Announcement, photo by Brett White, Lower front: *The Game*, sculpture by Wang Dalong, photo courtesy of the artist, Back: Russian Arts and Culture Festival, photo by Oleg Volovik

DESCRIPTION OF STATISTICAL SECTION CONTENTS

June 30, 2018

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

FINANCIAL TRENDS INFORMATION

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

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

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

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

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

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

REVENUE CAPACITY INFORMATION

These schedules contain information to help the reader assess the City's most significant local revenue sources.

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

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

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

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

DEBT CAPACITY INFORMATION

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

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

Table 11 - Direct and Overlapping Debt - *June 30, 2017*

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

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

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DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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

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

OPERATING INFORMATION

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

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

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

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

CITY OF WEST HOLLYWOOD

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 103,042,403	\$ 94,984,874	\$ 123,634,342	\$ 141,101,458	\$ 144,933,718
Restricted	49,054,483	57,860,664	74,265,052	32,450,082	35,454,463
Unrestricted	58,335,334	61,509,140	25,483,889	61,864,889	65,143,908
Total governmental activities net position	<u>\$ 210,432,220</u>	<u>\$ 214,354,678</u>	<u>\$ 223,383,283</u>	<u>\$ 235,416,429</u>	<u>\$ 245,532,089</u>
Business-type activities					
Net investment in capital assets	\$ 10,151,952	\$ 9,942,991	\$ 10,551,949	\$ 10,649,541	\$ 11,009,816
Unrestricted	1,123,836	964,639	190,846	185,090	(24,553)
Total business-type activities net position	<u>\$ 11,275,788</u>	<u>\$ 10,907,630</u>	<u>\$ 10,742,795</u>	<u>\$ 10,834,631</u>	<u>\$ 10,985,263</u>
Primary government					
Net investment in capital assets	\$ 113,194,355	\$ 104,927,865	\$ 134,186,291	\$ 151,750,999	\$ 155,943,534
Restricted	49,054,483	57,860,664	74,265,052	32,450,082	35,454,463
Unrestricted	59,459,170	62,473,779	25,674,735	62,049,979	65,119,355
Total primary government net position	<u>\$ 221,708,008</u>	<u>\$ 225,262,308</u>	<u>\$ 234,126,078</u>	<u>\$ 246,251,060</u>	<u>\$ 256,517,352</u>

Source: City of West Hollywood.

(Continued)

Page 2 of 2

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 142,442,200	\$ 145,114,783	\$ 150,346,852	\$ 168,026,327	\$ 173,567,439
Restricted	52,747,012	47,136,333	34,996,350	43,922,472	57,086,206
Unrestricted	66,956,579	56,447,708	82,141,974	87,400,745	86,633,833
Total governmental activities net position	\$ 262,145,791	\$ 248,698,824	\$ 267,485,176	\$ 299,349,544	\$ 317,287,478
Business-type activities					
Net investment in capital assets	\$ 10,612,300	\$ 10,214,783	\$ 9,892,944	\$ 10,373,054	\$ 10,476,164
Unrestricted	396,508	1,063,237	1,549,240	1,395,207	1,633,169
Total business-type activities net position	\$ 11,008,808	\$ 11,278,020	\$ 11,442,184	\$ 11,768,261	\$ 12,109,333
Primary government					
Net investment in capital assets	\$ 153,054,500	\$ 155,329,566	\$ 160,239,796	\$ 178,399,381	\$ 184,043,603
Restricted	52,747,012	47,136,333	34,996,350	43,922,472	57,086,206
Unrestricted	67,353,087	57,510,945	83,691,214	88,795,952	88,267,002
Total primary government net position	\$ 273,154,599	\$ 259,976,844	\$ 278,927,360	\$ 311,117,805	\$ 329,396,811

CITY OF WEST HOLLYWOOD

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

Page 1 of 4

Expenses	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities:					
General government	\$ 23,286,253	\$ 22,283,500	\$ 19,875,065	\$ 23,165,824	\$ 25,539,217
Public safety	14,031,263	14,693,505	14,697,422	14,049,362	14,916,605
Public services	47,202,159	37,851,081	42,408,254	39,406,297	36,552,396
Interest on long-term debt	1,994,805	3,753,074	4,016,175	3,235,260	2,600,257
Total governmental activities expenses	86,514,480	78,581,160	80,996,916	79,856,743	79,608,475
Business-type activities:					
Sewer	824,817	930,895	949,508	975,899	955,951
Solid waste	1,202,666	1,266,869	1,282,212	1,303,572	1,365,401
Landscape and lighting	182,353	175,253	183,915	176,687	168,908
Street maintenance	392,463	396,000	435,088	437,763	449,303
Total business-type activities expenses	2,602,299	2,769,017	2,850,723	2,893,921	2,939,563
Total primary government expenses	\$ 89,116,779	\$ 81,350,177	\$ 83,847,639	\$ 82,750,664	\$ 82,548,038
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 406,506	\$ 502,745	\$ 586,368	\$ 563,320	\$ 682,095
Public safety	1,260,919	1,149,849	1,076,360	980,518	1,163,801
Public services	15,417,753	14,551,173	18,748,179	19,947,996	18,242,612
Operating grants and contributions	5,317,302	4,688,118	4,257,901	4,397,509	4,458,171
Capital grants and contributions	4,439,194	2,198,352	4,278,207	1,676,294	383,071
Total governmental activities program revenues	26,841,674	23,090,237	28,947,015	27,565,637	24,929,750
Business-type activities:					
Charges for services:					
Sewer	607,434	609,880	757,422	1,046,131	1,060,866
Solid waste	1,289,496	1,301,527	1,346,954	1,350,986	1,390,918
Landscape and lighting	176,224	173,623	174,009	179,821	176,142
Street maintenance	284,872	288,216	287,801	286,854	291,127
Total business-type activities program revenues	2,358,026	2,373,246	2,566,186	2,863,792	2,919,053
Total primary government program revenues	\$ 29,199,700	\$ 25,463,483	\$ 31,513,201	\$ 30,429,429	\$ 27,848,803
Net (expense)/revenue					
Governmental activities	\$ (59,672,806)	\$ (55,490,923)	\$ (52,049,901)	\$ (52,291,106)	\$ (54,678,725)
Business-type activities	(244,273)	(395,771)	(284,537)	(30,129)	(20,510)
Total Primary government net expense	\$ (59,917,079)	\$ (55,886,694)	\$ (52,334,438)	\$ (52,321,235)	\$ (54,699,235)

Source: City of West Hollywood

(Continued)

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Expenses	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities:					
General government	\$ 20,615,002	\$ 20,388,425	\$ 24,431,737	\$ 22,297,943	\$ 20,448,961
Public safety	14,980,054	17,270,756	19,026,873	21,841,899	23,067,735
Public services	47,313,347	46,146,254	47,539,207	52,937,204	60,796,711
Interest on long-term debt	3,609,405	3,360,030	3,115,548	5,363,884	4,909,120
Total governmental activities expenses	86,517,808	87,165,465	94,113,365	102,440,930	109,222,527
Business-type activities:					
Sewer	1,014,614	1,082,870	1,024,557	1,048,306	1,174,785
Solid waste	1,531,511	1,448,043	1,484,564	1,425,100	1,450,793
Landscape and lighting	190,288	203,135	189,115	164,840	197,664
Street maintenance	456,132	299,122	323,553	301,999	272,583
Total business-type activities expenses	3,192,545	3,033,170	3,021,789	2,940,245	3,095,825
Total primary government expenses	\$ 89,710,353	\$ 90,198,635	\$ 97,135,154	\$ 105,381,175	\$ 112,318,352
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 1,247,385	\$ 841,309	\$ 987,225	\$ 885,815	\$ 826,678
Public safety	935,387	694,016	309,435	123,642	264,674
Public services	24,740,324	25,929,989	24,770,086	23,115,575	21,563,875
Operating grants and contributions	2,800,726	3,490,256	5,130,523	3,045,707	4,052,404
Capital grants and contributions	1,914,153	1,710,539	2,039,004	15,856,846	4,027,872
Total governmental activities program revenues	31,637,975	32,666,109	33,236,273	43,027,585	30,735,503
Business-type activities:					
Charges for services:					
Sewer	1,154,927	1,394,096	1,248,228	1,311,358	1,461,214
Solid waste	1,417,997	1,436,329	1,467,202	1,464,683	1,486,636
Landscape and lighting	187,117	178,418	173,174	191,235	184,551
Street maintenance	288,581	290,112	288,244	294,327	293,682
Total business-type activities program revenues	3,048,622	3,298,955	3,176,848	3,261,603	3,426,083
Total primary government program revenues	\$ 34,686,597	\$ 35,965,064	\$ 36,413,121	\$ 46,289,188	\$ 34,161,586
Net (expense)/revenue					
Governmental activities	\$ (54,879,833)	\$ (54,499,356)	\$ (60,877,092)	\$ (59,413,345)	\$ (78,487,024)
Business-type activities	(143,923)	265,785	155,059	321,358	330,258
Total Primary government net expense	\$ (55,023,756)	\$ (54,233,571)	\$ (60,722,033)	\$ (59,091,987)	\$ (78,156,766)

CITY OF WEST HOLLYWOOD

TABLE 2
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

Page 3 of 4

General Revenue and Other Changes in Net Assets	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities:					
Taxes					
Property tax	\$ 17,963,819	\$ 18,349,422	\$ 18,002,980	\$ 15,515,421	\$ 13,332,465
Transient occupancy tax	12,124,316	12,590,134	14,089,667	15,414,055	18,062,326
Sales tax	12,743,088	12,308,132	12,775,378	14,004,171	14,669,198
Franchise tax	2,039,944	2,257,600	2,359,255	2,408,295	2,467,311
Business tax	2,727,228	2,603,306	2,515,615	2,637,647	2,573,491
Motor vehicle in-lieu	3,307,057	3,451,448	3,349,580	3,382,436	3,488,271
Use of money and property	9,906,326	7,322,293	7,298,634	7,999,846	9,574,917
Other	524,470	623,043	803,397	2,454,053	897,756
Extraordinary gain(loss) on dissolution of RDA	-	-	-	185,683	576,058
Transfers	(100,000)	(100,000)	(116,000)	(118,700)	(171,106)
Total governmental activities	61,236,248	59,405,378	61,078,506	63,882,907	65,470,687
Business-type activities:					
Use of money and property	31,639	9,600	3,702	3,265	36
Transfers	100,000	100,000	116,000	118,700	171,106
Total business-type activities	131,639	109,600	119,702	121,965	171,142
Total primary government	\$ 61,367,887	\$ 59,514,978	\$ 61,198,208	\$ 64,004,872	\$ 65,641,829
Change in Net Position					
Governmental Activities	\$ 1,563,442	\$ 3,914,455	\$ 9,028,605	\$ 11,591,801	\$ 10,791,962
Business-type activities	(112,634)	(286,171)	(164,835)	91,836	150,632
Total primary government	\$ 1,450,808	\$ 3,628,284	\$ 8,863,770	\$ 11,683,637	\$ 10,942,594

Source: City of West Hollywood

(Continued)

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General Revenue and Other Changes in Net Assets	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities:					
Taxes					
Property tax	\$ 14,516,251	\$ 19,613,651	\$ 21,540,248	\$ 23,428,584	\$ 25,206,827
Transient occupancy tax	18,983,466	20,903,442	22,268,519	22,636,844	24,775,813
Sales tax	15,635,224	16,117,944	16,441,681	17,906,126	17,980,869
Franchise tax	2,469,575	2,551,024	2,546,182	2,185,515	2,148,729
Business tax	3,005,510	3,088,786	3,431,563	3,380,526	5,581,710
Motor vehicle in-lieu	3,771,692	-	-	-	-
Use of money and property	11,681,771	12,876,245	13,313,788	12,509,899	13,839,534
Other	1,581,952	1,642,123	155,142	3,582,792	362,095
Extraordinary gain(loss) on dissolution of RDA	-	-	-	5,647,427	9,276,727
Transfers	(164,557)	-	-	-	-
Total governmental activities	71,480,884	76,793,215	79,697,123	91,277,713	99,172,304
Business-type activities:					
Use of money and property	2,911	3,427	9,105	4,719	10,814
Transfers	164,557	-	-	-	-
Total business-type activities	167,468	3,427	9,105	4,719	10,814
Total primary government	\$ 71,648,352	\$ 76,796,642	\$ 79,706,228	\$ 91,282,432	\$ 99,183,118
Change in Net Position					
Governmental Activities	\$ 16,601,051	\$ 22,293,859	\$ 18,820,031	\$ 31,864,368	\$ 20,685,280
Business-type activities	23,545	269,212	164,164	326,077	341,072
Total primary government	\$ 16,624,596	\$ 22,563,071	\$ 18,984,195	\$ 32,190,445	\$ 21,026,352

CITY OF WEST HOLLYWOOD

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

	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ 12,483,127	\$ 8,737,738	\$ -	\$ -	\$ -
Unreserved	64,027,333	59,826,908	-	-	-
General Fund					
Nonspendable	-	-	783,625	186,823	65,340
Debt Service	-	-	-	-	1,255,006
Committed	-	-	18,787,130	7,735,781	9,367,610
Assigned	-	-	40,500,000	58,557,142	63,018,495
Unassigned	-	-	15,077,764	9,295,313	10,329,622
Total General Fund	<u>\$ 76,510,460</u>	<u>\$ 68,564,646</u>	<u>\$ 75,148,519</u>	<u>\$ 75,775,059</u>	<u>\$ 84,036,073</u>
All other governmental funds					
Reserved	\$ 43,819,590	\$ 25,444,012	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	2,682,085	3,215,665	-	-	-
Capital projects funds	(39,316,074)	(18,527,488)	-	-	-
Debt service funds	24,115,084	38,372,032	-	-	-
Permanent funds	(7,675)	(6,986)	-	-	-
Nonspendable	-	-	770	8,856	7,569
Restricted					
Public services	-	-	10,835,831	14,764,382	15,327,037
Capital projects	-	-	38,671,862	6,462,100	13,694,034
Debt service	-	-	15,863,936	12,293,855	5,178,386
Low and moderate activities	-	-	11,100,827	-	-
Unassigned	-	-	(6,331,086)	(6,312,241)	(7,385,459)
Total all other governmental funds	<u>\$ 31,293,010</u>	<u>\$ 48,497,235</u>	<u>\$ 70,142,140</u>	<u>\$ 27,216,952</u>	<u>\$ 26,821,567</u>

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

Source: City of West Hollywood.

(Continued)

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	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
General Fund					
Nonspendable	39,510	35,708	139,575	44,317	53,634
Debt Service	1,255,006	1,255,006	1,255,006	1,255,006	1,255,006
Committed	11,177,318	12,076,505	18,386,688	27,054,567	24,601,571
Assigned	76,904,392	89,684,697	96,366,055	93,388,888	101,723,038
Unassigned	5,060,905	4,894,121	3,507,708	3,462,047	3,280,326
Total General Fund	\$ 94,437,131	\$ 107,946,037	\$ 119,655,032	\$ 125,204,825	130,913,575
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Permanent funds	-	-	-	-	-
Nonspendable	6,796	6,618	-	-	-
Restricted					
Public services	16,528,180	20,785,979	18,201,767	30,033,442	35,324,936
Capital projects	7,330,666	6,674,257	78,861,354	75,021,840	66,587,203
Debt service	24,133,063	16,877,020	-	-	-
Low and moderate activities	-	-	-	-	-
Unassigned	(2,076,017)	(4,750,992)	(934,968)	(33,047)	(350,156)
Total all other governmental funds	\$ 45,922,688	\$ 39,592,882	\$ 96,128,153	\$ 105,022,235	\$ 101,561,983

CITY OF WEST HOLLYWOOD

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Page 1 of 2					
Revenues					
Taxes	\$ 47,964,152	\$ 46,197,345	\$ 49,856,094	\$ 49,608,370	\$ 52,722,760
Licenses and permits	3,749,814	3,380,036	4,718,357	5,520,319	4,990,941
Intergovernmental	10,216,862	8,273,817	9,340,661	8,459,564	7,339,250
Charges for services	3,192,149	3,289,924	3,389,975	3,551,985	3,382,268
Use of money and property	9,518,263	6,866,344	9,794,397	7,934,591	9,574,917
Fines and forfeitures	9,404,794	8,969,664	10,033,205	10,443,347	10,576,985
Contributions	3,122,985	1,373,409	2,947,907	1,500,348	122,321
Developer participation	345,161	388,298	834,235	1,530,782	872,764
Miscellaneous	657,738	709,999	2,154,698	2,603,628	997,287
Total revenues	88,171,918	79,448,836	93,069,529	91,152,934	90,579,493
Expenditures					
Current:					
General government	22,464,073	21,699,975	19,233,560	19,874,229	20,387,134
Public Safety	13,951,163	14,613,812	14,619,971	14,068,721	14,916,605
Public Services	44,571,826	36,093,478	39,455,917	35,669,727	36,438,556
Capital outlay	19,191,828	29,206,055	24,746,798	12,477,205	6,066,194
Debt service:					
Principal retirement	980,000	22,030,000	1,760,000	3,795,000	1,645,000
Interest and fiscal charges	2,013,074	3,166,842	3,481,149	4,352,546	2,600,257
Debt issuance costs		790,384	712,845	-	-
Total expenditures	103,171,964	127,600,546	104,010,240	90,237,428	82,053,746
Excess (deficiency) of revenues over (under) expenditures	(15,000,046)	(48,151,710)	(10,940,711)	915,506	8,525,747
Other financing sources (uses)					
Transfers in	5,450,450	28,871,861	63,005,020	44,975,210	4,687,613
Transfers out	(5,550,450)	(28,971,861)	(63,121,020)	(45,093,910)	(5,358,719)
Long-term debt issued	-	-	39,980,000	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Refunding bonds issued	-	22,160,000	-	-	-
Bonds issued	-	34,780,000	-	-	-
Bond premium	-	665,937	-	-	-
Bond discount	-	(95,813)	(694,511)	-	-
Sale of capital assets	91	-	-	-	10,988
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	(43,536,799)	-
Total other financing sources (uses)	(99,909)	57,410,124	39,169,489	(43,655,499)	(660,118)
Net change in fund balances	\$ (15,099,955)	\$ 9,258,414	28,228,778	\$ (42,739,993)	\$ 7,865,629
Debt service as a percentage of noncapital expenditures	3.5%	25.8%	6.6%	10.4%	5.6%
Capital Outlay	18,777,662	29,786,812	24,455,298	12,006,900	6,117,191

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

Source: City of West Hollywood.

(Continued)

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	Fiscal Year				
	2014	2015	2016	2017	2018
Revenues					
Taxes	\$ 57,785,812	\$ 62,056,552	\$ 67,228,461	\$ 69,297,877	\$ 74,318,931
Licenses and permits	7,968,949	9,327,431	9,301,203	9,515,384	10,975,684
Intergovernmental	5,323,009	4,193,972	5,531,157	4,484,889	3,975,963
Charges for services	3,609,803	3,444,145	3,088,746	3,433,732	3,923,043
Use of money and property	12,154,214	13,066,956	13,487,275	12,660,650	13,988,131
Fines and forfeitures	11,936,215	11,597,951	10,514,809	9,739,057	7,619,488
Contributions	16,689	247,588	184,829	-	-
Developer participation	3,730,002	3,018,883	3,083,370	10,510,748	5,640,412
Miscellaneous	1,699,059	2,699,051	257,382	9,144,052	900,139
Total revenues	104,223,752	109,652,529	112,677,232	128,786,389	121,341,791
Expenditures					
Current:					
General government	22,623,280	23,886,096	23,590,529	21,354,765	19,367,175
Public Safety	14,902,172	17,190,760	18,937,633	21,737,444	22,958,843
Public Services	42,477,061	42,023,194	44,067,723	48,947,704	54,365,557
Capital outlay	10,072,944	13,783,900	16,182,343	19,841,533	22,390,508
Debt service:					
Principal retirement	1,905,000	2,140,000	2,235,000	3,060,000	3,415,000
Interest and fiscal charges	3,110,788	3,449,479	3,359,278	5,043,345	5,522,937
Debt issuance costs	358,483	-	596,000	5,150	-
Total expenditures	95,449,728	102,473,429	108,968,506	119,989,941	128,020,020
Excess (deficiency) of revenues over (under) expenditures	8,774,024	7,179,100	3,708,726	8,796,448	(6,678,229)
Other financing sources (uses)					
Transfers in	17,187,207	14,807,483	16,045,505	26,222,132	23,889,459
Transfers out	(17,467,240)	(14,807,483)	(16,095,505)	(26,222,132)	(24,239,459)
Long-term debt issued	19,155,000	-	85,015,000	-	-
Payment to refunded bond escrow agent	-	-	(33,898,880)	-	-
Refunding bonds issued	-	-	-	-	-
Bonds issued	-	-	-	-	-
Bond premium	218,975	-	13,503,099	-	-
Bond discount	-	-	-	-	-
Sale of capital assets	3,067,000	-	-	-	-
Extraordinary gain/(loss) on dissolution of RDA	-	-	-	5,647,427	9,276,727
Total other financing sources (uses)	22,160,942	-	64,569,219	5,647,427	8,926,727
Net change in fund balances	\$ 30,934,966	\$ 7,179,100	\$ 68,277,945	\$ 14,443,875	\$ 2,248,498
Debt service as a percentage of noncapital expenditures	5.9%	6.3%	6.0%	8.1%	8.5%
Capital Outlay	9,932,816	13,153,552	15,945,031	20,078,140	23,087,676

CITY OF WEST HOLLYWOOD

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

Fiscal Year	(1) Transient Occupancy Tax	(2) Sales Taxes	(3) (4) Property Taxes	Franchise Taxes	Business License Tax	Total General Fund Taxes
2009	12,124,316	12,112,025	10,941,349	1,940,166	2,611,390	39,729,246
2010	12,590,134	10,730,268	9,971,747	2,123,395	2,383,438	39,729,245
2011	14,089,667	11,642,605	11,191,866	2,212,579	2,425,126	37,798,981
2012	15,414,055	12,279,783	12,071,755	2,278,536	2,637,647	41,561,844
2013	18,062,326	13,236,253	13,971,978	2,310,145	2,573,491	50,154,193
2014	18,982,361	13,799,302	17,247,544	2,323,502	2,863,828	55,216,537
2015	20,903,442	14,560,587	18,469,653	2,400,839	3,001,630	59,336,151
2016	22,268,519	16,094,074	20,331,695	2,399,738	3,296,161	64,390,187
2017	22,636,844	16,242,475	22,112,662	2,045,934	3,274,264	66,312,179
2018	24,775,813	16,944,964	23,745,035	2,016,660	3,308,544	70,791,016

Notes:

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

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

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

(4) Property Tax included Motor Vehicle In-Lieu (MVLIF) revenues for fiscal years 2013-2014 and 2014-2015.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

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

Fiscal Year	City			Taxable Assessed Value	Redevelopment Agency (2)		Taxable Assessed Value	(1) Total Direct Tax Rate
	Real	Personal	Utility		Real	Personal		
2009	7,009,111,165	236,763,650	-	7,245,874,815	1,058,948,970	78,842,651	1,137,791,621	0.17868
2010	7,306,658,686	255,528,456	-	7,798,950,792	1,102,501,562	76,501,939	1,179,003,501	0.17868
2011	7,092,242,356	246,804,306	-	7,339,046,662	1,092,479,944	58,529,021	1,151,008,965	0.17868
2012	7,165,583,831	245,451,656	-	7,411,035,487	1,095,456,515	56,318,710	1,151,775,225	0.17868
2013	7,428,850,165	214,074,391	-	7,642,924,556	-	-	-	-
2014	8,030,943,513	232,968,580	-	8,263,912,093	-	-	-	-
2015	8,521,737,715	254,099,939	-	8,775,937,654	-	-	-	-
2016	9,399,247,185	241,047,130	-	9,640,294,315	-	-	-	-
2017	10,281,108,246	284,379,639	-	10,565,487,885	-	-	-	-
2018	11,158,401,921	285,700,786	-	11,444,102,707	-	-	-	-

Fiscal Year	City							
	Residential	Commercial	Industrial	Institutional	Vacant	Unsecured	Exempt	Miscellaneous
2009	4,548,816,044	2,087,688,951	129,499,453	8,475,051	179,912,157	236,763,650	(39,815,305)	54,719,509
2010	4,700,824,638	2,215,996,458	124,520,350	8,634,600	201,009,939	255,582,456	(39,815,305)	55,672,701
2011	4,508,821,240	2,207,046,276	119,797,791	8,545,494	187,245,938	246,804,306	(43,820,302)	60,785,617
2012	4,569,615,124	2,307,068,042	118,063,479	15,654,530	107,810,012	245,451,656	(43,062,601)	47,372,644
2013	4,641,087,206	2,416,505,481	126,189,320	11,932,704	181,754,788	214,074,391	(43,936,286)	51,380,108
2014	4,880,737,922	2,873,271,627	126,102,125	20,614,997	79,186,013	232,968,580	(43,062,601)	51,030,829
2015	5,248,440,604	2,984,016,565	128,835,236	26,729,863	93,002,999	254,099,939	(43,062,601)	40,812,448
2016	5,775,856,634	3,269,847,990	146,324,801	19,871,019	143,717,923	241,047,130	(43,062,601)	43,628,818
2017	6,214,457,429	3,666,915,419	187,594,925	21,092,830	125,640,835	284,379,639	(48,114,029)	65,406,808
2018	6,646,977,306	4,128,379,548	176,503,548	33,930,123	99,551,782	285,700,786	(46,304,476)	73,059,351

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

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

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

Source: Hdl, Coren & Cone

CITY OF WEST HOLLYWOOD

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

Page 1 of 2

Agency	Fiscal Year				
	2009	2010	2011	2012	2013
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
LA Ccd Ds 2005 2012 Series F	0.00000	0.00000	0.00000	0.00000	0.00000
LA Community College District	0.02212	0.02311	0.04031	0.03530	0.03756
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
LA USD Measure K 2010 Series KY	0.00000	0.00000	0.00000	0.00000	0.00001
Los Angeles Unified School District	0.12478	0.15181	0.18695	0.16819	0.17560
Metropolitan Water District	0.00430	0.00430	0.00370	0.00370	0.00350
Total Direct & Overlapping Tax Rates (2)	1.15120	1.17922	1.23096	1.20718	1.22786
City's Share of 1% Levy Per Prop 13 (3)	0.17868	0.17868	0.17868	0.17868	0.17868
General Obligation Debt Rate					
Redevelopment Rate (4)	1.00436	1.00430	1.00370	1.00370	-
Total Direct Rate (5)	0.24840	0.24955	0.24888	0.24835	0.24440

Notes:

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

Source: HdL Coren & Cone

(Continued)

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	Fiscal Year				
	2014	2015	2016	2017	2018
Basic Levy (1)	1.00000	1.00000	1.00000	1.00000	1.00000
County Detention Facilities 1987 Debt	0.00000	0.00000	0.00000	0.00000	0.00000
LA Ccd Ds 2005 2012 Series F	0.00000	0.00000	0.00000	0.00000	0.00000
LA Community College District	0.04454	0.04017	0.03575	0.03596	0.04599
LA County Flood Control	0.00000	0.00000	0.00000	0.00000	0.00000
LA USD Measure K 2010 Series KY	0.00000	0.00000	0.00000	0.00000	0.00000
Los Angeles Unified School District	0.14644	0.14688	0.12971	0.1311	0.12219
Metropolitan Water District	0.00350	0.00350	0.00350	0.0035	0.00350
Total Direct & Overlapping Tax Rates (2)	1.194448	1.19055	1.16896	1.17055	1.17168
City's Share of 1% Levy Per Prop 13 (3)	0.17868	0.17868	0.17868	0.17868	0.17868
General Obligation Debt Rate					
Redevelopment Rate (4)	-	-	-	-	-
Total Direct Rate (5)	0.175970	0.175990	0.175900	0.17583	0.1756

CITY OF WEST HOLLYWOOD

TABLE 8
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2018</u>		<u>2009</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
Mani Brothers *	\$ 249,232,228	2.18%	\$ 216,022,637	2.98%
NWLWH LLC *	213,917,137	1.87%	-	0.00%
Pacific Red LLC *	197,192,004	1.72%	-	0.00%
Pacific Design Center LLC	180,207,695	1.57%	159,235,859	2.20%
Wolverines Owner LLC *	173,126,378	1.51%	-	0.00%
8490 WEHO LLP	157,553,208	1.38%	-	0.00%
BPRC Millennium LLC *	138,855,445	1.21%	107,100,000	1.48%
8500 Sunset Blvd. WH Owner LLP	136,621,220	1.19%	-	0.00%
Studio Lending Group LLC *	124,474,915	1.09%	76,618,524	1.06%
Essex Monarch Santa Monica Apts LP *	91,359,391	0.80%	-	0.00%
CLPF West Hollywood LP	-	0.00%	79,993,858	1.10%
Mondrian Holdings LLC	-	0.00%	79,694,943	1.10%
Turnberry Regent LLC	-	0.00%	57,000,000	0.79%
W Bel Age LLC	-	0.00%	52,228,080	0.72%
Time Warner Cable		0.00%	49,785,499	0.69%
LHO Le Parc LP	-	0.00%	49,603,262	0.68%
TOTALS	\$ 1,662,539,621	14.53%	\$ 927,282,662	12.80%

Note: Assessed valuation includes land, building and improvements.

* - Pending Appeals On Parcels

Source: HdL Coren & Cone.

Los Angeles County Assessor combined Tax Rolls.

CITY OF WEST HOLLYWOOD

TABLE 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levied for Fiscal Year	Collected within the Fiscal Year of the Levy		(1) Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2009	17,997,324	17,933,878	99.6%	-	17,933,878	99.6%
2010	18,868,848	18,094,850	95.9%	-	18,094,850	95.9%
2011	18,271,704	17,803,309	97.4%	-	17,803,309	97.4%
2012	(2) 15,008,242	14,527,572	96.8%	-	14,527,572	96.8%
2013	(3) 11,346,248	11,065,252	97.5%	-	11,065,252	97.5%
2014	(3) 12,189,784	11,922,644	97.8%	-	11,922,644	97.8%
2015	12,886,560	12,730,399	98.8%	-	12,730,399	98.8%
2016	14,005,495	13,721,310	98.0%	-	13,721,310	98.0%
2017	15,237,515	15,004,752	98.5%	-	15,004,752	98.5%
2018	16,431,666	16,145,568	98.3%		16,145,568	98.3%

Notes: Includes secured property taxes and unsecured taxes of the Redevelopment Agency up to FY 2012-13.

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

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

(3) Starting in FY2013-14 only General Fund tax levies are included. The General Fund amount shown does not include prior year taxes received in the current year, property tax redemption funds, property transfer tax funds, RDA residual funds, or RDA pass-through funds. FY 2012-13 and FY 2013-14 amounts were revised in FY 2014-15 to reflect proper amounts.

Source: HdL and City of West Hollywood

CITY OF WEST HOLLYWOOD

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

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income (4)	Debt Per Capita
	Tax Allocation Bonds (1)	Certificates of Participation (2)	Lease Revenue Bonds (3)	General Obligation	Certificates of Participation				
2009	10,450,000	20,420,000	-	-	-	30,870,000	1.7%	824.52	
2010	10,230,000	-	56,940,000	-	-	67,170,000	3.7%	1,776.75	
2011	49,985,000	-	55,550,000	-	-	105,535,000	5.9%	3,043.02	
2012	-	-	54,432,848	-	-	54,432,848	3.0%	1,561.78	
2013	-	-	51,140,548	-	-	51,140,548	2.7%	1,458.16	
2014	-	-	68,546,774	-	-	68,546,774	3.6%	1,953.46	
2015	-	-	66,350,325	-	-	66,350,325	3.5%	1,847.02	
2016	-	-	127,867,562	-	-	127,867,562	6.3%	3,563.56	
2017	-	-	124,294,665	-	-	124,294,665	5.7%	3,384.65	
2018	-	-	120,366,770	-	-	120,366,770	N/A	N/A	

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

- (1) Issued \$11,500,000 Tax Allocation Bonds in fiscal year 2003-04.
 Issued \$30,560,000 Eastside Redevelopment Tax Allocation Bonds Series A in fiscal year 2010-11
 Issued \$9,420,000 Eastside Redevelopment Tax Allocation Bonds Series B in fiscal year 2010-11
 Effective February 2, 2012, Tax Allocation Bonds transferred to Successor Agency were excluded from Governmental Activities.
- (2) Issued \$9,940,000 General Fund Certificate of Participation in fiscal year 1994-95.
 Issued \$19,745,000 General Fund Certificate of in fiscal year 1995-96.
 Redeemed 1995 General Fund Certificate of Participation in full for \$9,655,000 in fiscal year 1997-98.
 Redeemed 1996 General Fund Certificate of Participation in full for \$17,555,000 in fiscal year 1997-98.
 Redeemed 1998 Refunding Certificates of Participation in full for \$20,420,000 in fiscal year 2009-10.
- (3) Issued \$22,160,000 Lease Revenue Bonds Series 'A' in 2009-10
 Issued \$34,780,000 Lease Revenue Bonds Series 'B' in 2009-10.
 Issued \$19,155,000 Lease Revenue Bonds Series 'A&B' in 2013-14.
 Issued \$85,015,000 Lease Revenue Bonds in 2015-16.
 The 2009 Lease Revenue Bonds Series B was refunded by the 2016 Lease Revenue Bonds.
 Amounts include principal balance of \$107,410,000, and unamortized premiums/discounts of \$12,956,770.
- (4) Personal Income information not available for 2018 at this time.

Source: HdL Coren & Cone and City of West Hollywood

CITY OF WEST HOLLYWOOD

**TABLE 11
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2017
(UNAUDITED)**

Jurisdiction	Net General Obligation Debt Outstanding	Percentage Applicable to City of West Hollywood	Amount Applicable to City of West Hollywood June 30, 2018
Overlapping General Fund Debt:			
Metropolitan Water District	\$ 29,354,442	0.874%	\$ 256,446
Los Angeles County Community College District	4,165,830,000	1.441%	60,035,767
Los Angeles Unified School District	10,604,230,000	1.776%	188,309,356
Subtotal, overlapping debt	<u>14,799,414,442</u>		<u>248,601,569</u>
City direct governmental debt			
2009 Lease Revenue Bonds Series A	6,666,397	100.000%	6,666,397
2013 Lease Revenue Bonds Series	17,787,480	100.000%	17,787,480
2016 Lease Revenue Bonds Series	95,912,893	100.000%	95,912,893
Subtotal, city direct governmental debt	<u>120,366,770</u>		<u>120,366,770</u>
Overlapping Tax Increment Debt			
2013 Tax Allocation Revenue Refunding Bonds	8,236,315	100.000%	8,236,315
2011 Tax Allocation Bonds Series A	27,123,828	100.000%	27,123,828
2011 Tax Allocation Bonds Series B	8,300,953	100.000%	8,300,953
Subtotal, overlapping tax increment debt	<u>43,661,095</u>		<u>43,661,096</u>
Subtotal, overlapping debt			292,262,665
Subtotal, direct debt			<u>120,366,770</u>
Grand Total direct and overlapping governmental debt			<u>\$ 412,629,435</u>

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

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

CITY OF WEST HOLLYWOOD

TABLE 12
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year				
	2009	2010	2011	2012	2013
Debt limit	\$ 1,086,881,222	\$ 1,134,328,071	\$ 1,100,856,999	\$ 1,111,655,323	\$ 1,146,438,683
Total net debt applicable to limit	38,605,000	68,440,000	108,420,000	108,420,000	50,775,000
Legal debt margin	\$ 1,048,276,222	\$ 1,065,888,071	\$ 992,436,999	\$ 1,003,235,323	\$ 1,095,663,683
Total net debt applicable to the limit as percentage of debt limit	3.55%	6.03%	9.85%	9.75%	4.43%

Notes:

- (1) Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.
- (2) The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter. Therefore, effective fiscal year 2013, the calculation of debt applicable to limit does not include the Successor Agency's debt.

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

(Continued)

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	Fiscal Year				
	2014	2015	2016	2017	2018
Debt limit	\$ 1,239,586,814	\$ 1,316,390,648	\$ 1,446,044,147	\$ 1,584,823,183	\$ 1,716,615,406
Total net debt applicable to limit	68,546,274	66,350,325	127,867,562	120,366,770	120,366,770
Legal debt margin	\$ 1,171,040,540	\$ 1,250,040,323	\$ 1,318,176,585	\$ 1,464,456,413	\$ 1,596,248,636
Total net debt applicable to the limit as percentage of debt limit	5.53%	5.04%	8.84%	7.59%	7.01%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 11,444,102,707
Debt limit (1)	<u>1,716,615,406</u>
Debt applicable to limit (2):	
Lease Revenue Bonds	120,366,770
Net amount of debt applicable to debt limit	<u>120,366,770</u>
Legal debt margin	<u>\$ 1,596,248,636</u>

CITY OF WEST HOLLYWOOD

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

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Revenue Available for Debt Service	Debt Service			Coverage
				Principal	Interest	Total	
2009	6,443,020	679,740	5,763,280	220,000	565,595	785,595	7.34
2010	6,144,778	584,778	5,560,000	220,000	561,745	781,745	7.11
2011	6,118,409	653,896	5,464,514	225,000	553,395	778,395	7.02
2012	5,792,253	250,000	5,542,253	2,200,000	1,771,598	3,971,598	1.40
2013	5,640,024	250,000	5,390,024	595,000	3,486,860	4,081,860	1.32
2014	6,334,528	250,000	6,084,528	570,000	3,243,026	3,813,026	1.60
2015	4,024,823	250,000	3,774,823	750,000	3,307,537	4,057,537	0.93
2016	4,208,819	250,000	3,958,819	635,000	3,297,628	3,932,628	1.01
2017	4,102,315	250,000	3,852,315	670,000	3,264,014	3,934,014	0.98
2018	4,013,414	150,000	3,863,414	705,000	3,221,628	3,926,628	0.98

- Note: (1) East Side Redevelopment Agency issued Tax Allocation Bonds of \$11,500,000 in fiscal year 2003-04 and \$39,980,000 in fiscal year 2010-11.
- (2) The State of California dissolved all redevelopment agencies as part of the 2011-12 State budget. Successor Agencies are responsible for paying the enforceable obligations of the redevelopment agency at the time of dissolution until all enforceable obligations have been paid in full. As necessary, revenues of the former Commission are allocated for bond payments and other continuing contractual obligations entered into prior to 2011-12, any excess revenues are then allocated to each taxing entity, based on their share of the 1% general property tax levy.
- (3) In December 2013, the Successor Agency to the West Hollywood Community Development Commission issued \$9,370,000 East Side Redevelopment Tax Allocation Refunding bonds, Series A for the purpose of refunding the outstanding balance of the Eastside Redevelopment Project 2003 Tax Allocation Bonds Series A. The entire issue was purchased by County of Los Angeles Redevelopment Refunding Authority.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

**TABLE 14
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (In Thousands) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate (4)</u>
2009	37,440	1,804,703	48,203	9.8%
2010	37,805	1,825,641	48,291	10.7%
2011	34,681	1,778,372	51,278	10.4%
2012	34,853	1,839,716	52,785	7.8%
2013	35,072	1,880,876	53,629	6.4%
2014	35,090	1,880,964	53,604	6.9%
2015	35,923	1,905,211	53,036	5.6%
2016	35,882	2,023,778	56,401	4.3%
2017	36,958	2,163,921	58,925	3.8%
2018	38,067	2,228,839	58,550	N/A

Notes: Annual income and unemployment figures for 2018 was not available at time of publication of this CAFR.

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

(2) (3) Data is from Hdl, Coren & Cone. 2000-2009 Income, Age and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries. 2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey. 2017 population and personal income was estimate last year and updated this year based on data from Hdl. 2018 population and personal income is an estimate.

(4) Unemployment data : California Employment Development Department

CITY OF WEST HOLLYWOOD

TABLE 15
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

	2018		2009	
	# Employees	% Percent of Total City Employment	# Employees	% Percent of Total City Employment
Los Angeles County Metropolitan Transportation Authority (5)	520	2.0%		
Target Corp.	289	1.1%	411	1.7%
CityGrid Media/Inter Active Corp (5)	288	1.1%		
City of West Hollywood	236	0.9%	205	0.9%
Sunset Marquis (5)	200	0.8%		
1 OAK LA (5)	200	0.8%		
Laz Parking	200	0.8%		
Hollywood Standard LLC (The Standard Hotel)	140	0.5%	189	0.8%
Mondrian	215	0.8%	400	1.7%
The London West Hollywood	172	0.7%		0.0%
Pavilions (5)	180	0.7%		0.0%
Andaz West Hollywood	167	0.6%		0.0%
Sunset Tower Hotel (4)(5)	159	0.6%		0.0%
Whole Foods Market (5)	153	0.6%		-
Oprah Windfrey Network (OWN) (5)	150	0.6%		-
Ralphs (2 locations) (5)	141	0.5%		
nCompass (5)	128	0.5%		-
The Jeremy Hotel	120	0.5%		
Dailey & Associates (5)	85	0.3%	209	0.9%
Best Buy (5)	100	0.4%		-
Saddle Ranch Restaurant	95	0.4%	100	0.4%
Outrigger Lodging Services LLP (Le Parc Suite Hotel)	80	0.3%	105	0.4%
Outrigger Lodging Services LLP (Chamberlain Hotel)	66	0.3%		
Outrigger Lodging Services LLP (Le Montrose Hotel)	76	0.3%		
Outrigger Lodging Services LLP (The Grafton Hotel)	67	0.3%		
HMBL LLC (Best Western Sunset Plaza)	40	0.2%	125	0.5%
House of Blues (3)			230	1.0%
Gordon Ramsey at the London			170	0.7%
SC Club LP (Key Club)* (Sold)			100	0.4%
Suissa Miller Advertising LLC			100	0.4%
Ticketmaster (1)			1,300	5.4%
KKGG Management LLC (Argyle Hotel)	165		100	0.4%
Wyndham Bel Age Hotel LP			230	1.0%
Hyatt Corp (Hyatt West Hollywood Hotel)			165	0.7%
Total Jobs By Principal Employers	4,432	16.4%	4,139	17.2%
Total Jobs (estimated) in City of West Hollywood	26,000	100%	24,020	100%

(1) Ticketmaster merged with LiveNation in 2010, subsequently reducing labor and moving headquarters to Los Angeles.

(2) Prior years' information not available.

(3) Closed in FY 2014-2015.

(4) Formerly KKHG Management LLC (Sunset Tower Hotel)

(5) The figures presented were estimates.

CITY OF WEST HOLLYWOOD

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

Function	Fiscal Year									
	09	10	11	12	13	14	15	16	17	18
General Government										
Legislative & Executive	24.6	24.6	23.6	25.6	25.6	39.8	36.8	27.8	13.0	11.0
Administration	28.8	28.8	28.8	26.8	26.8	17.7	17.8	25.8	24.8	24.0
Finance & Information Technology	21.9	21.9	21.9	21.9	23.9	22.9	22.9	22.9	23.9	24.0
Public Safety	8.8	8.8	8.8	8.8	7.8	5.6	5.0	5.0	5.0	5.0
Community Services										
Human Services & Rent Stabilization	50.6	53.4	53.4	52.4	52.4	54.4	56.9	56.6	57.8	49.0
Housing & Rent Stabilization (1)	17.0	17.0	17.0	17.0	0.0	0.0	0.0	0.0	0.0	0.0
Community Development (1)	28.0	29.0	29.0	29.0	29.0	30.0	31.0	33.0	33.0	0.0
Community Services (1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Facilities & recreation Services (1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Planning & Development Services (1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.0
Department of Public Works	26.0	26.0	26.0	26.0	44.0	46.0	46.0	47.0	48.0	49.0
Communications Department	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.8	10.0
Economic Development	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	19.0
Total	205.6	209.4	208.5	207.4	209.4	216.4	216.4	218.2	222.3	236.0

Notes:

(1) Due to the City's reorganization, new departments were created and employees were reassigned to the new departments.

Source: City of West Hollywood

CITY OF WEST HOLLYWOOD

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

Function	Fiscal Year									
	09	10	11	12	13	14	15	16	17	18
Police (1)										
Incidents	6,700	7,171	7,036	7,460	6,370	6,975	6,060	10,931	9,647	10,990
Arrests	2,955	3,320	3,007	3,069	3,407	3,312	2,230	2,569	2,027	2,605
Sewers										
Miles of system	39	39	39	39	39	39	39	39	39	39
Percent inspected	10	10	10	10	10	10	10	10	10	20
Parks and Recreation										
Number of parks	6	6	6	7	7	8	8	8	8	8
Community Development										
Commercial building permits	254	235	337	221	221	796	358	400	364	396
Residential building permits	377	551	522	396	396	1,548	548	577	636	756
Mixed-use building permits (2)	-	-	-	-	-	-	4	6	3	3
Parking										
Citations issued	190,000	190,979	200,164	195,345	182,930	211,404	211,583	196,834	181,639	172,954

Notes:

- (1) Police statistics are based on calendar year; Information for 2017 was updated to reflect the actual number of arrest and incidents; the 2018 information is an estimate.
- (2) FY15 information was revised to include the mixed-use building permits issued.

Source: City of West Hollywood.

CITY OF WEST HOLLYWOOD

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

Function/ program	Fiscal Year									
	09	10	11	12	13	14	15	16	17	18
Public Safety										
This a contracted service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Parking:										
Parking Structures	1	1	2	2	2	2	2	3	3	3
Parking Lots	4	4	4	4	4	4	9	9	9	9
Cultural & Recreation:										
Parks	6	6	6	7	7	8	8	8	8	8
General Services:										
Sidewalks (length/feet)	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638	275,638
Streets (miles)	54	54	54	54	54	54	54	54	54	54
Traffic signals	56	56	56	56	56	60	61	61	62	66
Wastewater:										
Sanitary sewers (miles)	39	39	39	39	39	39	39	39	39	39
Manholes	395	395	395	395	395	885	885	885	885	885
City-Line:										
Number of Buses	10	10	10	10	10	10	10	10	10	7

Source: City of West Hollywood

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West Hollywood Core Values

Respect and Support for People

Responsiveness to the Public

Idealism, Creativity and Innovation

Quality of Residential Life

Promote Economic Development

Public Safety

Responsibility for the Environment

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